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THIS AGREEMENT, Made and entered into this by and between Earthworker Parts and Sales hereinafter called the first party, and South Valley State Bank hereinalter called the second party; W.1.T.N.E.S.S.E.T.H.:
On or about June 29 19.77

William L. Preheim and Diane E. Preheim On or about June 29 County, Oregon, to-wit: , being the owner of the following described property in Klamath

The South 1 of the SW1 of the NW1 of Section 14, Township 38 South, Range 111, East of the Willamette Meridian, Klamath County, Oregon.

executed and delivered to the first party his certain

mortgage

(herein called the first party's lien) on said described property to secure the sum of \$ 4,234.00 -Recorded on June 3, Oregon, in book M77

Reference to the document so recorded or filed hereby is made. The first party has never sold or assigned his said lien and at all times since the date thereof has been and now is the owner and holder thereof and the debt thereby secured. to the present owner of the property above

The second party is about to loan the sum of \$26,900,00 and with interest thereon at a rate not exceeding % per annum, said loan to be secured by the said described, with interest thereon at a rate not exceeding Trust Deed (hereinafter called the present owner's (State nature of hen to be given, whether

days from its date 90 second party's lien) upon said property and to be repaid within not more than

To induce the second party to make the loan last mentioned, the first party heretofore has agreed and consented to subordinate first party's said lien to the lien about to be taken by the second party as above set forth.

NOW, THEREFORE, for value received and for the purpose of inducing the second party to make the loan aforesaid, the first party, for himself, his personal representatives (or successors) and assigns, hereby covenants, consents and agrees to and with the second party, his personal representatives (or successors) and assigns, that the said first party's lien on said described property is and shall always be subject and subordinate to the lien about to be delivered to the second party, as aforesaid, and that second party's said lien in all respects shall be first, prior and superior to that of the first party; provided always, however, that if second party's said lien is not duly filed or recorded or an appropriate financing statement thereon duly filed within days after the date hereof, this subordination agreement shall be null and void and of no force or effect.

It is expressly understood and agreed that nothing herein contained shall be construed to change, after or impair the first party's said lien, except as hereinabove expressly set forth.

In construing this subordination agreement and where the context so requires, the singular includes the plural; the masculine includes the feminine and the neuter, and all grammatical changes shall be supplied to cause this agreement to apply to corporations as well as to individuals. To induce the second party to make the loan last mentioned, the first party heretolore has agreed and con-

agreement to apply to corporations as well as to individuals.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal; if the undersigned is a cor-

poration, it has caused its corporate name to be signed and its corporate seal to be affixed hereunto by its officers duly authorized thereunto by order of its board of directors, all on this, the day and year first above written.