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MTC 32429 Vol. m 94 Page 10815

THIS AGREEMENT, Made and entered into this 12 day of April, 1994,
 by and between South Valley State Bank
 hereinafter called the first party, and Klamath First Federal Savings and Loan Association,
 hereinafter called the second party; WITNESSETH:

On or about March 6, 1991, David M. Latourette and Pamela R. Latourette,
 being the owner of the following described property in Klamath County, Oregon, to-wit:

Lots 13 and 14, Block 10, THE TERRACES, to the City of Klamath Falls,
 according to the official plat thereof on file in the office of the
 County Clerk of Klamath County, Oregon.

Tax acct #3809-028DB-06400

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE SIDE)

executed and delivered to the first party a certain Trust Deed

(State whether mortgage, trust deed, contract, security agreement or otherwise)

(herein called the first party's lien) on the property to secure the sum of \$ 25,000.00, which lien was:
 —Recorded on March 14, 1991, in the Records of Klamath County,
 Oregon, in book/reel/volume No. M91 at page 4637 and/or as fee/file/instrument/micro-
 film/reception No. (indicate which);
 —Filed on March 14, 1991, in the office of the County, Oregon, where it bears fee/file/instrument/microfilm/reception No. (indicate which);
 —Created by a security agreement, notice of which was given by the filing on March 14, 1991,
 of a financing statement in the office of the Secretary of State
 and in the office of the Dept. of Motor Vehicles where it bears file No. (indicate which).
 where it bears fee/file/instrument/microfilm/reception No. (indicate which).

Reference to the document so recorded or filed hereby is made. The first party has never sold or assigned first party's
 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 \$ 50,000.00 to the present owner of the property, with
 interest thereon at a rate not exceeding 7.00 % per annum. This loan is to be secured by the present owner's
First Deed of Trust (hereinafter called
 (State nature of lien to be given, whether mortgage, trust deed, contract, security agreement or otherwise)

the second party's lien) upon the property and is to be repaid not more than 15 days/ years from its date.
 — OVER —

SUBORDINATION AGREEMENT

South Valley State Bank

To

KLAMATH FIRST FEDERAL S&LA
2943 SOUTH SIXTH STREET
KLAMATH FALLS, OREGON 97603

After recording return to (Name, Address, Zip):

KLAMATH FIRST FEDERAL S&LA
2943 SOUTH SIXTH STREET
KLAMATH FALLS, OREGON 97603

SPACE RESERVED
FOR
RECORDER'S USE

STATE OF OREGON,

County of ss.

I certify that the within instrument
 was received for record on the day
 of , 19 , at
 o'clock M., and recorded in
 book/reel/volume No. on page
 and/or as fee/file/instru-
 ment/microfilm/reception No. ,
 Record of
 of said county.

Witness my hand and seal of
 County affixed.

NAME TITLE
 By , Deputy



To induce the second party to make the loan last mentioned, the first party heretofore has agreed and consented to subordinate first party's 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, first party's personal representatives (or successors) and assigns, hereby covenants, consents and agrees to and with the second party, second party's personal representatives (or successors) and assigns, that the first party's lien on the 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 lien in all respects shall be first, prior and superior to that of the first party, provided always, however, that if second party's lien is not duly filed or recorded or an appropriate financing statement thereon duly filed within 30 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 lien, except as hereinabove expressly set forth.

In construing this subordination agreement, and where the context so requires, the singular includes the plural, and all grammatical changes shall be made so that this agreement shall apply equally to corporations and to individuals.

IN WITNESS WHEREOF, the undersigned has executed this agreement; if the undersigned is a corporation, it has caused its name to be signed and its seal, if any, affixed by an officer or other person duly authorized to do so by order of its board of directors.

J. Mieloszyk

Senior Loan Officer

South Valley State Bank

STATE OF OREGON, County of KLAMATH

This instrument was acknowledged before me on APRIL 12, 1994,

by

This instrument was acknowledged before me on APRIL 12, 1994,

by

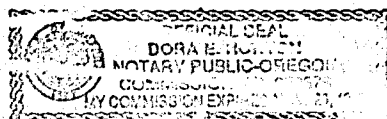
J. M. MIELOSZYK

as

SENIOR LOAN OFFICER

of

SOUTH VALLEY STATE BANK



Dora E. Horton

Notary Public for Oregon

My commission expires NOV. 23, 1994

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title co the 12th day of April A.D., 1994 at 10:23 o'clock A M., and duly recorded in Vol. M94, of Mortgages on Page 10815.

FEE \$15.00

Evelyn Biehn - County Clerk

By Dorlene Mieloszyk