

200 JUN 15 PM 3:17

MTC S0550-MS

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

MORTGAGE 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 Bruce S. Topham and Virginia A. Topham 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	11/02/76	11/03/76	KL. Co. Clerk	M76	17450
Real Estate Mortgage	04/26/78	05/02/78	KL. Co. Clerk	M78	8744
Real Estate Mortgage	10/29/86	10/29/86	KL. Co. Clerk	M86	19571
	Rerecorded	11/20/86	KL. Co. Clerk	M86	21254
UCC-1A		06/13/83	KL. Co. Clerk	M83	9196
UCC-1		12/07/82	Sec. of State	H29803	

AND, NW Farm Credit Service, FLCA (called the "Lender") has agreed to loan \$395,000.00 to Bruce S. Topham and Virginia A. Topham (called the "Borrower") for the following purposes:

To refinance Farm Credit Service Loan #142 and #241

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:

See Attachment A

This subordination is limited to the amount actually loaned by the Lender to the Borrower (principal and accrued interest) for the forgoing 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 \$ 429,365.00 . * 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.

IN WITNESS WHEREOF, The United States of America has caused this subordination to be signed on the 2nd day of June, 2000, pursuant to the delegated authority published in 7 C.F.R. part 1900, subpart A.

WITNESS: _____

UNITED STATES OF AMERICA,

BY 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 2nd day of June, 19 2000, before me, the subscriber, a

NOTARY PUBLIC

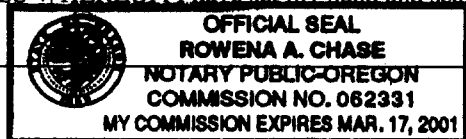
, in and for the above county and State, appeared

KAREN M. BOYLES

, 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



[SEAL]

the day and year listed above.

Rowena A. Chase

ROWENA A. CHASE
 Notary Public

(Signature)

My commission expires 3/17/2001

(Title)

ATTACHMENT A
SUBORDINATION BY THE GOVERNMENT
BRUCE S. TOPHAM AND VIRGINIA A. TOPHAM

PARCEL 1.

Government Lots 18, 23, 25, 26, 27, 30, 31 and 32 of Section 13, the NE1/4, E1/2 NW1/4; N1/2 SW1/4; SE1/4 SW1/4 and the W1/2 SE1/4 of Section 24, the NE1/4 of Section 25, all in Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon; Government Lots 6, 7 and 8 of Section 19, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon, TOGETHER WITH a 60 foot road right of way as created in instrument recorded April 14, 1960 in Miscellaneous Volume 14, page 36, Klamath County Miscellaneous Records.

EXCEPTING that portion of the NE1/4 of Section 25 lying within the Chief Schonchin Cemetery, as described in Deed recorded February 16, 1961 in Book 307, page 348, Deed Records of Klamath County, Oregon.

PARCEL 2.

The E1/2 SE1/4 of Section 24, Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon, and Government Lots 3 and 4 of Section 19, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 3.

The NE1/4 NE1/4 of Section 23; and the NW1/4 NW1/4 of Section 24, Township 36 South, Range 11 East of the Willamette Meridian, Klamath County, Oregon.

Together with the following water rights:

Permit #G10498
Certificate #45767 (Permit No. 31795)
Permit #44119

State of Oregon, County of Klamath
Recorded 06/15/00, at 3:17 p m.
In Vol. M00 Page 21767
Linda Smith,
County Clerk Fee\$ 31⁰⁰