

THIS AGREEMENT, Made and entered into this 10th day of July, 1986,
by and between SHIRLEY F. HILYARD and SHIRLEY F. HILYARD, Conservator
of Kelly Anne Hilyard, a minor, Hal Gregory Hilyard, a
Minor, Shana Leann Hilyard, a Minor, hereinafter called the FIRST PARTY,
and KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION, hereinafter
called the SECOND PARTY;

WITNESSETH

On or about October 21, 1983, First Party, being the owner of
the following described property in Klamath County, Oregon, to-wit:

PARCEL 1:

A parcel of land situate in the NW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of
Section 17, Township 39 South, Range 10 East of the
Willamette Meridian, Klamath County, Oregon, being
more particularly described as follows:

Beginning at a point on the North line of the NW $\frac{1}{4}$ of
the NE $\frac{1}{4}$ of Section 17, which said point intersects with
the Easterly right of way line of Reeder Road; thence
South along said Easterly right of way line of Reeder
Road, 330 feet; thence East 660 feet; thence North
330 feet more or less to the North line of said NW $\frac{1}{4}$
of the NE $\frac{1}{4}$, thence West along said North line 660 feet
more or less to the point of beginning.

PARCEL 2:

Township 39 South, Range 10 East of the Willamette
Meridian, Klamath County, Oregon, Section 17: NW $\frac{1}{4}$
NE $\frac{1}{4}$ lying Northeasterly of the O.C. & E. Railway Company
right of way and East of Reeder Road, EXCEPTING
THEREFROM THE FOLLOWING:

A parcel of land situate in the NW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of
Section 17, Township 39 South, Range 10 East of the
Willamette Meridian, Klamath County, Oregon, being more
particularly described as follows:

Beginning at a point of the North line of the NW $\frac{1}{4}$ of
the NE $\frac{1}{4}$ of Section 17, which said point intersects
with the Easterly right of way line of Reeder Road;
thence South along said Easterly right of way line
of Reeder Road, 330 feet; thence East 660 feet;
thence North 330 feet more or less to the North line
of said NW $\frac{1}{4}$ of the NE $\frac{1}{4}$, thence West along said
North line 660 feet more or less to the point of
beginning,

entered into a certain Land Sale Contract (herein called First
Party's lien), as Seller, with Gary J. Williams, Purchaser, on
said described property, as said First Party's lien to secure

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the sum of ONE HUNDRED TEN THOUSAND AND NO/100 (\$110,000.00) DOLLARS, which lien was recorded on October 24, 1983, in the Deed Records of Klamath County, Oregon in Book M83 at page 18346 thereof as file/reel number 29808. Reference to the document so recorded hereby is made. The First Party has never sold or assigned their 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 SEVENTY-SEVEN THOUSAND AND NO/100 (\$77,000.00) DOLLARS to GARY J. WILLIAMS, Purchaser under said above described Land Sale Contract, with interest thereon at a rate of nine (9%) per cent per annum (ADJUSTABLE MORTGAGE LOAN RATE), said loan to be secured by the said GARY J. WILLIAMS Trust Deed (hereinafter called the Second Party's lien) upon the property hereinafter described and to be repaid within not more than thirty (30) years from its date.

To induce the Second Party to make the loan last mentioned, according to the terms of the above Land Sale Contract, the First Party heretofore has agreed and consented to subordinate a portion of First Party's said lien to the lien about to be taken by the Second Party as above set forth on that portion of the real property described as Parcel 1 above, and particularly described as follows:

PARCEL 1:

A parcel of land situate in the NW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 17, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at a point on the North line of the NW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 17, which said point intersects with the Easterly right of way line of Reeder Road; thence South along said Easterly right of way line of Reeder Road, 330 feet; thence East 660 feet; thence North 330 feet more or less to the North line of said NW $\frac{1}{4}$ of the NE $\frac{1}{4}$, thence West along said North line 660 feet more or less to the point of beginning.

NOW, THEREFORE, for value received and for the purpose of inducing the Second Party to make the loan aforesaid, the First Party, for themselves, their personal representatives (or successors) and

assigns, hereby covenant, consent and agree to and with the Second Party, its 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 thirty (30) days after the date hereof, this subordination agreement shall be null and void and of no force and 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 her hand and seal on this, the day and year first above written.

Shirley F. Hilyard
SHIRLEY F. HILYARD

Shirley F. Hilyard
SHIRLEY F. HILYARD, Conservator
of the Estate of Kelly Anne Hilyard,
a minor, Hal Gregory Hilyard, a minor,
Shana Leann Hilyard, a minor.

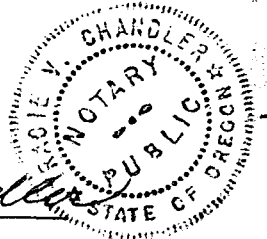
STATE OF OREGON }
COUNTY OF KLAMATH } SS

On this 10th day of July, 1986, before me appeared the within named SHIRLEY F. HILYARD, known to me to be the person described in and who executed the within Subordination Agreement and acknowledged to me that she executed the same freely and voluntarily for herself and in her capacity as Conservator for Kelly Anne Hilyard, Hal Gregory Hilyard, Shana Leann Hilyard, all minors.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal the day and year last above written.

Page 3 - SUBORDINATION AGREEMENT

Evelyn Biehn
NOTARY PUBLIC FOR OREGON
My Commission Expires: 7-6-90



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of _____ the 18th day
of August A.D., 19 85 at 10:43 o'clock A.M., and duly recorded in Vol. M86
of _____ Mortgages on Page 14651

FEE \$13.00

Evelyn Biehn, County Clerk
By Ram Smith

Ret. M.T.C.