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Vol 1799 Page

11850

## SUBORDINATION AGREEMENT

SOUTH VALLEY BANK & TRUST  
803 MAIN STREET  
KLAMATH FALLS OR 97601

TO  
THE TRAVELERS INSURANCE COMPANY  
ONE TOWER SQUARE 9PR  
HARTFORD CT 06183-2030

After recording, return to (Name, Address, Zip):  
DEAN P. GISVOLD, ATTORNEY  
1600 STANDARD PLAZA  
1100 SW SIXTH AVENUE  
PORTLAND OR 97204

SPACE RESERVED  
FOR  
RECORDER'S USE

STATE OF OREGON,

County of \_\_\_\_\_ } ss.

I certify that the within instrument  
was received for record on the \_\_\_\_\_ day  
of \_\_\_\_\_, 19\_\_\_\_, at  
\_\_\_\_\_ o'clock \_\_\_\_\_ M., and recorded in  
book/reel/volume No. \_\_\_\_\_ on page  
\_\_\_\_\_ and/or as fee/file/instru-  
ment/microfilm/reception No. \_\_\_\_\_,  
Records of said County.

Witness my hand and seal of County  
affixed.

NAME \_\_\_\_\_

TITLE \_\_\_\_\_

By \_\_\_\_\_

Deputy

MTC 46065-KK

THIS AGREEMENT made and entered into this 31st day of March, 1998,  
by and between SOUTH VALLEY BANK & TRUST  
hereinafter called the first party and THE TRAVELERS INSURANCE COMPANY, a Connecticut corporation  
hereinafter called the second party, WITNESSETH:  
On or about May 26, 1998, BVDP, an Oregon Partnership aka BONANZA VIEW  
DAIRY, being the owner of the following described property in Klamath County, Oregon, to-wit:

SEE ATTACHED LEGAL DESCRIPTION ON EXHIBIT "A" WHICH IS MADE A PART HEREOF BY THIS  
REFERENCE.

(If SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE)

executed and delivered to the first party a certain Trust Deed  
(State whether mortgage, trust deed, contract, security agreement or otherwise)

(herein called the first party's lien) on the property, to secure the sum of \$1,050,000.00, which lien was

Recorded on May 26, 1998, in the Records of Klamath County, Oregon, in  
book/reel/volume No. M98 at page 18733 and/or as fee file/instrument/microfilm/reception No.

\_\_\_\_\_, (indicate which);

— Filed on \_\_\_\_\_, 19\_\_\_\_, in the office of the \_\_\_\_\_ of  
County, Oregon, where it bears fee/file/instrument/microfilm/reception  
No. \_\_\_\_\_ (indicate which);

— Created by a security agreement, notice of which was given by the filing on \_\_\_\_\_, 19\_\_\_\_,  
of a financing statement in the office of the Oregon Secretary of State (Dept. of Motor Vehicles (indicate which))  
where it bears file No. \_\_\_\_\_ and in the office of the \_\_\_\_\_ of  
County, Oregon, where it bears fee/file/instrument/microfilm/reception No.  
\_\_\_\_\_ (indicate which).

Reference to the document(s) recorded or filed is hereby made. The first party has never sold or assigned first party's lien and at all  
times since the date thereof has been and now is the owner and holder thereof and the debt thereby secured

The second party is about to loan the sum of \$1,800,000.00 to the present owner of the property, with interest there-  
on at a rate not exceeding 7.22% per annum. This loan is to be secured by the present owner's

Trust Deed

(hereinafter called

(State nature of lien to be given, whether mortgage, trust deed, contract, security agreement or otherwise)

the second party's lien) upon the property and is to be repaid not more than 171 days (12 months, 13 days) (indicate which)  
from its date.

(OVER)

35

To induce the second party to make the loan last mentioned, the first party has agreed and consented to subordinate first party's lien to the lien about to be taken by the second party as above set forth.

NOW, THEREFORE, for value received, and for the purpose of inducing the second party to make the loan aforesaid, the first party, on behalf of the first party and also on behalf of the first party's personal representatives, successors, and assigns, hereby covenants, consents and agrees to and with the second party and second party's personal representatives, successors, and assigns that the first party's lien on the property is and shall always be subject and subordinate to the lien about to be delivered to the second party as aforesaid, and that the second party's lien in all respects shall be first, prior and superior to that of the first party, provided always, however, that if the second party's lien is not duly filed or recorded, or an appropriate financing statement with respect thereto duly filed within 10 days after the date hereof, this subordination agreement shall be null and void and of no force or effect.

