



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.

CITY OF KLAMATH FALLS

by:

Todd Kellstrom

STATE OF OREGON, County of Klamath

ss.

This instrument was acknowledged before me on September 13, 1996,

by

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

by

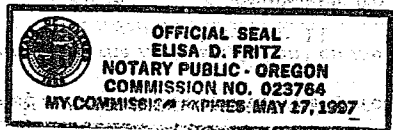
Todd Kellstrom

as

Mayor

of

City of Klamath Falls



Elisa D. Fritz

Notary Public for Oregon

My commission expires

5-17-97

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Aspen Title & Escrow the 18th day of October A.D., 1996 at 3:27 o'clock P. M., and duly recorded in Vol. M96 of Mortgages on Page 33075

Bernetha G. Letsch County Clerk

FEE \$15.00

By

Kathleen Riser