

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

mtc 50365 cc mortgages
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 CARLETON FARMS and NA of KLAMATH

County, State of OREGON :

Title of Instrument	Date of Instrument	Date Filed	Office Filed	Document File or Book No.	Page No.
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SEE ATTACHMENT.

NORTHWEST FARM

to AND, CREDIT SERVICES (called the "Lender") has agreed to loan \$ 202,400
CARLETON FARMS and NA

(called the "Borrower") for the following purposes:

REFINANCE FARM CREDIT SERVICES \$52,400

REFINANCE EQUIPMENT LOANS \$150,000 (JOHN DEERE, SOUTH VALLEY BANK & TRUST, NAEDA, FARM CREDIT LEASING, AND WESTERN BANK)

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:

1. REAL ESTATE: N1/2SE1/4 AND THAT PORTION OF THE SW1/4NE1/4 LYING SOUTHERLY OF THE KLAMATH IRRIGATION DISTRICT CANAL, SECTION 1 IN TOWNSHIP 41 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.
N1/2SW1/4 OF SECTION 1, TOWNSHIP 41 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, EXCEPTING THEREFROM THE SOUTH 120 FEET OF THE WEST 363 FEET OF THE N1/2SW1/4, SECTION 1, TOWNSHIP 41 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON.
2. IRRIGATION EQUIPMENT: MAINLINE, PUMPS, AND WHEEL LINES.

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 \$ 226,688 . * 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 19th 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

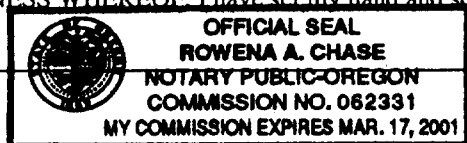
On this 19th day of JUNE, 192000, before me, the subscriber, a

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 (Signature)

Notary Public (Title)

My commission expires 3/17/2001

**ATTACHMENT
SUBORDINATION BY THE GOVERNMENT
CARLETON FARMS**

<i>Title of Instrument</i>	<i>Date of Instrument</i>	<i>Date Filed</i>	<i>Book No.</i>	<i>Page No.</i>
Real Estate Mortgage	July 6, 1976	July 13, 1976	M76	10587
Real Estate Mortgage	July 6, 1976	July 13, 1976	M76	10595
Rerecorded		July 26, 1976	M76	11315
Real Estate Mortgage	April 10, 1979	April 10, 1979	M79	7912
Real Estate Mortgage	May 21, 1986	May 23, 1986	M86	8965
Real Estate Mortgage	May 21, 1986	May 23, 1986	M86	8969
Real Estate Mortgage	June 25, 1999	June 28, 1999	M99	25551
Real Estate Mortgage	June 25, 1999	June 28, 1999	M99	25560

State of Oregon, County of Klamath
 Recorded 07/03/00, at 3:22 p. m.
 In Vol. M00 Page 24505
Linda Smith,
 County Clerk Fee\$ 66⁰⁰