

1999 JUN 23 AM 11: 53

USDA
Form RD 460-2
(Rev. 4-97)

MTc 47902-MS
SUBORDINATION BY THE GOVERNMENT

Position 1 (Chattel Security)
Position 5 (Real Estate Security)

The United States of America acting through the United States Department of Agriculture (called the "Government") is the owner and holder of the following-described instruments executed by George A. Carleton, dba Carleton Brothers and Elizabeth J. Carleton of Klamath

County, State of Oregon

Title of Instrument	Date of Instrument	Date Filed	Office Filed	Document File or Book No.	Page No.
Real Estate Mortgage	2/18/86	5/23/86	Klamath County Clerk	M36	8965
For Oregon	4/10/79	4/10/79	" "	M79	7912
	7/06/76	7/13/76	" "	M76	10595
Rerecorded		7/26/76	" "	M76	11315

AND, Klamath First Federal Savings and Loan (called the "Lender") has agreed to loan \$ 55,000.00 to Gregory G. Carleton and Kendy R. Carleton (called the "Borrower") for the following purposes:

Refinance Homeside Lending Inc. (Equitable)
Refinance Rural Development

THEREFORE, in consideration the Lender's agreement to make such loan to Borrower, the Government (1) consents to the Borrower obtaining the loan from the Lender for such purposes, and (2) agrees to and does subordinate in favor of the Lender and its successors and assigns its liens or security interests created or evidenced by the above-described instruments insofar as they cover the following-described property and provided the Lender perfects a lien on that property:

Beginning at the Southeast corner of the SW $\frac{1}{4}$, said point of beginning on the North right of way line of the existing county road; thence Northerly along Westerly right of way line of the existing canal a distance 600 feet; thence Westerly a distance of 200 feet; thence South and parallel to the Westerly right of way line of said canal a distance of 600 feet to the Northerly right of way line of the County road; thence East and along said Northerly right of way line of said County road a distance of 200 feet, more or less, to the point of beginning, all in Section 36, Township 40 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, EXCEPTING THEREFROM any portion thereof lying within a 10 foot ditch conveyed to the United States of America by Deed recorded November 18, 1908 in Volume 25, page 223, Deed Records of Klamath County, Oregon. ALSO EXCEPTING THEREFROM any portion thereof lying within a 10 foot ditch known as the "Half-Way Lateral" as conveyed to the United States of America by Deed recorded November 16, 1908 in Volume 24, page 613, Deed Records of Klamath County, Oregon.

This subordination is limited to the amount actually loaned by the Lender to the Borrower (principal and accrued interest) for the foregoing purposes and also the amount actually advanced for foreclosure costs and other advances made or to be made by the Lender, for a total limitation not to exceed \$ 60,000.00. * Any amount which is in excess of this figure will not be covered by this subordination unless prior written consent was obtained from the Government for incurring the expenditure in question. The Lender must incorporate into the borrower's note a statement that the loan will be in default should any proceeds of the loan funds obtained as a result of this subordination be used (1) for a purpose that will contribute the excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, provided by 7 C.F.R. part 1940, subpart G, or (2) for any purpose not provided for above.

25482

IN WITNESS WHEREOF, The United States of America has caused this subordination to be signed on the 25th day of JUNE, 1999, pursuant to the delegated authority published in 7 C.F.R. part 1900, subpart A.

UNITED STATES OF AMERICA.

WITNESS: _____

BY Karen M. Boyles
 KAREN M. BOYLES
 TITLE FARM LOAN MANAGER

U.S. Department of Agriculture.

*(NOTE TO LENDER: You are advised to obtain a perfected security interest on the above property. When the indebtedness has been satisfied please mark this form "PAID IN FULL" and return it to the Department of Agriculture at the

following address: _____

STATE OF Oregon
 COUNTY OF Klamath } ss:

ACKNOWLEDGMENT

On this 25th day of June, 19 99, before me, the subscriber, a

Notary Public

Karen M. Boyles, in and for the above county and State, appeared known to me to be Farm Loan Manager United States Department of Agriculture, and the person who executed the foregoing instrument, and he/she acknowledged to me that he/she executed the same as the free act and deed of the United States of America, for the uses the purposes mentioned in it.

IN WITNESS WHEREOF, I have set my hand and seal at Klamath Falls, Oregon

_____ the day and year listed above.

[SEAL]

My commission expires 11/16/99

Kristi L. Redd (Signature)
 NOTARY PUBLIC FOR OREGON (Title)



State of Oregon, County of Klamath
 Recorded 6/28/99, at 11:53 a.m.
 In Vol. M99 Page 25481
Linda Smith,
 County Clerk Fee \$ 15 KR