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THIS AGREEMENT, Made and entered into this 6th day of December, 1979, by and between The Travelers Insurance Company, A Corporation hereinafter called the first party, and State of Oregon, acting by and through the Director hereinafter called the second party; WITNESSETH: Water Resources Department On or about April 10, 1979, Hammond and Doke, Inc., a Calif. Corp., being the owner of the following described property in Klamath County, Oregon, to-wit: The W $\frac{1}{2}$ Section 24; N $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 25, All in Township 36 South, Range 14 East of the Willamette Meridian, Klamath County, Oregon, hereinafter referred to as Tract A. Reserving the existing right to use the U.S. Forest Service Road which presently crosses W $\frac{1}{2}$ of Section 24, T36S., R14 E.W.M.

executed and delivered to the first party his certain Mortgage (herein called the first party's lien) on Tract A and other real property to secure the sum of \$310,000.00 which lien was—Recorded on April 30, 1979, in the City of Klamath County, Oregon, in book M79 at page 9731 thereof or as file/reel number (indicate which); Filed on 1979, in the office of the County, Oregon, where it bears the file/reel No. (indicate which); Created by a security agreement, notice of which was given by the filing on 1979, of a financing statement in the office of the Oregon Secretary of State Department of Motor Vehicles where it bears file No. and in the office of the (State Title) of County, Oregon, where it bears the file/reel No. (indicate which).

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. The second party is about to loan the sum of \$65,000.00 to the present owner of Tract A above described, with interest thereon at a rate not exceeding 6.75 % per annum, said loan to be secured by the said present owner's Mortgage (hereinafter called the second party's lien) upon Tract A and to be repaid within not more than 20 years from its date.

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 Tract A 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, alter 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.

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

The Travelers Insurance Company

BY: *Thomas Montgomery*

(U. Thomas Montgomery) Vice President

STATE OF OREGON,

County of _____

ss.

28859

Personally appeared the above named _____

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and acknowledged the foregoing instrument to be _____ voluntary act and deed. Before me:

(SEAL)

Notary Public for Oregon.

My commission expires _____

CONNECTICUT
STATE OF OREGON,

County of HARTFORD

ss.

December 6,

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Personally appeared _____ J. Thomas Montgomery

who being duly sworn, did say that he is the _____ Vice President

of _____ The Travelers Insurance Company
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 on behalf of said corporation by authority of its Board of
Directors; and he acknowledged said instrument to be its voluntary act and deed. Before me:

(SEAL)

Patricia H. Csaszar
(Patricia H. Csaszar Notary Public for Oregon)
My commission expires March 31, 1984 Connecticut

SUBORDINATION AGREEMENT

TO

AFTER RECORDING RETURN TO

KUT 6

(DON'T USE THIS
SPACE. RESERVED
FOR RECORDING
LABEL IN COUN-
TIES WHICH
USE IT.)

STATE OF OREGON,

County of Klamath

ss.

I certify that the within instru-
ment was received for record on the
17th day of December, 1979,
at 11:35 o'clock A.M., and recorded
in book 379 on page 23353 or as
file/reel number 75199
Record of Mortgages
of said County.

Witness my hand and seal of
County affixed.

Wm. D. Milne

By _____ Recording Officer.
Deputy.

Fee \$7.00