It is expressly understood and agreed that nothing herein contained shall be construed to change, alter or impair the first party's lien, except as hereinabove expressly set forth.

In construing this subordination agreement, and where the context so requires, the singular includes the plural, and all grammatical changes shall be made so that this agreement shall apply equally to corporations and to individuals.

IN WITNESS WHEREOF, the undersigned has executed this agreement. If the undersigned is a corporation, it has caused its name to be signed and its seal, if any, affixed by an officer or other person duly authorized to do so by order of its board of directors

SOUTH VALLEY BANK & TRUST

by: *[Signature]*

STATE OF OREGON, County of Klamath ss.

This instrument was acknowledged before me on

19

by

This instrument was acknowledged before me on

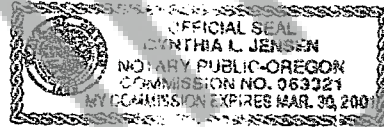
March 31

19 99

by KIRTH GLICK

as

of SOUTH VALLEY BANK & TRUST



*[Signature]*  
Notary Public for Oregon  
My commission expires 3/30/2001



# **EXHIBIT "A"** **LEGAL DESCRIPTION**

## PARCEL 1:

All those lands situated in Sections 15 and 22, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Section 22: NW1/4; NE1/4 SW1/4 EXCEPTING therefrom a tract of land containing 20 acres, more or less, situated in the W1/2 of Section 22, described as follows:

That portion of the East 740.00 feet of the NE1/4 SW1/4 of said Section 22 lying South and Southwesterly of West Langell Valley Road and that portion of the East 740.00 feet of the SE1/4 NW1/4 of said Section 22 lying South and Southwesterly of West Langell Valley Road.

Section 15: S1/2 SW1/4

ALSO that tract of land described as follows:

Beginning at a 1/2 inch iron pin from which the Northwest corner of said Section 15 bears North 01 degrees 44' 03" West 3681.45 feet; thence South 78 degrees 02' 07" East 174.45 feet to a 1/2 inch iron pin; thence South 89 degrees 52' 45" East 231.30 feet to a 1/2 inch iron pin; thence South 89 degrees 20' 52" East 801.00 feet to a 1/2 inch iron pin; thence South 15 degrees 16' 07" East 217.00 feet to a 1/2 inch iron pin; thence continuing South 15 degrees 16' 07" East 20 feet, more or less, to the South line of the NE1/4 SW1/4 of Section 15; thence Westerly along said line to the Southwest corner of the NW1/4 SW1/4 of said Section 15; thence Northerly along the West line of said Section 15 to a point that bears South 81 degrees 00' 05" West from the point of beginning; thence North 81 degrees 00' 05" East to a 1/2 inch iron pin set in an existing North-South fence line; thence continuing North 81 degrees 00' 05" East 76.21 feet to the point of beginning.

## PARCEL 2:

The N1/2 NE1/4 and SE1/4 NE1/4 of Section 21, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

## PARCEL 3:

The SW1/4 and all of SE1/4 NW1/4 lying South of Lost River, all in Section 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, EXCEPTING therefrom, the Westerly 40 feet of the SW1/4 SW1/4 lying Southerly of existing County Road.

## PARCEL 4:

The S1/2 SE1/4 of Section 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, LESS that portion heretofore deeded to Klamath County, Oregon for road purposes.

## PARCEL 5:

That part of the S1/2 NE1/4, NE1/4 SW1/4, W1/2 SW1/4 of Section 17, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, lying South and Easterly of Lost River. The SE1/4 SW1/4 and SE1/4 of Section 17, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, lying North of Harpold Road and South of Lost River. That portion of the NE1/4 of Section 20, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, lying North of Harpold Road. Also the N1/2 NW1/4 and SW1/4 NW1/4 of Section 20, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, lying East of Lost River.

(continued)



**EXHIBIT "A"**  
**LEGAL DESCRIPTION (continued)**

**PARCEL 6:**

All those portions of Vacated Bowne Addition to the Town of Bonanza described as follows:

The West 12 1/2 feet of Lots 2 and 23 and all of Lots 3 to 22 inclusive in Block 45; All of Lots 1 and 24 and the Easterly 12.5 feet of Lots 2 and 23 in Block 48;

Lots 1 to 18 inclusive and Lots 23 and 24 in Block 49; Lots 13 to 24 inclusive in Block 50; All of Block 67; Lots 3 to 24 inclusive in Block 68; Lots 3 to 22 inclusive and the West 4.5 feet of Lot 23 in Block 69; The West 4.5 feet of Lots 2 and 23 and Lots 3 to 22 inclusive in Block 76; All of Block 77; All of Block 78. Also those portions of Streets and Alleys which attach to said Lots and Blocks by operation of Law By Order of Vacation shown in Volume 191, page 421, Deed Records of Klamath County, Oregon, including all of Vacated Park Avenue between the centerline of Union Street and the centerline of Price Street.

