

In Consideration of any financial accommodations given, to be given or continued by First National Bank of Oregon, a national banking association, hereinafter called the "Bank", to L.A. Swetland, hereinafter called the "Debtor", each undersigned creditor of the Debtor in the amount set opposite his name agrees:

1. To subordinate and hereby subordinates all present and future indebtedness of Debtor to the undersigned, however such indebtedness may arise or be evidenced (hereinafter called "Subordinated Indebtedness"), to all indebtedness now or hereafter owing by Debtor to Bank, however evidenced, and any costs or attorney's fees incurred in the collection thereof, whether the liability of Debtor be primary, secondary or contingent (hereinafter called "Superior Indebtedness").

2. Expressly excepted from this subordination agreement is the following indebtedness of Debtor to the undersigned:  
SEE ATTACHED EXHIBIT "A"

The undersigned may receive, accept and retain payments of interest on the Subordinated Indebtedness while and only so long as the undersigned has no notice that there is a default in payment of principal or interest of the Superior Indebtedness.

3. Except as provided in Paragraph 2, the undersigned will not accept payment of any part of the Subordinated Indebtedness or accept any transfer of assets as security therefor, or assign his claim therefor, or any part thereof to any other person until such time as all Superior Indebtedness shall have been paid in full or until the written consent of Bank shall have been first obtained. Any such consent shall apply only to the payment or transfer therein specifically described and shall not constitute a waiver of any of the provisions of this agreement or an approval of any other transfer of payment.

4. In the event of any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of Debtor, or the proceeds thereof, in whatever form, to creditors of Debtor or upon any indebtedness of Debtor, whether by reason of the liquidation, dissolution or other winding-up of Debtor, or by reason of any execution sale, receivership, insolvency or bankruptcy proceeding, assignment for the benefit of creditors, proceedings for reorganization, or readjustment of Debtor or his properties, then and in such event, the Superior Indebtedness shall first be paid in full before any payment is made upon the Subordinated Indebtedness and any payment or distribution of any kind or character, either in cash, property or securities which shall be payable or deliverable upon or in respect of the Subordinated Indebtedness shall be paid or delivered direct to Bank for application in payment of the amounts then due on the Superior Indebtedness until the Superior Indebtedness shall have been paid in full.

5. So that Bank may establish its right to prove claims and recover for its own account dividends based on the Subordinated Indebtedness, the undersigned does hereby assign all such claims to Bank and the undersigned further agrees to supply such information and evidence, provide access to and copies of such of the records of the undersigned as pertain or may pertain to the Subordinated Indebtedness and execute such instruments as may be required by Bank to enable it to enforce all such claims and collect all dividends or other payments or disbursements which may be made on account of the Subordinated Indebtedness and Bank is hereby irrevocably authorized in its discretion to make and present for or on behalf of the undersigned such proofs of claims on account of the Subordinated Indebtedness as it may deem expedient and proper and to vote such claims in any such proceeding and to receive and collect any and all dividends or other payments or disbursements made thereof in whatever form the same may be paid or issued and to apply the same on account of the Superior Indebtedness.

6. Should any payment, distribution, security or proceeds thereof be received by the undersigned on Subordinated Indebtedness contrary to the terms of this Subordination Agreement, the undersigned will immediately deliver the same to Bank in precisely the form received (except for the endorsement or assignment of the undersigned where necessary), for application on or to secure the Superior Indebtedness, whether it is due or not due, and until so delivered the same shall be held in trust by the undersigned as property of Bank. In the event of the failure of the undersigned to make any such endorsement or assignment, Bank, or any of its officers in behalf of Bank, is hereby irrevocably authorized to make the same.

7. This agreement shall constitute a continuing agreement of subordination and shall remain in full force and effect until terminated as hereinafter provided. If all indebtedness of Debtor to Bank is at any time or times hereinafter paid in full and thereafter Debtor again becomes indebted to Bank, the provisions of this agreement shall apply to such new indebtedness. The undersigned may at any time notify Bank in writing of his intention to terminate this agreement. Any such notice of termination shall not affect this Subordination Agreement with respect to any obligations or liabilities of Debtor then existing or any obligations or liabilities created thereafter pursuant to any previous commitment of Bank to Debtor, or any extensions or renewals of any such obligations or liabilities, and as to all such obligations and liabilities and extensions or renewals thereof, this Subordination Agreement shall continue effective until all such obligations of Debtor shall have been fully discharged with interest.

