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Vpl. 1797 Page 11006
April 14, 1997

THIS AGREEMENT, Made and entered into this _____ day of _____, 1997,
by and between SIUSLAW VALLEY BANK
hereinafter called the first party, and BENEFICIAL MORTGAGE
hereinafter called the second party; WITNESSETH:
On or about MARCH 1, 1991, KENNETH F. WAGNON AND LILLIAN A. WAGNON
being the owner of the following described property in KLAMATH County, Oregon, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN.

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE SIDE)

executed and delivered to the first party a certain NOTE AND 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 \$35,000.00, which lien was:
—Recorded on March 29, 1991, in the mortgage Records of Klamath County,
Oregon, in book/reel/volume No. 591 at page 5586 and/or as fee/file/instrument/micro-
film/reception No. _____ (indicate which) xx
—Filed on _____ in the office of the _____ Secretary of State
_____ County, Oregon, where it bears fee/file/instrument/microfilm/reception No. _____
(indicate which) xx
—Created by a security agreement, notice of which was given by the filing of _____
of a financing statement in the office of the _____ Secretary of State _____
and in the office of the _____ 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 \$35,000.00 to the present owner of the property, with interest thereon at a rate not exceeding 18% per annum. This loan is to be secured by the present owner's NOTE AND 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 360 months days from its date.

— OVER —

SUBORDINATION
AGREEMENT

SIUSLAW VALLEY BANK

To
BENEFICIAL MORTGAGE

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

BENEFICIAL MORTGAGE

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/instru-
ment/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 _____ 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.

Lonnie Holtz, Executive Vice President

STATE OF OREGON, County of LANE) ss.

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

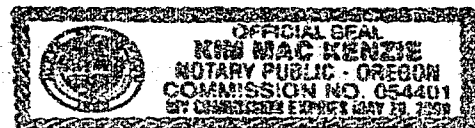
by _____

This instrument was acknowledged before me on APRIL 11, 1997,

by LONNIE HOLTZ

as EXECUTIVE VICE PRESIDENT

of SIUSLAW VALLEY BANK



[Signature] Notary Public for Oregon
My commission expires MAY 28, 2000

11008

EXHIBIT "A"
DESCRIPTION OF PROPERTY

A parcel of land situated in Section 18, Township 24 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the East one-quarter corner of Section 18, Township 24 South, Range 7 East of the Willamette Meridian; thence N. $1^{\circ}03'41''$ E. 546.65 feet along the East line of said Section 18 to the True Point of Beginning on the Northerly right of way line of the Willamette Highway No. 58; thence N. $52^{\circ}43'28''$ W. 1191.49 feet along said right of way line to a point opposite to and 40.00 feet from the centerline station 770+88.4 P.C.; thence, continuing along said right of way line and along the arc of a curve to the right having a radius of 5689.53 feet to a point on the North line of the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of said Section 18 which bears N. $52^{\circ}20'56''$ W. 74.59 feet from the last described point; thence S. $89^{\circ}54'39''$ E. 1021.36 feet to the Northeast corner of the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of said Section 18; thence S. $1^{\circ}03'41''$ W. 765.74 feet to the true point of beginning in Klamath County, Oregon.

STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title the 14th day
of April A.D., 19 97 at 3:17 o'clock P. M., and duly recorded in Vol. M97
of Mortgages on Page 11006

FEE \$20.00

Bernetha G. Letsch, County Clerk
by Kethleen Rose