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THIS AGREEMENT, Made and entered into this 25th day of June, 1997,
 by and between Klamath County/Pura Project
 hereinafter called the first party, and Forest Products Federal Credit Union
 hereinafter called the second party; WITNESSETH:
 On or about September 2, 1993, Phyllis Silva Faries
 being the owner of the following described property in Klamath County, Oregon, to-wit:

Beginning at a point on the Southerly line of Lincoln Street 35.2 feet Southwest of the most Northerly corner of Lot 1, Block 41, First Addition to the City of Klamath Falls, according to the official plat thereof; thence Southwest along the South line of Lincoln Street 35.2 feet; thence Southeasterly at right angles to Lincoln Street, 110.0 feet; thence Northeasterly parallel with Lincoln Street, 35.2 feet; thence Northwesterly at right angles to Lincoln Street, 110.0 feet to the point of beginning.

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE SIDE)

executed and delivered to the first party a certain Trust Deed and Note
 (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 \$ 2,888.00, which lien was:
 --Recorded on September 8, 1993, in the Mortgage Records of Klamath County,
Oregon, in Book 193 / volume No. M93 at page 22939 and/or as fee/file/instrument/micro-
 film/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
 and in the office of the _____ Dept. of Motor Vehicles where it bears file No. _____
 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 \$ 26,250.00 to the present owner of the property, with interest thereon at a rate not exceeding 8.375 % per annum. This loan is to be secured by the present owner's Trust Deed and Note (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 360 MO. days from its date.
 — OVER —

SUBORDINATION
AGREEMENT

To

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

Klamath County Title CompanySPACE 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.

KLAMATH COUNTY TITLE COMPANY, a subsidiary of
First American Title Co. of Oregon

By:

Trudie Durant
President

Agent/ Successor Trustee

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on, 19.....

by

This instrument was acknowledged before me on June 25, 1997,

by Trudie Durant

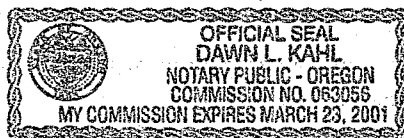
as President

of Klamath County Title Company, a subsidiary of First American
Title Co. of Oregon.

Dawn L. Kahl

Notary Public for Oregon

My commission expires 3/23/2001



STATE OF OREGON: COUNTY OF KLAMATH : ss.

Filed for record at request of Klamath County Title the 1st day
of July A.D., 19 97 at 3:31 o'clock P.M., and duly recorded in Vol. M97
of Mortgages on Page 20540

FEE \$15.00

By Bernetha G. Letzch, County Clerk
Bethann Rasmussen