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THIS AGREEMENT, Made and entered into this 14th day of November, 1996,  
by and between Ruth E. Hagelstein  
hereinafter called the first party, and Associates Financial Services Company  
hereinafter called the second party; WITNESSETH:

On or about August 20, 1991, Miriam L. Chian  
being the owner of the following described property in Klamath County, Oregon, to-wit:  
Parcel 1: TRACT 13, TOWNSEND TRACTS, according to the official plat  
thereof on file in the office of the County Clerk of  
Klamath County, Oregon.

Parcel 2: That portion of Lots 28 and 29, TOWNSEND TRACTS, according  
to the official plat thereof on file in the office of the  
County Clerk of Klamath County, Oregon, lying East of the  
U.S. & S. Drain.

(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 \$ 5,838.00, which lien was:

- (Cross out any language opposite which is not pertinent to this transaction)
- Recorded on August 21, 1991, in the microfilm Records of Klamath County, Oregon, in book/reel volume No. M91 at page 17135 and/or as fee/file/instrument/microfilm/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 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 \$ 81,710.08 to the present owner of the property, with interest thereon at a rate not exceeding 13.99% 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 ten days years from its date.

—OVER—

### SUBORDINATION AGREEMENT

Ruth E. Hagelstein  
13487 Algoma Road  
Klamath Falls, OR 97601

To  
Associates Financial Services  
3926 S. Sixth Street  
Klamath Falls, OR 97603

After recording return to (Name, Address, Zip):  
Ruth E. Hagelstein  
13487 Algoma Road  
Klamath Falls, Or 97601

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.

*Ruth E. Hagelstein*  
RUTH E. HAGELSTEIN

13487 Algoma Road

Klamath Falls, OR 97601

STATE OF OREGON, County of Klamath ss.

This instrument was acknowledged before me on November 14, 1996,

by Ruth E. Hagelstein

This instrument was acknowledged before me on \_\_\_\_\_, 19\_\_\_\_,

by \_\_\_\_\_,

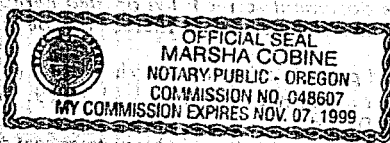
as \_\_\_\_\_

of \_\_\_\_\_

*Marsha Cobine*

Notary Public for Oregon

My commission expires 11-7-99



STATE OF OREGON  
County of Klamath  
I, \_\_\_\_\_, Notary Public for Oregon, do hereby certify that the foregoing instrument was duly acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and that the signature of \_\_\_\_\_ is a true and correct copy of the original instrument as the same appears from the records of my office.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of \_\_\_\_\_ Amerititle \_\_\_\_\_ the 25th day of November A.D., 19 96 at 3:27 o'clock P.M., and duly recorded in Vol. M96 of Mortgages on Page 37062

FEE \$15.00

Bernetha G. Letsch County Clerk  
By *Ruth E. Hagelstein*