SAVING AND EXCEPTING the North 30 feet of Lots 3 and 4 in Block 69 of said Vacated Bowne Addition.

SAVING AND EXCEPTING from the above those portions of Blocks 48 and 49 and vacated Seattle Avenue, lying Northerly of the following described line: Beginning at a point in the alley in Block 50 which bears South 0 degrees 08' East 141.56 feet from the Northwest corner of Lot 6 in said Block 50; thence South 89 degrees 44' 50" East, 326.97 feet; thence South 76 degrees 54' 14" East, 518.98 feet to a point on the East line of the W 1/2 of Lot 23, said Block 48.

ALSO EXCEPTING THEREFROM

**ADDITIONAL RIGHT OF WAY FOR HARPOLD ROAD SOUTH OF LOST RIVER:**

A strip of land situated in the NE 1/4 of the NE 1/4 of Section 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Commencing at the corner common to Sections 9, 10, 15 and 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon; thence S 00 degrees 01' 46" West, 1324.03 feet to the North 1/16 corner common to said Section 16 and 15, said corner being the true point of beginning; thence South 89 degrees 57' 55" West, 36.08 feet to the centerline of Harpold Road, said point on centerline being the northerly terminus of that strip of land conveyed to Klamath County for road purposes in Deed Volume 75, page 71, Microfilm Records of Klamath County, Oregon; thence continuing South 89 degrees 57' 55" West, 30.00 feet; thence North 00 degrees 05' 10" West, 741.01 feet along a line parallel with and 30 feet westerly of the centerline of Harpold Road as now constructed; thence South 89 degrees 54' 50" West, 10.00 feet; thence North 00 degrees 05' 10" West along a line parallel with and 40 feet westerly of the centerline of Harpold Road as now constructed, to the middle of Lost River; thence Easterly along the middle of Lost River to the East line of said Section 16; thence South 00 degrees 01' 46" West, along the East line of said Section 16, to the true point of beginning. Bearings based on record of survey 6230 of the Klamath County Surveyor's records.

AND ALSO EXCEPTING THEREFROM:

**ADDITIONAL RIGHT OF WAY FOR HARPOLD ROAD NORTH OF LOST RIVER:**

A portion of vacated Block 97 and the adjoining vacated Union Street and River Street right of ways, and the Block formerly designated as "PARK" in the vacated portion of Bowne's Addition to the City of Bonanza, Oregon said parcel of land lying westerly of and contiguous with that property conveyed to Klamath County in Deed Volume 214, page 247, Deed Records of Klamath County, Oregon, and being more particularly described as follows:



**EXHIBIT "A"**  
**LEGAL DESCRIPTION (continued)**

Commencing at the corner common to Sections 9, 10, 15 and 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, said point being on the centerline of Carroll Avenue right of way as platted on said Bowne Addition; thence North 330 feet more or less along the centerline of said Carroll Avenue, to its intersection with the centerline of Union Street; thence West along the centerline of Union Street a distance of 45.00 feet to the true point of beginning; thence continuing West along the centerline of Union Street a distance of 30.50 feet; thence South along a line parallel with and 75.50 feet westerly of the centerline of said Carroll Avenue to the centerline of River Street; thence West along the centerline of River Street 9.50 feet; thence South along a line parallel with and 85.60 feet westerly of the centerline of said Carroll Avenue, to the middle of Lost River; thence Easterly along the middle of Lost River to a line parallel with and 45.00 feet westerly of the centerline of said Carroll Avenue; thence North along said line to the true point of beginning. Bearings are based on the Bowne's Addition Plat.

**PARCEL 7:**

Beginning at the corner common to Sections 9, 10, 15 and 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, which point is on the centerline of Carroll Avenue as platted on Bowne Addition to the Town of Bonanza; thence North along said centerline 330 feet more or less, to its intersection with the centerline of Union Street; thence West along the centerline of Union Street 1110 feet, more or less, to the West line of Park Avenue; thence South along the West line of Park Avenue, and said West line extended 710 feet, more or less, to the center of Lost River; thence Northeasterly and Easterly along the center of Lost River to the East line of said Section 16; thence North along said Section line a distance of 250 feet, more or less, to the point of beginning.

