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Vol M02 Page 32996

State of Oregon, County of Klamath
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Linda Smith, County Clerk
Fee \$ 36.00 # of Pgs 3

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

MTL Subd-12
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 JOHN L. MCPHERSON and JANI K. MCPHERSON of KLAMATH County, State of OREGON:

Title of Instrument	Date of Instrument	Date Filed	Office Filed	Document File or Book No.	Page No.
R/E Mortgage	3/25/77	3/25/77	Klamath	M77	5055 -
R/E Mortgage	3/25/87	3/25/87	Klamath	M87	4926 /

NORTHWEST FARM CREDIT SERVICES, FLCA (called the "Lender") has agreed to loan \$ 117,200.00 to JOHN L. MCPHERSON and JANI K. MCPHERSON (called the "Borrower") for the following purposes:

REFINANCE REAL ESTATE
CERTAIN IRRIGATION EQUIPMENT LISTED BELOW

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 ATTACHED EXHIBIT "A" FOR LEGAL DESCRIPTION

IRRIGATION EQUIPMENT: (2) Century centrifugal pumps (60 HP electric)
(3) $\frac{1}{2}$ mile wheellines w/ 5' wheels and 4" tubes
(1) $\frac{1}{4}$ mile wheellines w/ 5' wheels and 4" tubes
 $\frac{1}{4}$ mile of 10" PVC mainline (buried)
 $\frac{1}{4}$ mile of 8" aluminum mainline (above ground)

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 \$ 117,200.00. * 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.

RD 460-2 (Rev. 4-97)

31
+ 5 m

IN WITNESS WHEREOF, The United States of America has caused this subordination to be signed on the 31st day of May, 2002, pursuant to the delegated authority published in 7 C.F.R. part 1900, subpart A.

UNITED STATES OF AMERICA,

BY

HARVEY C. BUSH

TITLE District Director

WITNESS: _____

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 31st day of May, 2002, before me, the subscriber, a
(year)

NOTARY PUBLIC

, in and for the above county and State, appeared

HARVEY C. BUSH

DISTRICT DIRECTOR

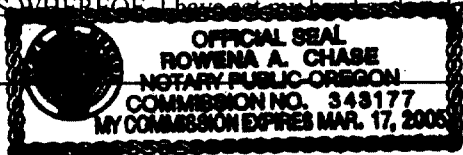
, known to me to be _____, United States Department of Agriculture, and the person who executed the foregoing instrument, and he/she acknowledged to me that he/she executed the same as the free act and deed of the United States of America, for the uses the purposes mentioned in it.

IN WITNESS WHEREOF, I have set my hand and seal at _____

Klamath Falls, Oregon

the day and year listed above.

[SEAL]



Rowena A. Chase
ROWENA A. CHASE

(Signature)

My commission expires 3/17/2005

Notary Public

(Title)

EXHIBIT "A"
LEGAL DESCRIPTION

The NE1/4, NW1/4 of SE1/4, S1/2 of NW1/4, N1/2 of SW1/4 of Section 5, Township 40 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon; EXCEPT a tract of land situated in the NE1/4 of Section 5, Township 40 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a 5/8 inch iron pin marking the North one-quarter corner of said Section 5, which point is on the centerline of the Old Midland County Road; thence South along an old existing fence line and fence line extended (said line being the one-quarter section line as described in Deed Volume 326 at page 411 of Klamath County Deed Records) a distance of 1,363 feet to an old fence post; thence South 88° 41' 42" East (East by said Deed Record) 465.00 feet to a one-half inch iron pipe; thence North 71° 52' 00" West 303.76 feet to a steel fence post; thence North 52° 33' 00" East 237.03 feet to a steel fence post; thence North 25° 14' 00" West 143.78 feet to a steel fence post; thence North 18° 26' 00" East 192.44 feet to a steel fence post; thence North 28° 03' 00" East 472.17 feet to a steel fence post; thence North 47° 49' 00" East 463.30 feet to a steel fence post; thence continuing North 47° 49' 00" East 151.09 feet to a 1/2 inch iron pin in the centerline of said County Road; thence South 89° 36' 55" West (West by said Deed Record) a distance of 948.31 feet to the point of beginning.

The bearing of the above described tract of land are based on the said one-quarter section line as being South.

ALSO EXCEPTING the S1/2 NE1/4 NE1/4 and the N1/2 SE1/4 NE1/4 of Section 5, Township 40 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon.