

MTC-1396-815

Vol. M86 Page 15033

65067

SUBORDINATION AGREEMENT AND ASSIGNMENT (Individuals, Partnerships and Corporations)

South Valley State Bank 5215 South Sixth Street, Klamath Falls, Oregon 97603

WHEREAS, Robert J. Bogatay and Tomas Pedersen

of 407 Pine Street, Klamath Falls, Oregon 97601

hereinafter sometimes referred to as "said borrower" is indebted to the undersigned in the sum of \$ evidenced by Agreement, and secured by property located at Lot 6, Block 1 Harbor Isles subdivision and Lot 32, Block 1 Harbor Isles subdivision and

WHEREAS, the undersigned is interested in said borrower and desires to aid said borrower in obtaining extensions of credit from the above mentioned bank (if "said borrower" is a co-partnership, limited partnership, partnership, association or corporation or other form of organization, "said borrower", whenever used herein, shall include any successor organization, whether immediate or otherwise).

NOW THEREFORE, in consideration of the sum of one dollar(\$1.00) paid by said Bank to the undersigned, and in consideration of the extension of credit by said Bank to said borrower, it is agreed by the undersigned that all of the aforesaid indebtedness, both principal and interest, of said borrower to the undersigned, together with any renewal or renewals, extension or extensions thereof, in whole or in part, shall be subordinated and the same is hereby subordinated to any and all indebtedness, absolute or contingent, present or future, several or otherwise, of said borrower to said Bank until said indebtedness to said Bank shall have been fully paid and satisfied, together with interest thereon, including any renewal or renewals, extension or extensions thereof, whether direct as maker or indirect as endorser to or for said borrower, and the undersigned hereby sells, assigns, transfers, sets-over, mortgages and conveys to said Bank said indebtedness of said borrower to the undersigned, and all of the property securing the same, as security for the payment of any and all indebtedness of said borrower to said Bank. Presentment, demand, protest and notice of protest or dishonor and diligence in collecting any indebtedness of said borrower to said Bank are each and all waived. Any collateral or other security of said borrower, or any other party, which said Bank may hold, or which may come to it or to its possession, may be released or otherwise dealt with by said Bank in all respects and particulars as though this agreement were not in existence, and the obligation of the undersigned hereunder shall be in no ways affected thereby; the undersigned hereby waiving or foregoing any right in respect of any such action of said Bank. The possession by said Bank of any promissory note or other commercial paper, or other evidence of indebtedness, made, endorsed or guaranteed by said borrower, unless direct written evidence to the contrary be produced, shall be conclusive that it is a part of the indebtedness covered hereby and that full value was given by said Bank therefor.

In the event that the borrower shall be adjudged bankrupt or be unable to pay its debts as they mature, or a receiver or trustee be appointed therefor or for its assets, or the borrower shall be dissolved or liquidated and the assets thereof distributed, any and all moneys or dividends received in liquidation by reason of any such indebtedness from the borrower to the undersigned shall be paid and turned over to the Bank until all of the indebtedness and interest thereon, due and to become due to the Bank from the borrower, shall have been paid in full, and the undersigned shall not be entitled to receive any moneys or distributions for or on account of any claims of the undersigned against the borrower unless and until all such indebtedness to the Bank shall have been paid in full. The undersigned hereby agrees to execute such further documents, assignments, of claims or take such other steps as may be necessary or proper to carry out the intent hereof.

Executed at Klamath Falls on the 8th day of August

A. D. 1986

In the presence of,

Witness signatures: Beverly Larson, Deborah M. Matthews

Trendwest, Inc. By: P. B. Kent

Ref: MTC

August 8, 1986

The "said borrower" named and referred to above hereby accepts notice of the foregoing lien and assignment of indebtedness due from the said borrower and agrees that any payment or payments by said borrower in reduction of said indebtedness shall be made to the above mentioned Bank, the amount of such payments to be applied upon the indebtedness of said borrower to said Bank.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of the 21st day of August A.D., 1986 at 11:11 o'clock A.M. and duly recorded in Vol. M86 of Mortgages on Page 15033.

FEE \$5.00

Evelyn Biehn, County Clerk By: [Signature]