

NL 22484

ATC # 44480 + 44734

THIS AGREEMENT, Made and entered into this 11th day of July, 1996,
by and between The City of Klamath Falls, an Oregon Municipal Corporation,
hereinafter called the first party, and Klamath County
hereinafter called the second party; WITNESSETH:
On or about October 9, 1995, Klamath Community Development Corporation
being the owner of the following described property in Klamath County, Oregon, to-wit:

Parcel 1 of Land Partition 32-95 located in the SW 1/4 of Section 15 and the NW 1/4 of Section 22, Township 39 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of 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 \$500,000.00, which lien was:

—Recorded on October 11, 1995, in the County of Klamath, Oregon, in book/reel/volume No. M-95 at page 27409 and/or as fee/file/instrument/microfilm/reception No. N/A (indicate which);

—Recorded on _____, 19____, in the County of _____, Oregon, in book/reel/volume No. _____ at page _____ and/or as fee/file/instrument/microfilm/reception No. _____ (indicate which);

—Recorded on _____, 19____, in the County of _____, Oregon, in book/reel/volume No. _____ at page _____ and/or as fee/file/instrument/microfilm/reception No. _____ (indicate which);

—Recorded on _____, 19____, in the County of _____, Oregon, in book/reel/volume No. _____ at page _____ and/or as 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 \$130,000.00 to the present owner of the property, with interest thereon at an initial rate of 5.25% per annum. This loan is to be secured by the present owner's 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 Five (5) days from its date.

— OVER —

SUBORDINATION AGREEMENT

The City of Klamath Falls
500 Klamath Ave.
Klamath Falls, OR 97601

To

Klamath County
403 Pine Street
Klamath Falls, OR 97601

After recording return to (Name, Address, Zip):
C.O.I.C.
PO Box 575
Redmond, OR 97756

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 County affixed.

NAME TITLE
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.

The City of Klamath Falls

BY: [Signature]

STATE OF OREGON, County of Klamath ss.

This instrument was acknowledged before me on July 11, 1996,

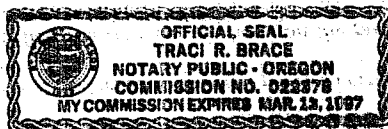
by Todd Kellstrom

This instrument was acknowledged before me on July 11, 1996,

by Todd Kellstrom

as Mayor

of the City of Klamath Falls, an Oregon municipal corporation



Traci R. Brace
Notary Public for Oregon
My commission expires 03-12-97

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow the 1st day
of August A.D., 19 96 at 3:46 o'clock PM., and duly recorded in Vol. M96
of Mortgages on Page 23482

FEE \$15.00

Bernetha G Letsch, County Clerk

By [Signature]