

03 OCT 29 PM 3:37

Vol M03 Page 80510

State of Oregon, County of Klamath
Recorded 10/29/03 3:37 P m
Vol M03 Pg 80510-13
Linda Smith County Clerk
Fee \$ 86.00 # of Pgs 4

FSA-460-2
(03-19-03)

ATG 57410
U.S. DEPARTMENT OF AGRICULTURE
Farm Service Agency

SUBORDINATION BY THE GOVERNMENT

Position 1 (Chattel Security)
Position 5 (Real Estate Security)

1. 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 (a) GREGORY G. AND WENDY R. CARLETON of (b) KLAMATH County, State of (c) OREGON :

<i>Title of Instrument</i>	<i>Date of Instrument</i>	<i>Date Filed</i>	<i>Office Filed</i>	<i>Document File or Book No.</i>	<i>Page No.</i>
<i>(d)</i>	<i>(e)</i>	<i>(f)</i>	<i>(g)</i>	<i>(h)</i>	<i>(i)</i>

See Attachment A

AND, (j) KLAMATH FIRST (called the "Lender") has agreed to loan (k) \$ 67,000.00 to (l) GREGORY G. CARLETON and WENDY R. CARLETON (called the "Borrower") for the following purposes: (m)

Refinance existing home loan
Consolidate other debts

2. 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 of 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 B

36 R
750

3. This subordination is limited to (1) the amount actually loaned by the Lender to the Borrower (principal and accrued interest) for the foregoing purposes, (2) future advances for taxes, insurance, and payments on liens prior to the Lender's lien, and (3) the amount actually advanced for foreclosure costs made by the Lender. Any amount in excess of such amount will not be covered by this subordination unless prior written consent was obtained from the Government for incurring the expenditure in question:

\$67,000.00

4. 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 to the excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as provided by 7 C.F.R. part 1940, subpart G or any successor regulation, or (2) for any purpose not provided for above.

5. *(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:

Dept. of Agriculture
Farm Service Agency
2316 S 6th, Suite C
Klamath Falls, OR 97601)

6. IN WITNESS WHEREOF, The United States of America has caused this subordination to be signed on the (a) 28th day of (b) October, 2003.

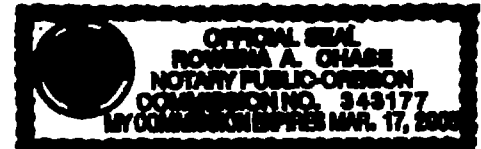
UNITED STATES OF AMERICA,

WITNESS: (c) _____
 (d) _____

BY (e) Dorothy M. Scull
 DOROTHY M. SCULL
 TITLE (f) Farm Loan Officer

7. ACKNOWLEDGMENT

STATE OF (a) OREGON
 COUNTY OF (b) KLAMATH } ss.



On this (c) 28th day of (d) OCTOBER, 2003, before me, personally appeared (e) DOROTHY M. SCULL, Farm Loan Officer, to be

known to me to be the same person whose name is subscribed to the foregoing instrument, and acknowledged that he/she signed and delivered the instrument as his/hers free and voluntary act, for the uses and purposes set forth.

My commission expires:

(f) 3/17/2005

(g) Rowena A. Chase
 ROWENA A. CHASE
 NOTARY PUBLIC

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Continuation and become a Part of Form FSA-460-2, "Subordination by the Government";
CARLETON, Gregory G. and Wendy R.

ATTACHMENT A

<u>Title of Instrument</u>	<u>Date of Instrument</u>	<u>Date Filed</u>	<u>Office Filed</u>	<u>Doc. File or Book Number</u>	<u>Page Number</u>
R/E Mortgage	4/10/79	4/10/79	Kl. Co Clerk	M79	7912 (Reamortized)
	4/06/92	4/15/92	" "	M92 ✓	7895 (Reamortized)
	6/25/99	6/28/99	" "	M99 ✓	25577 (Reamortized)
	1/28/03	3/06/03	" "	M03 ✓	13597
UCC – Financing Statement:	4/21/99	"	"	M99	14597 (Amended)
	6/28/99	"	"	M99 ✓	25579 (Amended)
	7/03/00	"	"	M00 ✓	24504
R/E Mortgage	6/25/99	6/28/99	" "	M99 ✓	25569 (Reamortized)
	1/28/03	3/06/03	" "	M03 ✓	13597
R/E Mortgage	6/25/99	6/28/99	" "	M99 ✓	25573 (Reamortized)
	1/28/03	3/06/03	" "	M03 ✓	13597

80513

ATTACHMENT B

Beginning at the Southeast corner of the SW 1/4, said point of beginning on the North right of way line of the existing county road; thence Northerly along Westerly right of way line of the existing canal a distance of 600 feet; thence Westerly a distance of 200 feet; thence South and parallel to the Westerly right of way line of said canal a distance of 600 feet to the Northerly right of way line of the county road; thence East and along said Northerly right of way line of said county road a distance of 200 feet, more or less, to the point of beginning, all in Section 36, Township 40 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

EXCEPTING THEREFROM any portion thereof lying within a 10 foot ditch conveyed to the United States of America by Deed recorded November 18, 1908 in Volume 25, Page 223, Deed Records of Klamath County, Oregon.

ALSO EXCEPTING THEREFROM any portion thereof lying within a 30 foot ditch known as the "Half-Way Lateral" as conveyed to the United States of America by Deed recorded November 16, 1908 in Volume 24 at Page 613, Deed Records of Klamath County, Oregon.