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02-14-95A11:17 RCVD

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THIS AGREEMENT, Made and entered into this 7th day of February, 1995, by and between South Valley State Bank hereinafter called the first party, and Klamath First Federal Savings & Loan Association hereinafter called the second party; WITNESSETH:

On or about March 15, 1994, Julie Marlene Stewart, Robert A. Stewart and Marilyn J. Stewart, being the owner of the following described property in Klamath County, Oregon, to-wit:

The East 1/2 of the Southwest 1/4 of the Southeast 1/4 of Section 20, Township 39 South, range 9 East of the Willamette Meridian, Klamath County, Oregon, EXCEPTING THEREFROM any portion lying within the boudaries of the No. 1 Drain.

Tax Acct #3909-02000-02300

Key #581178

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE SIDE)

executed and delivered to the first party a certain mortgage

(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 \$94,400.00, which lien was:

—Recorded on March 18, 1994, in the microfilm Records of Klamath County, Oregon, in book/reel/volume No. M94 at page 8257 and/or as fee/file/instrument/microfilm/reception No. (indicate which);

—Filed on 19 in the office of the of 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 of a financing statement in the office of the Secretary of State of Oregon, Dept. of Motor Vehicles where it bears file No. and in the office of the of County, Oregon, 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 \$ 72,900.00 to the present owner of the property, with interest thereon at a rate not exceeding 9.00 % per annum. This loan is to be secured by the present owner's First trust deed

(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 30 days from its date.

— OVER —

### SUBORDINATION AGREEMENT

South Valley State Bank

To

Klamath First Federal Savings &amp; Loan Assn.

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

KFFS&L - Attn: Tami Pritchett  
540 Main Street  
Klamath Falls, OR 97601

SPACE RESERVED  
FOR  
RECORDER'S USE

STATE OF OREGON,

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

65.

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/instrument/microfilm/reception No. \_\_\_\_\_, Record of \_\_\_\_\_ of said county.

Witness my hand and seal of County affixed.

By \_\_\_\_\_, Deputy

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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.

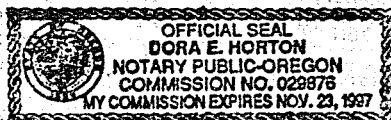
NOW, THEREFORE, for value received, and for the purpose of inducing the second party to make the loan aforesaid, the first party, first party's personal representatives (or successors) and assigns, hereby covenants, consents and agrees to and with the second party, second party's personal representatives (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.

SOUTH VALLEY STATE BANK

By: D. J. H. H.STATE OF OREGON, County of Klamath ss.This instrument was acknowledged before me on February 7, 1995,  
by DAVE HOOKINS - of So. Valley State BankThis instrument was acknowledged before me on \_\_\_\_\_, 19\_\_\_\_,  
by \_\_\_\_\_,  
as \_\_\_\_\_,  
of \_\_\_\_\_

Dora E. Horton  
My commission expires Nov. 23, 1997 Notary Public for Oregon

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title co  
of Feb A.D., 19 95 at 11:17 o'clock A M., and duly recorded in Vol. M95  
of Mortgages on Page 3262

FEE \$15.00

Bernetha G. Letsch County Clerk

By Quinn Mullendore