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August, 1992

THIS AGREEMENT, Made and entered into this 31st day of August, 1992, by and between SOUTH VALLEY STATE BANK hereinafter called the first party, and FIDELITY FINANCIAL SERVICES CORP. hereinafter called the second party; WITNESSETH:

On or about March 13, 1992, JOHN F. HONEYCUTT, being the owner of the following described property in Klamath County, Oregon, to-wit:

The Easterly one-half of Lot 4 in Block 24 of Hillside Addition to the City of Klamath Falls, Oregon, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

## Note and Trust Deed

executed and delivered to the first party his certain (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 \$20,000.00, which lien was April 7, 1992, in the Deed Records of Klamath County,

—Recorded on April 7, 1992, at page 7248 thereof or as document/fee/file/instrument/microfilm No. M92 (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 Department of Motor Vehicles where it bears file No. \_\_\_\_\_ County, Oregon, and in the office of the \_\_\_\_\_ of \_\_\_\_\_ (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 \$12,500.00 to the present owner of the property above described, with interest thereon at a rate not exceeding 14.0% per annum, said loan to be secured by the said present owner's Note and Trust Deed (hereinafter called the

second party's lien) upon said property and to be repaid within not more than Seven 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.

South Valley State Bank

Sharm Reed for PAD

STATE OF OREGON,

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

ss.

, 19\_\_\_\_

Personally appeared the above named \_\_\_\_\_

and acknowledged the foregoing instrument to be \_\_\_\_\_ voluntary act and deed. Before me:

Notary Public for Oregon.

My commission expires \_\_\_\_\_

(SEAL)

STATE OF OREGON,

County of KLAMATH

ss.

SEPTEMBER 2, 1992

Personally appeared STARM REED

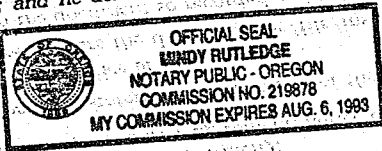
who being duly sworn, did say that he is the LOAN OFFICER

of SQUAI VALLEY STATE BANK  
a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation  
and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of  
Directors; and he acknowledged said instrument to be its voluntary act and deed. Before me:

Notary Public for Oregon.

My commission expires \_\_\_\_\_

(SEAL)



**SUBORDINATION  
AGREEMENT**

TO \_\_\_\_\_  
FROM \_\_\_\_\_  
\_\_\_\_\_

AFTER RECORDING RETURN TO

Fidelity Financial  
B.O. Box 141  
Salem, OR 97308

(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  
14th day of September, 1992,  
at 1:10 o'clock P.M., and recorded  
in book/reel/volume No. M92 on  
page 20931 or as document/fee/file/  
instrument/microfilm No. 50589,  
Record of Mortgages  
of said County.

Witness my hand and seal of

County affixed.

Evelyn Biehn, County Clerk.

By Bernetha Helms Deputy