

After Recording Return To:
Mainlander Services Corporation
25 82nd Drive
Gladstone, Oregon 97027

Subordinated Lender:
Linda M. Munsey
4303 Jennie Way
Medford, OR 97504

Senior Lender:
Mainlander Services Corporation
25 82nd Drive, Suite 200
Gladstone, Oregon 97027

AMT 45079KP

SUBORDINATION AGREEMENT

Subordinated Lender is the current owner of that certain Deed of Trust dated April 9, 1998, recorded April 15, 1998, volume M98 at page 12237, Microfilm Records of Klamath County, Oregon which said Trust Deed affects the real property in Klamath County, Oregon commonly known as described as 25835 Peter Steiner Road, Bonanza, Oregon, 97623 and more fully described in detail in Exhibit A attached hereto (Property).

Borrower desires to obtain a loan from Senior Lender for the purpose of completing the payment of certain acquisition costs and Borrower intends to obtain a loan for the purchase of certain improvements and operation of the Property. In order to make the loan, Senior Lender has required Borrower to grant Senior Lender a first lien on the Property as security for the loan.

Borrower has requested Subordinated Lender to subordinate her lien and security interest under the Subordinated Trust Deed to a new first priority lien and security interest on the Property to be created by the Senior Lender's loan documents including a Senior Trust Deed and security agreement securing the payment of a Promissory Note in the original principal sum of \$395,000.00 payable to Senior Lender, which said Senior Trust Deed is expected to be dated on July 17, 1998.

The Property consists of real property, and all physical improvements, water well, fencing, manufactured home now sited on the Property together with the other equipment and fixtures and personal property as set forth on Exhibit B.

NOW, THEREFORE, to induce the Senior Lender to advance funds and for other value received, the undersigned agrees as follows:

1. The lien and security interest under the Subordinated Trust Deed, and any other interest of the Subordinated Lender in the Property (including any interest derived at law or in equity), is and shall always be subject and subordinate in all respects to the lien and security interest of the Senior Lender in the Property as lender/beneficiary under the Senior Trust Deed (including all principal advances, interest or charges made or accruing thereunder), and that the lien and

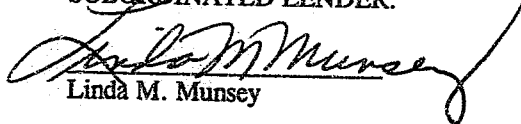
- security interest under the Senior Trust Deed shall be prior and superior to the lien and security interest of the Subordinated Trust Deed and all other interests of the Subordinated Lender in the Property.
2. This Subordination Agreement shall be binding on the Subordinated Lender, and inure to the benefit of the Senior Lender, and to each of their respective heirs, successors and assigns.
 3. The subordination of the lien and security interest represented by the Subordinated Trust Deed and other interests of the Subordinated Lender in the Property shall be irrevocable, notwithstanding any modification, renewal or extension; delays in enforcing payment or performance; release, surrender or substitution of obligors; or any acceptance or release of any further type of security relating to the loan secured by the Senior Trust Deed.
 4. The Senior Lender's loan documents provide that the Senior Lender may, but is not obligated to, make additional advances for taxes, insurance and other disbursements, all of which will be secured by the Senior Trust Deed.
 5. This Subordination Agreement is effective on the date signed and acceptance and/or notice of acceptance hereof is waived.

NOTICE

This Subordination Agreement contains a provision which allows the persons obligated on your real property security to obtain a loan and will result in your security interest in the property becoming subject to and of lower priority than the lien of some other security instrument. It is recommended that prior to execution of this Subordination Agreement you consult with an attorney. This Subordination Agreement shall become effective upon execution without further notice to Subordinated Lender.

IN WITNESS WHEREOF, the undersigned has executed this Subordination Agreement as of the _____ day of July, 1998.

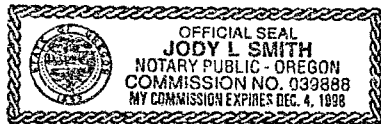
SUBORDINATED LENDER:


Linda M. Munsey

STATE OF OREGON)

County of Oregon)

This instrument was acknowledged before me on July 21, 1998 by
Linda M. Munsey.



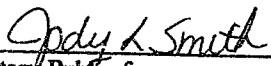

Notary Public for Oregon
My Commission Expires: Dec. 4, 1998

EXHIBIT "A" LEGAL DESCRIPTION

The E1/2 SW1/4, Government Lots 3 and 4, Section 30, Township 37 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, and SE1/4 of Section 25, Township 37 South, Range 11 1/2 East of the Willamette Meridian, Klamath County, Oregon.

ALSO a parcel of land situate in the S1/2 SE1/4 of Section 30, Township 37 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the NW corner of the S1/2 SE1/4 of Section 30, thence South 00 degrees 11' 15" East along the West line of said S1/2 SE1/4, 1221.23 feet; thence leaving said West line, North 45 degrees 32' 28" East 39.08 feet to the point of curvature of a curve to the left; thence along the arc of a 170.00 foot radius curve concave to the North (delta = 44 degrees 28' 07") a distance of 131.94 feet (long chord = North 23 degrees 18' 35" East 128.65 feet), thence generally along a fence line, North 01 degrees 04' 31" East 1076.01 feet to a point on the North line of the S1/2 SE1/4 of said Section 30; thence leaving said fence line South 89 degrees 56' 16" West along said North line, 103.00 feet to the point of beginning.

