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THIS AGREEMENT, Made and entered into this 22nd day of June, 1988, by and between South Valley State Bank, an Oregon Banking Corporation hereinafter called the first party, and South Valley State Bank, an Oregon Banking Corporation, hereinafter called the second party; WITNESSETH:

On or about February 19, 1988, Lee W. Matchett and Jannette M. Matchett, being the owner of the following described property in Klamath County, Oregon, to-wit:

Lot 12, Block 2, TRACT NO. 1145, NOB HILL, a Resubdivision of portions of Nob Hill, Irvington Heights, Mountain View Addition and Eldorado Heights, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon. EXCEPTING THEREFROM the Northwesterly 2 feet thereof.

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 \$225,000.00, which lien was—Recorded on April 1, 1988, in the microfilm Records of Klamath County, Oregon, in ~~book~~ volume No. M88 at page 4706 thereof or ~~in document~~ ~~XXXXXX~~ ~~XXXXXXXXXXXXXXXXXXXX~~;

—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 Department of Motor Vehicles where it bears file No. _____ and in the office of the _____ of _____ County, Oregon, 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 \$152,000.00 to the present owner of the property above described, with interest thereon at a rate not exceeding Prime + % per annum, said loan to be secured by the said present owner's trust deed 3% (hereinafter called the

(State nature of lien to be given, whether mortgage, trust deed, contract, security agreement or otherwise)

second party's lien) upon said property and to be repaid within not more than ten ~~xxxx~~ years 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 10 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: Alexander
President

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(Cost out any language opposite which is not pertinent to this transaction)

