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THIS AGREEMENT, Made and entered into this 9th day of September, 1988, by and between Edward D. Morse and Lena M. Morse hereinafter called the first party, and Klamath First Federal Savings & Loan Association hereinafter called the second party; WITNESSETH:

On or about August 27, 1980, William J. Boyle and Barbara G. Boyle, being the owner of the following described property in Klamath County, Oregon, to-wit: That portion of Tract 13 of JUNCTION ACRES, in the County of Klamath, State of Oregon, more particularly described as follows:

Commencing at a point on the North line of Tract 13 of Junction Acres Subdivision 154 feet Easterly from the Northwest corner of said Tract 13; thence Easterly 150 feet, more or less to a point; thence South 664 feet, more or less, to a point; thence West 150 feet, more or less, to a point due South of the point of beginning; thence North 664 feet, more or less, to the point of beginning.

executed and delivered to the first party his certain Trust Deed (herein called the first party's lien) on said described property to secure the sum of \$8,308.37, which lien was Recorded on August 28, 1980, in the Records of Klamath County, Oregon, in book/reel/volume No. M80 at page 16389 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 of a financing statement in the office of the Oregon Secretary of State and in the office of the Oregon Department of Motor Vehicles where it bears file No. where it bears the document/fee/file/instrument/microfilm No. of County, Oregon, (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 \$81,200.00 to the present owner of the property above described, with interest thereon at a rate not exceeding 9.75% per annum, said loan to be secured by the said present owner's Trust Deed (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 25 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 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.

Edward D. Morse 9-9-88
Lena M. Morse 9-9-88

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(Cost which is not pertinent to this transaction)

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