SAVING AND EXCEPTING a parcel of land situate in the SE1/4 SW1/4 of Section 30, Township 37 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the South quarter corner of Section 30, Township 37 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, said corner being the quarter corner common to Sections 30 and 31 of said Township and Range, thence North 89 degrees 59' 16" West along the South line of said Section 30, a distance of 166.00 feet; thence leaving the South line of said Section 30, and along the arc of a 170.00 foot radius curve concave to the North (delta = 44 degrees 28' 06") a distance of 131.94 feet (long chord = North 67 degrees 46' 41" East 128.65 feet); thence leaving said curve, North 45 degrees 32' 38" East a distance of 65.30 feet to a point on the East line SE1/4 SW1/4 of said Section 30; thence South 00 degrees 11' 15" East along said East line 94.45 feet to the point of beginning.

The E1/2 SW1/4, Government Lots 3 and 4, Section 30, Township 37 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, and SE1/4 of Section 25, Township 37 South, Range 11 1/2 East of the Willamette Meridian, Klamath County, Oregon.

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EXHIBIT "A"
LEGAL DESCRIPTION (continued)

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EXHIBIT B TO DEED OF TRUST/FINANCING STATEMENT

1. All buildings, structures, improvements, fixtures, furniture, furnishings, appliances, machinery and articles of property now or hereafter attached to, or used or adopted for use in the operation of, the real estate (herein the "premises") described in Exhibit A attached to the instrument with respect to which this Exhibit B is attached, including but without being limited to, all heating and incinerating apparatus and equipment whatsoever, all boilers, engines, motors, dynamos, generating equipment, piping and plumbing fixtures, ranges, cooking apparatus and mechanical kitchen equipment, refrigerators, cooling, ventilating, sprinkling and vacuum cleaning systems, fire extinguishing apparatus; gas and electric fixtures, carpeting, under padding, elevators, escalators, partitions, mantels, built-in mirrors, window shades, blinds, drapes, screens, storm sash, awnings, furnishings of public spaces, halls and lobbies and shrubbery and plants, together with any and all additions, accessions, replacements and substitutions to the property described in this paragraph 1. and all proceeds and products thereof, and including also all interest of Debtor or Debtor's successors in title in any of such items hereafter at any time acquired under conditional sale contract, chattel mortgage, lease, or other title retaining or security instrument, all of which property mentioned in this paragraph 1. shall be deemed a part of the realty and not severable wholly or in part without material injury to the freehold; and
2. All compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of insurance therefore, arising out of or relating to a taking or damaging of the premises by reason of any public or private improvement, condemnation proceeding (including change of grade), or fire, earthquake or other casualty; and
3. Return premiums or other payments upon any insurance at any time provided for the benefit of the secured party, and refunds or rebates of taxes or assessments on the premises; and
4. The right, title and interest of the Debtor in and under all leases now or hereafter affecting the premises including, without limitation, all rents, issues and profits therefrom; and
5. Plans, specifications, contracts and agreements for construction of improvements on the premises; Debtor's rights under any payment performance or other bonds in connection with construction of improvements on the premises including without limitation Debtor's rights under purchase orders, contracts, contracts for barge space and contracts or agreements with subcontractors; all construction materials, supplies and equipment delivered to the premises or used or to be used in connection with construction of improvements on the premises.
6. All deposits, returns, accounts, dividends, or similar monies from any source, entity, agency, account and all receivables attributable thereto with respect to any contract, agreement, work, right or activity, directly or indirectly, involving the real property described in Exhibit A, including but not limited to insurance, installation of utilities, installation of sewerage, installation of sidewalks, streets, curbing, gutters, drainage systems, water systems, lighting systems, gas systems and/or any other utility improvement development with respect to the subject property.

27210

7. The following equipment and all proceeds, replacements, and substitutions, to wit:

100 HP Turbine HTJ826323

40 HP Pump & Berkley 8266884

20 HP Pump & Berkley 8266886

2 Valley 8 Tower Pivot 46125 & 46127

ACM 5" approximately 880' of wheel line

58 pieces 6" mainline with valves

30 pieces 3" handline

6 valve openers

1 Hay Barn 750 ton

1995/7 Fleetwood double wide manufactured home of approximately 2000 sq. ft., serial ORFLS 48AB21860BS13, license number X239457.

8. All well equipment and well rights, licenses and permits relating to the two existing water wells, particularly and including Registered Well No. L01129, Well Permit No. 46475, Well Klamath County Certificate of Water Right issued to Weststeyn permit G9360 including all equipment, tanks, pipes, motors, electrical equipment, branch electrical panels, wiring and supplies.

9. All crops, standing and cut and presently located on or within the above-described real property.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Ameri title the 24th day
of July A.D., 19 98 at 1:05 o'clock P. M., and duly recorded in Vol. M98
of Mortgages on Page 27205

FEE

\$35.00

By Kathleen Ross Bernetha G. Letsch, County Clerk