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KLAMATH FALLS FIRST FEDERAL

P.03

FORM No. 908 SUBORDINATION AGREEMENT

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MTC 37310

THIS AGREEMENT, Made and entered into this 15th day of February, 1996,
by and between F. LILLIAN MARSH
hereinafter called the first party, and KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION,
hereinafter called the second party; WITNESSETH:
On or about September 28, 1978, Michael J. Morgan and Barbara E. Morgan
being the owner of the following described property in Klamath County, Oregon, to-wit:

Lot 11 in Block 37 of HOT SPRINGS ADDITION, according to the official
plat thereof on file in the office of the County Clerk of Klamath County,
Oregon.

(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 \$20,000.00, which lien was:
—Recorded on September 29, 1978, in the Mortgage Records of Klamath County,
Oregon, in book/reel volume No. m7B at page 21700 and for as fee/file/instrument/microfilm/reception No. XXXXXXXXXX (indicate which);
—Filed on September 29, 1978, in the office of the Secretary of State of Oregon County, Oregon, where it bears fee/file/instrument/microfilm/reception No. XXXXXXX (indicate which);
—Created by a security agreement, notice of which was given by the filing on September 29, 1978 of a financing statement in the office of the Oregon Dept. of Motor Vehicles where it bears file No. XXXXXXX and in the office of the Secretary of State of Oregon County, Oregon, where it bears fee/file/instrument/microfilm/reception No. XXXXXXX (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 \$78,400.00 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 Note and Trust deed (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 30 years days from its date.

— OVER —

SUBORDINATION AGREEMENT

F. Lillian Marsh
F. Lillian Marsh

to

Klamath First Federal S & LA

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/instrument/microfilm/reception No. Record of of said county.

Witness my hand and seal of

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 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.

F. Lillian Marsh

F. Lillian Marsh

CALIFORNIA
STATE OF OREGON, County of SAN DIEGO

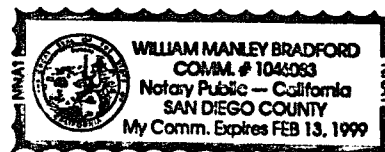
This instrument was acknowledged before me on FEBRUARY 15, 1996

by
This instrument was acknowledged before me on 19.....

by
as
of

William Manley Bradford

My commission expires 2-13-99 Notary Public for Oregon
CALIFORNIA



STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Mountain Title Company the 4th day
of March A.D., 19 96 at 11:54 o'clock A M., and duly recorded in Vol. M96
of Mortgages on Page 5886

FEE \$15.00

By Bernetha G. Letsch, County Clerk