

THIS AGREEMENT Made and entered into this 17th day of August, 19 87, by and between Pacific Power and Light Company hereinafter called the first party, and Klamath First Federal Savings & Loan Association hereinafter called the second party. WITNESSETH: On or about January 10, 19 80, Joseph H. and Dorothy Francisco, being the owner of the following described property in Klamath County, Oregon, to-wit:

A parcel of land situated in the SE $\frac{1}{4}$ of SE $\frac{1}{4}$ of Section 8, Township 40 South, Range 10 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows: Beginning at a $\frac{1}{2}$ " iron pin South 0°30' East 2011.73 feet and South 89°58'30" West 990.00 feet from $\frac{1}{2}$ " iron pipe found in mound of rock for the Northeast corner of SE $\frac{1}{4}$ of said Section 8 (East $\frac{1}{2}$ corner of Section 8) to true point of beginning; thence South 0°30' East 670.85 feet to $\frac{1}{2}$ " iron pin; thence South 89°57'30" West 312.00 feet to a 5/8" iron pin; thence North 0°25' West 670.95 feet along East right of way of County Road to $\frac{1}{2}$ " iron pin; thence North 89°58'30" East 311.00 feet to the point of beginning. A 30.00 foot strip South and parallel to North line of the parcel being reserved for right of way purposes.

executed and delivered to the first party his certain Insulation Cost Repayment Agreement and Mortgage (herein called the first party's lien) on said described property to secure the sum of \$2,215.00, which lien was

(Cross out any language opposite which is not pertinent to this instrument)

Recorded on July 9, 19 80, in the Real Property Records of Klamath County, Oregon, in book/reel/volume No. 80 at page 12533 thereof or as document/fee/file/instrument/microfilm No. (indicate which); Filed on , 19 , in the office of the 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 \$24,000.00 to the present owner of the property above described, with interest thereon at a rate not exceeding 9.50% 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 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.

Pacific Power and Light Company
by: Dale Foresee

STATE OF OREGON,

County of } ss.

15485

This instrument was acknowledged before me on, 19....., by

(SEAL)

Notary Public for Oregon
My commission expires

STATE OF OREGON,

County of Klamath } ss.

This instrument was acknowledged before me on August 20, 1987, by

Dale Foresee

as Klamath Falls District Manager

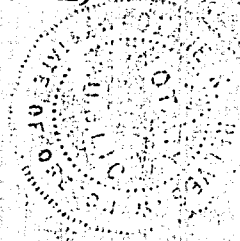
of Pacific Power and Light Company

NAME OF CORPORATE OFFICE OR AGENT, PARTNER, TRUSTEE, ETC.

NAME OF CORPORATION, PARTNERSHIP, TRUST, ETC.

(SEAL)

Diane K Reves
Notary Public for Oregon
My commission expires 5/23/87



**SUBORDINATION
AGREEMENT**

Pacific Power & Light Co.

TO

Klamath First Federal
540 Main St., KFO 97601

AFTER RECORDING RETURN TO

Klamath First Federal
540 Main St.
Klamath Falls, OR 97601

(DON'T USE THIS
SPACE; RESERVED
FOR RECORDING
LABEL IN COUN-
TIES WHERE
USED.)

STATE OF OREGON,
County of Klamath } ss.

I certify that the within instru-
ment was received for record on the
27th day of August, 1987,
at 11:13 o'clock A.M., and recorded in
book/reel/volume No. M87, on
page 15484 or as fee/file/instru-
ment/microfilm/reception No. 78583,
Record of Mortgages
of said County.

Witness my hand and seal of
County affixed.

Evelyn Biehn, County Clerk

NAME Ann Smith TITLE Deputy
By

Fee: \$9.00