SAVING AND EXCEPTING the East 45 feet of said parcel heretofore conveyed to Klamath County by Deed recorded November 28, 1947 in Volume 214, page 247, Deed Records of Klamath County, Oregon, for Road Purposes.

**PARCEL 8:**

All that portion of the NE1/4 of Section 16 lying Southerly of the center of Lost River; the N1/2SE1/4 of Section 15, LESS portion deeded for road described in Volume 74, page 71, Deed Records of Klamath County, Oregon, all in Township 39 South, Range 11, East of the Willamette Meridian, Klamath County, Oregon

ALSO EXCEPTING THEREFROM:

**ADDITIONAL RIGHT OF WAY FOR HARPOLD ROAD SOUTH OF LOST RIVER:**

A strip of land situated in the NE1/4 of the NE1/4 of Section 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Commencing at the corner common to Sections 9, 10, 15 and 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon; thence 8 00 degrees 01' 46" West, 1324.03 feet, to the North 1/16 corner common to said Section 16 and 15, said corner being the true point of beginning; thence South 89 degrees 57' 55" West, 36 08 feet to the centerline of Harpold Road, said point on centerline being the northerly terminus of that strip of land conveyed to Klamath County for road purposes in Deed Volume 75, page 71, Microfilm Records of Klamath County, Oregon; thence continuing South 89 degrees 57' 55" West, 30.00 feet; thence North 00 degrees 05' 10" West, 741.01 feet along a line parallel with and 30 feet westerly of the centerline of Harpold Road as now constructed; thence South 89 degrees 54' 50" West, 10.00 feet; thence North 00 degrees 05' 10" West along a line parallel with and 40 feet westerly of the centerline of Harpold Road as now constructed, to the middle of Lost River; thence Easterly along the middle of Lost River to the East line of said Section 16; thence South 00 degrees 01' 46" West, along the East line of said Section 16, to the true point of beginning. Bearings based on record of survey 6230 of the Klamath County Surveyor's records

- Continued -



EXHIBIT "A"  
LEGAL DESCRIPTION (continued)

AND ALSO EXCEPTING THEREFROM:

ADDITIONAL RIGHT OF WAY FOR HARPOLD ROAD NORTH OF LOST RIVER:

A portion of vacated Block 97 and the adjoining vacated Union Street and River Street right of ways, and the Block formerly designated as "PARK" in the vacated portion of Bowne's Addition to the City of Bonanza, Oregon said parcel of land lying westerly of and contiguous with that property conveyed to Klamath County in Deed Volume 214, page 247, Deed Records of Klamath County, Oregon, and being more particularly described as follows:

Commencing at the corner common to Sections 9, 10, 15 and 16, Township 39 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, said point being on the centerline of Carroll Avenue right of way as platted on said Bowne Addition; thence North 330 feet more or less along the centerline of said Carroll Avenue, to its intersection with the centerline of Union Street; thence West along the centerline of Union Street a distance of 45.00 feet to the true point of beginning; thence continuing West along the centerline of Union Street a distance of 30.50 feet; thence South along a line parallel with and 75.50 feet westerly of the centerline of said Carroll Avenue to the centerline of River Street; thence West along the centerline of River Street 9.50 feet; thence South along a line parallel with and 85.00 feet westerly of the centerline of said Carroll Avenue, to the middle of Lost River; thence Easterly along the middle of Lost River to a line parallel with and 45.00 feet westerly of the centerline of said Carroll Avenue; thence North along said line to the true point of beginning. Bearings are based on the Bowne's Addition Plat.

PARCEL 9:

Lots 19, 20, 21 and 22 in Block 49 of vacated Bowne Addition to the Town of Bonanza. ALSO those portions of the streets and alleys which attach to the aforesaid lots by operation of law through the order of vacation shown in Book 191, page 421, Deed Records of Klamath County, Oregon.

PARCEL 10:

Lots 1 and 2 in Block 68 of vacated Bowne Addition to the Town of Bonanza. ALSO those portions of the streets and alleys which attach to the aforesaid lots by operation of law through the order of vacation shown in Book 191, page 421, Deed Records of Klamath County, Oregon.

\* \* \* END \* \* \*

STATE OF OREGON COUNTY OF KLAMATH ss

Filed for record at request of Amerititle the 1st  
of April A.D. 1999 at 3:29 o'clock P. M. and duly recorded in Vol. M99  
of Mortgages on Page 11850

FEE \$35.00

Linda Smith, County Clerk

by Keddler