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ATC # 03447A Vol. 196 Page 28885

THIS AGREEMENT, Made and entered into this 9th day of August, 1996,
by and between HIGHLAND COMMUNITY FEDERAL CREDIT UNION
hereinafter called the first party, and HIGHLAND COMMUNITY FEDERAL CREDIT UNION
hereinafter called the second party; WITNESSETH:

On or about August 16, 1993, KATHLEEN NELSON AND ERIC L. NELSON, HUSBAND AND WIFE,
being the owner of the following described property in Klamath County, Oregon, to-wit:

A portion of Lot 3, Section 31, Township 37 South, Range 9 East of the Willamette Meridian, in the County of Klamath, State of Oregon, more particularly described as follows:

Beginning at a point which lies North 1 degree 55' East a distance of 647.2 feet and North 63 degrees 21' West a distance of 216.10 feet from the iron pin which marks the Southeast corner of Lot 3 of said Township and Range, and running thence continuing North 63 degrees 21' West a distance of 291 feet, more or less, to an iron pin; thence South 26 degrees 39' West a distance of 150 feet to an iron pin; thence South 63 degrees 21' East 291 feet to an iron pin; thence North 27 degrees 55' East a distance of 150 feet, more or less, to the point of beginning, sometimes known as Tracts O and N of Shady Pine Tracts.

CODE 183 MAP 3709-31DB TL 1300

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 August 20, 1993, in the Deed Records of Klamath County, Oregon, in book reel/volume No. M-23 at page 20885 and/or as fee/file/instrument/microfilm/reception No. 66583 (indicate which);
—Filed on August 20, 1993, 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 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 \$ 38,000.00 to the present owner of the property, with interest thereon at a rate not exceeding 7.625 % per annum. This loan is to be secured by the present owner's 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 15 ~~days~~ years from its date.

SUBORDINATION AGREEMENT

HIGHLAND COMMUNITY F.C.U.

HIGHLAND COMMUNITY F.C.U.

After recording return to (Name, Address, Zip)

HIGHLAND COMMUNITY F.C.U.

3737 SHASTA WAY

KLAMATH FALLS, OR. 97603

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

SEP 13 AM 1:10

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(Cross out any language opposite which is not pertinent to this transaction)

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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.

HIGHLAND COMMUNITY FEDERAL CREDIT UNION

BY: Nancy B. Nealy

NANCY B. NEALY

STATE OF OREGON, County of Klamath ss.

This instrument was acknowledged before me on _____, 19____,

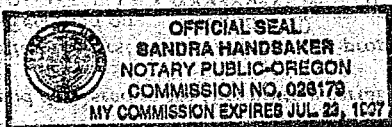
by _____

This instrument was acknowledged before me on August 9, 1996,

by NANCY B. NEALY

as CEO

of HIGHLAND COMMUNITY FEDERAL CREDIT UNION



Sandra Handsaker
Notary Public for Oregon
My commission expires 7/23/97

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow the 13th day
of September A.D., 19 96 at 11:10 o'clock A.M., and duly recorded in Vol. M96
of Mortgages on Page 28885

Bernetha G Letsch, County Clerk

FEE \$15.00

By [Signature]

STOPS

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