

1999 JUL 21 AM 11:26

After recording please return to :

Hoyal and Associates
3976 Bellinger Lane
Medford, Oregon
97501

Subordinated Lender:

Linda M. Munsey
4303 Jennie Way
Medford, Oregon
97504

Senior Lender:

The Conservatorship of Morgan W. Smith
C/O Hoyal and Associates
3976 Bellinger Lane
Medford, Oregon
97501

NTC 48724
Subordination Agreement

Subordinated Lender is the current owner of that certain Deed of Trust Dated April 9, 1998 recorded April 15, 1999, 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 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 \$550,000.00 (Five Hundred Fifty Thousand Dollars) payable to Senior Lender, which said Senior Trust Deed is expected to be dated on July 13th 1999.

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 and 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 interest 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 ¹⁵~~13~~th Day of July, 1999.

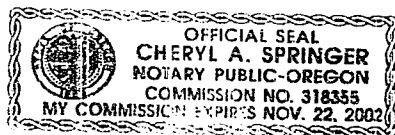
Subordinated Lender:

Linda M. Munsey
Linda M. Munsey

State of Oregon

County of Jackson:

This instrument was acknowledged before me on July ¹⁵~~13~~, 1999 by Linda M. Munsey.



Cheryl A. Springer
Notary Public for Oregon

My Commission expires: 11.22.02

29067

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 13' 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' 33" 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.

State of Oregon, County of Klamath
Recorded 7/21/99, at 11:26 a. m.
In Vol. M99 Page 29065
Linda Smith,
County Clerk Fee\$ 20-AR