8. All notices, of every kind and nature, including notice of the acceptance by Bank of this Subordination Agreement or notice of the making of any further loans or the granting of any extensions or renewals, as well as every other notice to which the undersigned would be entitled in the absence of waiver are waived.

9. Bank's rights hereunder shall not be impaired by any of the following: A renewal or extension of time of payment of the Superior Indebtedness; a release or surrender of any security for the Superior Indebtedness; a release of any obligor other than Debtor upon the Superior Indebtedness, whether as principal, surety, guarantor, or otherwise; delays in the enforcement of payment of the Superior Indebtedness, in enforcing this Subordination Agreement or in exercising any right or power under the Superior Indebtedness or this Subordination Agreement.

10. Upon Bank's request, the undersigned agrees to cause all Subordinated Indebtedness to be evidenced by the note or notes of Debtor. If any part of the Subordinated Indebtedness is or shall hereafter be evidenced by notes of Debtor, the undersigned agrees, at the request of Bank, to deliver such note or notes to Bank. Bank shall hold such note or notes while this agreement continues in effect or, at the written request of the undersigned, Bank shall return such notes after placing thereon the following legend:

"This note is subordinated to all indebtedness now or hereafter owed by maker to First National Bank of Oregon as provided in Subordination Agreement dated Falls Office", 19 79 held by said Bank at its Klamath 17545

In the event any notes are deposited with Bank, it shall have no duty to preserve rights against prior parties. If the Subordinated Indebtedness is not evidenced by notes, the undersigned agrees to mark its books and records indicating this subordination.

11. In the event suit or action is instituted against the undersigned to enforce the terms or provisions hereof or based upon this agreement or as a result of any breach of any of the terms or conditions hereof, the undersigned agree to pay, in addition to costs and disbursements provided by statute, such sums as the court may adjudge reasonable as attorney's fees in such proceedings or on any appeal from any judgment or decree entered therein. This agreement shall be binding upon the heirs, executors, administrators and assigns of the undersigned.

Dated 7/12, 19 79

Signature Claire E. Swetland Amount of Existing Claim  
of Claire E. Swetland \$ 35,000.00  
Creditor(s) \_\_\_\_\_

Receipt of notice of the above Subordination Agreement is acknowledged this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_. The undersigned agrees not to make any payments in contravention of the terms of such Subordination Agreement. In the event of any violation of the terms of the Subordination Agreement, any indebtedness due to Bank from the undersigned shall, at the option of Bank, become immediately due and payable. In the event any payment is made to any Creditor above named and Bank exercises its right to apply such payment to the Superior Indebtedness, the undersigned agrees to place such Creditor in the same position he occupied before such payment was made.

Signature [Signature]  
of L.A. Swetland  
Debtor(s) \_\_\_\_\_

### Acknowledgment - General

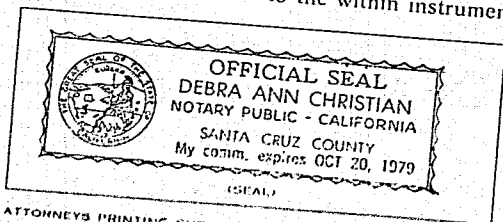
State of California,

County of SANTA CRUZ } ss.

On July 12, 1979

personally appeared Claire E. Swetland, before me, the undersigned, a Notary Public for California,

known to me (or proved to me on the oath of \_\_\_\_\_), to be the person whose name... is... subscribed to the within instrument and acknowledged to me that she... executed the same.



ATTORNEYS PRINTING SUPPLY FORM NO. 6  
CC 1189 (REV. 1973)

Debra Ann Christian  
Notary Public for California

## Exhibit A

1. All monies due under the terms of the note in the amount of \$20,000.00 dated June 30, 1978 and secured by the Trust Deed dated July 5, 1978, copies of which are attached hereto as Exhibits B and C.

