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AGREEMENT TO SUBORDINATE LIEN

THIS AGREEMENT made this 16 day of December, 1992, between South Valley State Bank, herein referred to as lienholder, and Donald T. Lawless and Lewis E. Lawless, hereinafter referred to as lender.

The parties stipulate and recite that:

A. By reason of loans made to Terry and Dessa Hager, hereinafter referred to as owner, lienholder has a lien in the amount of \$651,930.31 on such property pursuant to mortgages and financing statements as set out below.

B. Owner desires to negotiate a loan from lender, and lienholder acknowledges that such loan is in its best business interest.

C. Lender is willing to loan money to owner if lienholder will subordinate its present mortgages and financing statements that effect the following described property of the owner:

PARCEL 1: Lots 1, 8, 9, 16, 17, 24, 25 and 32 of Section 16, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon.

PARCEL 2: The E 1/2 of the E 1/2 of Section 21, Township 36 South, Range 12 East of the Willamette Meridian, Klamath County, Oregon.

For the reasons set forth above, and in consideration of the mutual covenants and promises of the parties hereto, lienholder and lender agree as follows:

The liens of lienholder against the above described property of owner shall be subordinate to the claim of lender, to the amount of ONE HUNDRED TEN THOUSAND DOLLARS (\$110,000.00), under the Mortgage executed by owner dated June 9, 1987, recorded June 11, 1987, in Volume M87 page 10101, Mortgage Records of Klamath County. Future loans made by lender to owner shall not be subordinate to the claims of lienholder.

Lender hereby agrees to notify South Valley State Bank of any default of Lender's note which might result in acceleration of said note prior to declaring such acceleration.

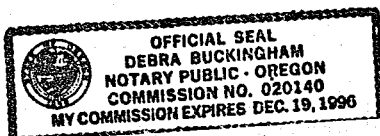
In witness whereof, the parties have executed this agreement at Klamath Falls, Oregon on the day and year first above written.

SOUTH VALLEY STATE BANK

by Jim Mieloszyk
its Senior Loan Officer

AFTER RECORDING RETURN TO:
KLAMATH COUNTY TITLE CO.
422 MAIN STREET
KLAMATH FALLS, OREGON 97601

SUBSCRIBED AND SWORN TO BEFORE ME THIS 16th DAY OF DECEMBER, 1992.



Debba Buckingham
Notary Public for Oregon
My Commission Expires 12-19-92

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title co the 16th day
of Dec. A.D., 19 92 at 10:56 o'clock A M., and duly recorded in Vol. M92
of Mortgages on Page 29949
By Evelyn Biehn - County Clerk
Donald T. Lawless & Lewis E. Lawless

FEE \$10.00