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ATC 29420

STEVENSON LAW PUBLISHING CO., PORTLAND, OR. 97204

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THIS AGREEMENT, Made and entered into this 25th day of November, 1985, by and between South Valley State Bank hereinafter called the first party, and Klamath First Federal Savings and Loan Association hereinafter called the second party; WITNESSETH:

On or about April 9, 1985, Richard R. Batsell and Katherine A. Batsell, being the owner of the following described property in Klamath County, Oregon, to-wit:

- PARCEL 1.: The E $\frac{1}{2}$  of Lot 4, Block 7, PINE GROVE PONDEROSA FIRST ADDITION, in the County of Klamath, State of Oregon.
- PARCEL 2.: The W $\frac{1}{2}$  of Lot 4, Block 7, PINE GROVE PONDEROSA FIRST ADDITION, in the County of Klamath, State of Oregon.

executed and delivered to the first party his certain Deed of Trust (herein called the first party's lien) on said described property to secure the sum of \$70,000.00, which lien was Recorded on April 11, 1985, in the Mortgage Records of Klamath County, Oregon, in book/fee/volume No. M85 at page 5279 thereof or as document/fee/file/instrument/microfilm No. (indicate which);

—Filed on (indicate which);

—Created by a security agreement, notice of which was given by the filing on (indicate which) of County, Oregon, where it bears the document/fee/file/instrument/microfilm No. of a financing statement in the office of the Oregon Secretary of State and in the office of the Department of Motor Vehicles where it bears file No. of 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 \$78,500.00 to the present owner of the property above described, with interest thereon at a rate not exceeding 10.50% per annum, said loan to be secured by the said present owner's Deed of Trust (State nature of lien to be given, whether mortgage, trust deed, contract, security agreement or otherwise) (hereinafter called the second party's lien) upon said property and to be repaid within not more than 30 days 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 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, 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.

SOUTH VALLEY STATE BANK

By: *Allen L. Chaignon*  
President

County of Klamath )  
State of Oregon ) ss

19613

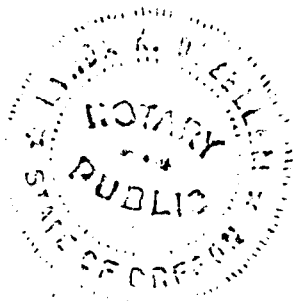
November 26, 1985

Allan L. Craigmiles personally appeared before me this date and  
acknowledged the forgoing instrument to be his voluntary act and deed.

Before me:

*Lynda K. DeWitt*  
Notary Public for Oregon

My commission expires: 9/12/89



Ret: ATC

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of \_\_\_\_\_  
of December \_\_\_\_\_ A.D., 1985 at 11:21 o'clock A M., and duly recorded in Vol. 485 day  
of \_\_\_\_\_  
Mortgages on Page 19642

FEE \$9 .00

By *Evelyn Biehn* County Clerk  
*Phyllis Smith*