AND

2. All monies due and owing by the terms of the decree of divorce wherein Claire E. Swetland was Plaintiff and L.A. Swetland was Defendant.

17547

PROMISSORY NOTE

\$20,000

June 30, 1978  
Klamath Falls, Oregon

For value received, L. A. SWETLAND, Maker, promises to pay to CLAIRE E. SWETLAND, Holder, the principal sum of Twenty Thousand Dollars (\$20,000) at no interest, in monthly installments of not less than \$400, due the first day of each month beginning July 1, 1978, until the whole sum has been paid in full.

This obligation is secured by the Trust Deed executed on the date of this note and is subject to all of the terms and conditions thereof.

L. A. Swetland  
L. A. Swetland

Promissory Note

Exhibit B

put orig. in safe

James E. McCobb  
and Claire E. Swetland

WITNESSETH:  
Grantor irrevocably grants, bargains, sells and conveys to trustee in trust, with power of sale, the property in Klamath County, Oregon, described as:

PARCEL 2: Lots 10, 11 and 12 in Block 13 and the Easterly one-half of vacated Arlington Street adjacent to Lot 12 in Block 13 in Mountain View Addition, in the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk, Klamath County, Oregon, EXCEPT the East 22.5 feet of Lot 10.

sum of \$20,000 ..... Dollars, with interest  
sum of \$20,000 ..... Dollars, with interest

2. To complete or restore promptly and in good and workmanlike manner any building or improvement which may be constructed, damaged or destroyed by fire, flood, wind, or other cause, when due all costs incurred therefor.

tions and restrictions affecting said property; it is the duty of the beneficiary in executing such financing statements pursuant to the Uniform Commercial Code as the beneficiary may require and to pay for filing same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by the beneficiary.

an amount not less than \$ 100,000.00 with loss payable to the latter; all

5. To keep said premises free from mechanics' liens and to pay all assessments and other charges that may be levied or assessed upon or against said premises.

6. To pay all costs, fees and expenses of this trust including the cost of title search as well as the other costs and expenses of the trustee incurred in connection with or in enforcing this obligation, and trustee's and attorney's fees actually incurred.

any suit for the foreclosure of such mortgage or deed of trust, including evidence of title and the beneficiary's or trustee's attorney's fees; that the amount of attorney's fees mentioned in this paragraph 7 in all cases shall be fixed by the trial court and in the event of an appeal from any judgment entered by the trial court, grantor further agrees to pay such sum as the decree of the trial court, grantor further agrees to pay such sum as the award of the trial court, which is reasonable as the beneficiary's or trustee's attorney's fees.

It is mutually agreed that:

8. In the event that any portion or all of said property shall be tak

to pay all reasonable costs incurred by grantor in such proceedings, shall be paid to beneficiary at its first upon any reasonable costs and expenses and attorney's fees applied by it first upon any reasonable costs and expenses and attorney's fees both in the trial and appellate courts, necessarily paid or incurred by beneficiary in such proceedings, and the balance applied upon the indebtedness of such grantor agrees, at its own expense, to take such action as may be necessary to protect and defend its interest in the property.

fiary, payment of its fees and presentation of this document to the

[illegible]

12. Upon default by grantor in payment of any indebtedness secured hereby or in his performance of any agreement hereunder, the beneficiary may declare all sums secured hereby immediately due and payable. In such an event the beneficiary may proceed to foreclose this trust deed in equity as a mortgage in the manner provided by law for mortgage foreclosures or by advertisement and sale of this trust deed by advertisement and sale. In

13. After default at any time prior to five days before the date set by the trustee for the trustee's sale, the grantor or other person so privileged by ORS 86.760, may pay to the beneficiary or his successors in interest, respectively, the entire amount then due under the terms of the trust deed and the interest thereon, together with the costs and expenses actually incurred in

14. Otherwise, the sale shall be held on the date and at the time and place designated in the notice of sale. The trustee may sell said property either in one parcel or in separate parcels and shall sell the parcel or parcels at the highest price for cash or cash equivalent.

