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K-38994

STEVENESS LAW PUBLISHING CO., PORTLAND, OR. 97208

THIS AGREEMENT Made and entered into this 29th day of September 1966, by and between BOX Department of Energy, State of Oregon hereinafter called the first party, and South Valley State Bank, an Oregon Corporation hereinafter called the second party: WITNESSETH: On or about January 22, 1965, being the owner of the above described premises, Chapter 1

On or about January 22

1985, Charles LaBui, John A. Wilson and Rick Zwartverwer,  
being the owner of the following described property in Klamath County, Oregon, to-wit:  
Lots 3 and 4 in Block 3 of Resubdivision of a portion of McLoughlin  
Heights, according to the official plat thereof on file in the  
office of the County Clerk of Klamath County, Oregon

GOVERNMENT  
SUBORDINATION

executed and delivered to the first party his certain Trust Deed  
(State whether mortgage, trust deed, contract, security agreement or otherwise)  
(herein called the first party's lien) on said described property to secure the sum of \$ 50,000, which lien was  
Recorded on January 24, 19 85, in the Mortgage Records of Klamath County,  
Oregon, in book/reel/volume No 85 at page 1400 thereof or as document/fee/file/instrument/  
microfilm No. \_\_\_\_\_ (indicate which);  
Filed on \_\_\_\_\_, 19 \_\_\_\_\_, in the office of the \_\_\_\_\_ of  
\_\_\_\_\_ County, Oregon, where it bears the document/fee/file/instrument/microfilm No. \_\_\_\_\_  
(indicate which);  
Created by a security agreement, notice of which was given by the filing on \_\_\_\_\_, 19 \_\_\_\_\_, 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. \_\_\_\_\_  
where it bears the document/fee/file/instrument/microfilm 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 \$ 325,000 to the present owner of the property above  
described, with interest thereon at a rate not exceeding 13 % per annum, said loan to be secured by the said  
sent owner's Trust Deed  
(State nature of lien to be given, whether mortgage, trust deed, contract, security agreement or otherwise)  
and party's lien) upon said property and to be repaid within not more than \_\_\_\_\_  
To induce the second

To induce the second party to make the loan last mentioned, the first party has agreed to subordinate first party's said lien to the lien about to be created by the second party, security agreement or otherwise) (hereinafter called the "subordination agreement") for a period of not more than 15 days from its date.

NOW, THEREFORE, for value received, the first party hereby agrees to subordinate its said lien to the lien about to be created by the second party, security agreement or otherwise) for a period of not more than 15 days from its date.

IN WITNESS WHEREOF, the first party has hereunto set its hand and seal of office this 15th day of May, 1964.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

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, then the said lien shall be null and void and of no force or effect. It is expressly understood and agreed that nothing herein shall be construed to subordinate first party's said lien to the lien about to be taken by the second party as above set forth.

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 WITNESS WHEREOF**, the undersigned has hereunto set his hand and seal at the City of New York, State of New York, on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

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.

DEPARTMENT OF ENERGY, STATE OF OREGON

BY: [Signature] Mr. [Name] Eng. Lm. Reg.

2145E OF OREGON

STATE OF OREGON,

20074

County of \_\_\_\_\_

ss.

RECEIVED OF REPLY MAIL ON 11/11/86

This instrument was acknowledged before me on \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal of office, at \_\_\_\_\_, Oregon, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

(SEAL) \_\_\_\_\_  
Notary Public for Oregon  
My commission expires \_\_\_\_\_

STATE OF OREGON,

County of Klamath

This instrument was acknowledged before me on September 29, 1986, by \_\_\_\_\_

David L. Neitling as Senior Loan Officer

of Small Scale Energy Loan Program, Oregon Dept. of Energy

(SEAL) \_\_\_\_\_  
Notary Public for Oregon  
My commission expires 3-14-87

SUBORDINATION AGREEMENT

TO OFFICE OF THE  
NOTARIES, RECORDS  
BOOK 3 and 4

AFTER RECORDING RETURN TO

SOUTH VALLEY STATE BANK,

P.O. BOX 5210

KLAMATH FALLS, OREGON 97601

(DON'T USE THIS SPACE) RESERVED FOR RECORDING LABEL IN COUNTIES WHERE USED

1986 SEP 29 PM 1:37

1986 SEP 29 PM 1:37

Fee: \$9.00  
K-38827

STATE OF OREGON,

County of Klamath

I certify that the within instrument was received for record on the 5th day of November, 1986, at 1:37 o'clock P.M., and recorded in book/reel/volume No. 1186, on page 20073, or as fee/file/instrument/microfilm/reception No. 67317, Record of Mortgages of said County. Witness my hand and seal of County affixed.

Evelyn Biehn, County Clerk

By \_\_\_\_\_ Deputy