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PAGE 02
P.2/9

RECORDING REQUESTED BY

Vol M99 Page 33005

AND WHEN RECORDED MAIL TO:

NAME
Address
City &
State

FARM SERVICES, INC.
13623 Lester Rd. NW
Silverdale, WA 98383

159 AUG 16 PM 3:43

Vol M99 Page 33638

MTC 43045-KR

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT, made this 3rd day of August, 19 99
by WHISPERING PINES HOLDING COMPANY, INC.,
owner of the land hereinafter described and hereinafter referred to as "Owner", and
FARM SERVICES, INC.,
present owner and holder of the deed of trust and note first hereinabove described and hereinafter referred to as "Beneficiary":

WITNESSETH

THAT WHEREAS, WHISPERING PINES HOLDING COMPANY, INC.,
did execute a deed of trust, dated APRIL 7, 1997, in favor of
FARM SERVICES, INC., as trustee, covering:

SEE EXHIBIT "A" ATTACHED HERETO

to secure a note in the sum of \$ 182,000, dated APRIL 7th, 1997,
in favor of FARM SERVICES, INC.,
which deed of trust was recorded JUN 2nd, 1999, in book 400, page 26624,
Official Records of said county, and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$ 100,000.00, dated AUGUST 12, 1999, in favor of
BOB J. & DIANNE M. DORTCH, III,
hereinafter referred to as "Lender", payable with interest and upon the terms and conditions described therein, which deed of trust is to be recorded concurrently herewith; and

WHEREAS, it is a condition precedent to obtaining said loan that said deed of trust last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the deed of trust first above mentioned, and

WHEREAS, Lender is willing to make said loan provided the deed of trust securing the same is a lien or charge upon the above described property prior and superior to the lien or charge of the deed of trust first above mentioned and provided that Beneficiary will specifically and unconditionally subordinate the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of Lender; and

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WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner, and Beneficiary is willing that the deed of trust securing the same shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge of the deed of trust first above mentioned.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the loan above referred to, it is hereby declared, understood and agreed as follows:

(1) That said deed of trust securing said note in favor of Lender, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the deed of trust first above mentioned.

(2) That Lender would not make its loan above described without this subordination agreement.

(3) That this agreement shall be the whole and only agreement, with regard to the subordination of the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of Lender above referred to and shall supersede and replace, but only insofar as would effect the priority between the deeds of trust hereinbefore specifically described, any prior agreements as to such subordination including, but not limited to, those provisions, if any, contained in the deed of trust first above mentioned, which provide for the subordination of the lien or charge thereof to another deed of trust or to another mortgage or mortgages.

Beneficiary declares, agrees and acknowledges that

(a) He or she consents to and approves (i) all provisions of the note and deed of trust in favor of Lender above referred to, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's Loan;

(b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, use to the satisfaction of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part.

(c) He or she intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the deed of trust first above mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination aspects loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination, and

(d) An endorsement has been placed upon the note secured by the deed of trust first above mentioned that said deed of trust has by this instrument been subordinated to the lien or charge of the deed of trust in favor of Lender above referred to.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

FARM SERVICES, INC.

Vice President Operations

WHISPERING PINES HOLDING COMPANY, INC.

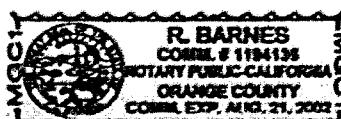
Vice President

(No signature may be substituted)

This Form Formatted By CHICAGO Title Company

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS
SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR
ATTORNEYS WITH RESPECT THERETO.

(SUBORDINATION FORM "A")
Page 2



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EXHIBIT "A"
LEGAL DESCRIPTION

The SE1/4 of Section 6, Township 36 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, EXCEPT the following described portion thereof, as follows:

Beginning at a point which is the NW1/4 corner of the SE1/4 of Section 6, Township 36 South, Range 10 East of the Willamette Meridian; thence 208 feet East along the North line of said SE1/4; thence South and parallel to the West line of the said SE1/4 to the South line of said Section 6; thence along the said South line of said Section 6 a distance of 208 feet to the SW corner of the said SE1/4; thence North along the West line of said SE1/4 to the point of beginning and being a strip 208 feet wide off the Westerly portion of the SE1/4 of said Section 6.

State of Oregon, County of Klamath
Recorded 8/16/99, at 2:13 P.M.
In Vol. M99 Page 33005'
Linda Smith,
County Clerk. Fees 40 - \$0

33641

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA

COUNTY OF ORANGE

SS

On AUGUST 19, 1999before me, R. Barnes

personally appeared DEBORAH CHOE AND LINDA AUSTIN
 personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument
 and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s), on the instrument
 the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature R. Barnes

This area for official notarial seal.

OPTIONAL SECTION CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

 INDIVIDUAL CORPORATE OFFICER(S)

TITLE(S)

 PARTNER(S) - I LIMITED GENERAL ATTORNEY-IN-FACT TRUSTEE(S) GUARDIAN/CONSERVATOR OTHER

SIGNER IS REPRESENTING:

Name of Person or Entity

Name of Person or Entity

OPTIONAL SECTION

Though the date requested here is not required by law, it could prevent fraudulent reattachment of this form.

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED BELOW

TITLE OR TYPE OF DOCUMENT:

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOVE

State of Oregon, County of Klamath
 Recorded 8/19/99, at 3:30 p.m.
 In Vol M99 Page 33638

Linda Smith, R/R
 County Clerk Fees \$0 - KL