15. When trustee sells pursuant to the powers provided herein, trustee shall apply the proceeds of sale to payment of (1) the expenses of sale, including reasonable charges by trustee, and (2) the balance of the proceeds of sale to the grantor or beneficiary, as the case may be.

16. For any reason permitted by law beneficiary may from time to time appoint a successor or successors to any trustee named herein or to any trust created hereunder. Upon such appointment, and without

instrument executed by beneficiary containing reference to this trust and its place of record, which, when recorded in the office of the County Clerk or Recorder of the county or counties in which the property is situated shall be conclusive proof of proper appointment of the successor trustee.

the beneficiary and those claiming under him, that he is la

Exhibit C

and that he will warrant and forever defend the same against all persons whomsoever.

The grantor warrants that the proceeds of the loan represented by the above described note and this trust deed are:  
 (a)\* primarily for grantor's personal, family, household or agricultural purposes (see Important Notice below),  
 (b) for an organization, or (even if grantor is a natural person) are for business or commercial purposes other than agricultural purposes.

This deed applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, personal representatives, successors and assigns. The term beneficiary shall mean the holder and owner, including pledgee, of the contract secured hereby, whether or not named as a beneficiary herein. In construing this deed and whenever the context so requires, the masculine gender includes the feminine and the neuter, and the singular number includes the plural.

IN WITNESS WHEREOF, said grantor has hereunto set his hand the day and year first above written.

\* IMPORTANT NOTICE: Delete, by lining out, whichever warranty (a) or (b) is not applicable; if warranty (a) is applicable and the beneficiary is a creditor or such word is defined in the Truth-in-Lending Act and Regulation Z, the beneficiary MUST comply with the Act and Regulation by making required disclosures; for this purpose, if this instrument is to be a FIRST lien to finance the purchase of a dwelling, use Stevens-Ness Form No. 1305 or equivalent; if this instrument is NOT to be a first lien, use Stevens-Ness Form No. 1306, or equivalent. If compliance with the Act not required, disregard this notice.

(If the signer of the above is a corporation, use the form of acknowledgment opposite.)

(ORS 93.490)

STATE OF OREGON, )  
 County of Klamath ) ss.  
July 5, 1978  
 Personally appeared the above named L. A. Sweetland & Cheryl J. Sweetland  
Sweetland and acknowledged the foregoing instrument to be their voluntary act and deed.

Before me:  
 (OFFICIAL SEAL) /s/ Patricia C. Trotman  
 Notary Public for Oregon  
 My commission expires: 10/24/79

STATE OF OREGON, County of \_\_\_\_\_ ) ss.  
 \_\_\_\_\_, 19\_\_\_\_

Personally appeared \_\_\_\_\_ and \_\_\_\_\_ who, being duly sworn, each for himself and not one for the other, did say that the former is the \_\_\_\_\_ president and that the latter is the \_\_\_\_\_ secretary of \_\_\_\_\_, a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and each of them acknowledged said instrument to be its voluntary act and deed.

Before me:  
 Notary Public for Oregon  
 My commission expires:

(OFFICIAL SEAL)

# TRUST DEED

(FORM No. 881)

L. A. Sweetland Grantor  
Cheryl J. Sweetland  
Cheryl J. Sweetland Beneficiary

STATE OF OREGON } ss.  
 County of Klamath  
 I certify that the within instrument was received for record on the 12<sup>th</sup> day of July, 1978, at 11:20 o'clock A.M., and recorded in book 1128 on page 149 & 150 or as file number 51532.  
 Record of Mortgages of said County.  
 Witness my hand and seal of County affixed.

Wm. D. Milne Title  
County Clerk  
 By Bernard G. Leitch Deputy  
Feb 2, 1980  
 STEVENS-NESS LAW PUB. CO., PORTLAND, ORE.

STATE OF OREGON; COUNTY OF KLAMATH; ss.

I hereby certify that the within instrument was received and filed for record on the 24<sup>th</sup> day of July, A.D., 1979 at 3:00 o'clock P.M., and duly recorded in Vol. 17549 of Mortgages on Page 17544.

FEE \$18.00

WM. D. MILNE, County Clerk  
 By Bernard G. Leitch Deputy

RCTC