

MTC 73799-KR

After recording return to:
Mark A. Norby
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900 SW Fifth Ave.
Portland, OR. 97204

M06-12735

Klamath County, Oregon

06/21/2006 02:57:28 PM

Pages 4 Fee: \$36.00

SUBORDINATION AGREEMENT

WS.

THIS AGREEMENT made and entered into this 14 day of June, 2006, by WILL ~~SITES~~ ^{SITES}
and GLENDA ~~SITES~~ ("Tenant");

HS
SITES

WITNESSETH:

WHEREAS, JAMES M. CARROLL and SHARON I. CARROLL, AS TRUSTEES OF THE JAMES AND SHARON CARROLL REVOCABLE TRUST DATED SEPTEMBER 29, 1994, JAMES M. CARROLL and SHARON I. CARROLL, husband and wife, and SWAN LAKE RANCH, INC., a California corporation (collectively, "Borrower"), are obtaining from Harvest Capital Company ("Lender") a mortgage loan (the "Loan") to be secured by a mortgage (the "Mortgage") from Borrower to Lender covering that certain real property in Klamath County, Oregon, including, without limitation, the real property described on attached Exhibit A (the "Property") and certain personal property;

WHEREAS, Tenant, pursuant to an agreement with Borrower (the "Rental Agreement"), occupies a residence on the Property commonly known as 19303 Highway 140 E, Dairy, Oregon 97625 (the "Residence").

WHEREAS, for the purposes of completing the Loans, the Lender requires that the priority of the Mortgage be superior to all interest of Tenant in and to the Property.

NOW THEREFORE, Tenant, for himself, his successors and assigns, and in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

1. Subordination: Tenant hereby acknowledges and agrees that the Rental Agreement, Tenant's rights thereunder, and the Tenant's right and interest in the Residence and Property, are and shall be and shall at all times remain subject, subordinate, and inferior to the Mortgage and the lien thereof, and all rights of the Lender thereunder and to any and all renewals, modifications, consolidations, replacements, and extensions thereof.

2. Acknowledgment and Agreement by Tenant. Tenant acknowledges and agrees that:

(a) Lender would not make the Loans without this Agreement.

(b) Tenant's right to occupy the Residence and Property may be terminated upon 30 days notice to Tenant.

(c) Tenant has no right or option of any nature whatsoever to purchase the Property or any portion thereof or any interest therein, and to the extent that Tenant has had, or hereafter acquire, any such right or option, the same is hereby acknowledged to be subject and subordinate to the Mortgage and is hereby waived and released as against Lender.

3. Successors. This Subordination Agreement shall inure to the benefit of Lender, the successors and assigns and subsequent holders of the Loans and Mortgage.

36.00

EXHIBIT A

Legal Description

IN TOWNSHIP 37 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON:

Section 14: W1/2 SW1/4
Section 15: NW1/4 NW1/4, S1/2 N1/2, NE1/4 SE1/4
Section 23: W1/2 NE1/4, SE1/4 NE1/4, E1/2 SE1/4
Section 24: SW1/4 SW1/4
Section 25: W1/2, W1/2 SE1/4
Section 26: E1/2 E1/2
Section 35: NE1/4 NE1/4
Section 36: All

IN TOWNSHIP 38 SOUTH RANGE 10 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON:

Section 12: NE1/4, E1/2 NW1/4, NE1/4 SE1/4

IN TOWNSHIP 38 SOUTH, RANGE 11 1/2 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON:

Section 6: Government Lots 4, 5, 6 and 7; SE1/4 NW1/4, E1/2 SW1/4, SW1/4 SE1/4
Section 7: Government Lots 1, 2, 3 and 4; W1/2 E1/2, SE1/4 NE1/4, E1/2 W1/2, E1/2 SE1/4, NE1/4 NE1/4
Section 8: W1/2 SW1/4
Section 17: W1/2
Section 18: Government Lots 1 and 2; NE1/4, E1/2 NW1/4
Section 20: SW1/4 NE1/4, NW1/4, N1/2 SW1/4, W1/2 SE1/4, SE1/4 SE1/4
Section 21: S1/2 SW1/4, SW1/4 SE1/4
Section 27: W1/2 SW1/4, SE1/4 SW1/4, EXCEPTING THEREFROM that portion of the SE1/4 SW1/4 conveyed to Oregon - California and Eastern Railway Company by deed recorded May 26, 1917 in Book 47 at page 592, Deed Records of Klamath County, Oregon. AND EXCEPTING from the SE1/4 SW1/4 that portion thereof lying Easterly of the Easterly line of the Oregon - California and Eastern Railway Company right of way.
Section 28: N1/2, NE1/4 SW1/4, SE1/4
Section 29: NE1/4, SE1/4 NW1/4, E1/2 SW1/4
Section 32: NE1/4 NW1/4, EXCEPTING THEREFROM all that portion lying within the Klamath Falls - Lakeview Highway (Highway 140)

IN WITNESS WHEREOF, Tenant has executed this Subordination Agreement.

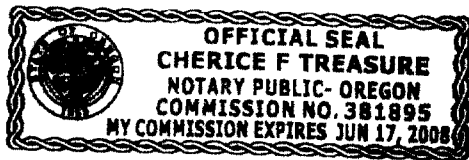
Will Sites
Will ~~Sipes~~ SITES
Glenda Sites
Glenda ~~Sipes~~ SITES

STATE OF OREGON

County of Oregon

SS.

This instrument was acknowledged before me on June 14, 2006, by Will ~~Sipes~~ ^{SITES} and Glenda ~~Sipes~~ ^{SITES}.
~~Sipes~~ SITES:



Cherice F. Treasure
Notary Public for Oregon
My commission expires: 6/17/2008

IN WITNESS WHEREOF, Tenant has executed this Subordination Agreement.

State of Oregon
County of Klamath

On this 15th day of June, 2006, personally appeared before me the above named Glenda Sites, and acknowledged the foregoing instrument to be her voluntary act and deed.

WITNESS My hand and official seal.



Cherice F. Treasure
Notary Public for Oregon
My Commission expires: 6/17/2008