

74362

**SUBORDINATION AGREEMENT**

THIS AGREEMENT, made and entered into this 5th day of January 1994, by and between FIRST INTERSTATE BANK OF OREGON, N.A., a national banking association, ("Bank") and Klamath First Federal Savings & Loan Association ("Second Lender");

WITNESSETH: On or about Oct. 21 19 92, Harold R. Heaton and Sally P. Heaton being the owners of the following described property in Klamath County, Oregon, to wit:

Lots 5 and 6, less the Southwesterly 20 feet thereof in Block 44, and less the Northerly 12 feet of Lot 5 in Block 44 of Hillside Addition to the City of Klamath Falls, in the County of Klamath, State of Oregon.

executed and delivered to Bank a certain Deed of Trust/Mortgage (herein called the Bank's lien) on said described property to secure a revolving line of credit indebtedness in the sum of \$ 180,000.00. Said lien was recorded on October 27, 1992

Reference to the document(s) so recorded or filed hereby is made. The Bank has never sold or assigned 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.

Second Lender is about to loan the sum of \$ 248,000.00 to the present owner of the property above described to be secured by the present owners' Trust Deed/Mortgage (hereinafter called the Second Lender's lien) upon said property. To induce Second Lender to make the loan last mentioned, Bank heretofore has agreed and consented to subordinate Bank's lien to the lien about to be taken by Second Lender as above set forth.

NOW THEREFORE, for value received and for the purpose of inducing Second Lender to make the loan aforesaid, Bank, for itself, its successors and assigns, hereby covenants, consents and agrees to and with Second Lender, its successors and assigns, that the Bank's lien on said described property is and shall always be subject and subordinate to Second Lender's lien, and that Second Lender's lien in all respects shall be first, prior and superior to that of Bank, provided always, however, that if second lender's lien is not duly filed or recorded within 60 days after the date first shown above, this subordination agreement shall be null and void and of no force or effect.

It is expressly understood and agreed that nothing herein shall be construed to change, alter or impair Bank's 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 set his hand and seal the day and year first above written.

FIRST INTERSTATE BANK OF OREGON, N.A.

By

(Title)

W. W. Keeney

Coml Loan Officer

STATE OF OREGON )  
 ) ss.  
County of Klamath )

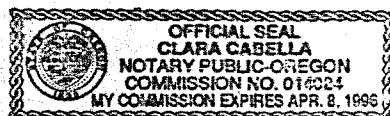
The foregoing instrument was acknowledged before me this 5th day of Jan 1994 by W. W. Keeney of First Interstate Bank of Oregon, N.A., a national banking association, on behalf of the Association.

Clara Casella  
Notary Public for Oregon

My Commission Expires April 8, 1996

AFTER RECORDING RETURN TO:

First Interstate Bank of Oregon, N.A.  
PO Box 608  
Klamath Falls, OR 97601  
Attn: W. W. Keeney  
Loan # 8001



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title co the 12th day of Jan A.D., 19 94 at 11:01 o'clock A M., and duly recorded in Vol. M94 of Mortgages on Page 1175.

FEE \$10.00

Evelyn Biehn - County Clerk

By

Caroline Mendenhall