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This Instrument Prepared by:
USDA Rural Development
1520 Market Street
St. Louis, MO 63103
(800)414-1226

State of Oregon, County of Klamath
Recorded 04/19/2002 11:44 a m.
Vol M02, Pg 23210-11
Linda Smith, County Clerk
Fee \$ 26.00 # of Pgs 2

USDA-FmHA
Form FmHA 460-2
(Rev. 9/88)

SUBORDINATION BY THE GOVERNMENT
DEED OF TRUST

The United States of America acting through the Administrator of Farmers Home Administration (called the "Government") is the owner and holder of the following-described instrument(s) executed by Patricia McAuliffe of Klamath County, State of Oregon:

<i>Title of Instrument</i>	<i>Date of Instrument</i>	<i>Date Filed</i>	<i>Book & Page/Document No.</i>
Deed of Trust	12/27/83	12/27/83	Vol. M83, Page 22133

AND, Saddle Mountain Cattle Company Pension Trust (called the "Lender") has agreed to loan \$36,000.00 to Patricia McAuliffe^{**} (called the "Borrower") for the following purposes:

Refinance existing FmHA loan.

**** Recorded on April 12, 2002 in Volume M02 Page 21618**

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) agree 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 instrument(s) insofar as they cover the following-described property and provided the Lender perfects a lien on that property:

LOT 27 AND THE SOUTHERLY 5 FEE OF LOT 26, LOST RIVER COURT ADDITION TO MERRILL, ACCORDING TO THE OFFICIAL PLAT THEROF ON FILE IN THE OFFICE OF THE CLERK 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 forgoing purposes and also the amount actually advanced for foreclosure costs and other advances made by the Lender, for a total limitation not to exceed \$36,000.00.* 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 for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to

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produce an agricultural commodity, as explained in Exhibit M of Subpart G of Part 1940 of Title 7 of the Code of Federal Regulations.

IN WITNESS WHEREOF, The United States of America has caused this subordination to be signed on the 18TH day of April, 2002, pursuant to the delegated authority published in 7 CFR Part 1900, Subpart A.

UNITED STATES OF AMERICA,

BY Claire Banaskavich
 Claire Banaskavich
 TITLE: Supervisor, Payoff Section
 U.S. Department of Agriculture

WITNESS John Mandala
 John Mandala
 TITLE: Work Flow Coordinator, Payoff Section
 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 Farmers Home Administration at the following address: USDA Rural Development, 1520 Market Street, St. Louis, MO 63103.)

State Missouri
 County St. Louis

I, the undersigned, a Notary Public in and for the said State and County, acknowledge that Claire Banaskavich, Supervisor, Payoff Section, and Ann Wheeler, Work Flow Coordinator, Payoff Section, personally appeared before me and signed the foregoing instrument as their free and voluntary act.

Dated this 18th day of April 2002.

Debra A. Kehrer
 Notary Public, Debra A. Kehrer

My commission expires April 2, 2005

DEBRA A. KEHRER
 Notary Public - State of Missouri
 My Commission Expires April 2, 2005