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THIS AGREEMENT, Made and entered into this day of March, 1996,
by and between Dwight Hoy and Mary D. Hoy
hereinafter called the first party, and South Valley State Bank
hereinafter called the second party; WITNESSETH:
On or about May 15, 1991, Jeanne R. O'Neal
being the ~~owner~~ purchaser of the following described property in County, Oregon, to-wit:

See Exhibit A attached

(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 \$51,611.80, which lien was:
—Recorded on May 31, 1991, 19....., in the Mtg. Records of Klamath County,
Oregon, in book/reel/volume No. M-91 at page 10334 and/or as fee/file/instrument/micro-
film/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 19.....,
of a financing statement in the office of the Oregon Secretary of State where it bears file No.
and in the office of the Oregon Dept. of Motor Vehicles 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 \$249,000. -- to the present owner of the property, with
interest thereon at a rate not exceeding 10.15% per annum. This loan is to be secured by the present owner's

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 FIFTEEN days from its date.
— OVER —

SUBORDINATION
AGREEMENT

Dwight Hoy & Mary Hoy

To

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

Woodsmen Hotel

P.O. Box 54

Crescent, Oregon 97733

SPACE RESERVED
FOR
RECORDER'S USE

STATE OF OREGON,

County of

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

By, Deputy

TITLE

96 APR 23 P1:30

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.

x *Dwight Hoy*
Dwight Hoy

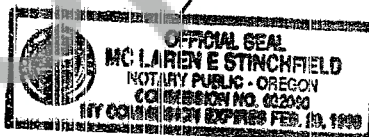
x *Mary D. Hoy*
Mary D. Hoy

STATE OF OREGON, County of Klamath

This instrument was acknowledged before me on April 12, 1986,
by Dwight Hoy and Mary D. Hoy.

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

McLaren E. Stinchfield
Notary Public for Oregon
My commission expires 2/20/96
Jilliam Co. Oregon



DESCRIPTION OF PROPERTY

The following described real property situate in Klamath County, Oregon:

A tract of land situated in the Original Town of Crescent, Oregon, being a portion of the NE1SW1 of Section 30, Township 24 South, Range 9 East of the Willamette Meridian, and being all those parcels conveyed to Douglas E. Stumbaugh and Billie Jean Stumbaugh, husband and wife, by Deed Volume M70 page 8697, M72 page 7232 and M74 page 6948, Deed records of Klamath County, Oregon, said tract being more particularly described as follows:

Beginning at a point on the Northwestern right-of-way line of the Dalles-California Highway (U.S. #97), as the same is presently located and constructed, which bears Northeasterly along said right-of-way a distance of 485.0 feet from its intersection with the Northeasterly line of Ward Street in said Town of Crescent, said beginning point being the most Southerly corner of Parcel 2 in Deed Volume M70 page 8697; thence continuing Northeasterly along said Highway right-of-way a distance of 205.0 feet to a point, said point being most Easterly corner of parcel described in Deed Volume M74 page 6948; thence Northeasterly at right angles to said Highway a distance of 255.0 feet to the Southeasterly line of Riverview Street in said Town of Crescent; thence Southwesterly along said Southeasterly line a distance of 205.0 feet to the most Westerly corner of parcel described in Deed Volume M72 page 7232; thence Southeasterly at right angles to said Highway a distance of 255.0 feet, more or less, to the point of beginning.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Woodsman Hotel
of April A.D. 19 96 at 1:30 o'clock P.M. and duly recorded in Vol. M96
of Mortgages on Page 11302

FEE \$20.00

By Bernetha G. Leisch, County Clerk