

U.S. BANK, OREGON  
48006

Vol. 1197 Page 36315

97 NOV -3 AM 11:13

AFTER RECORDING RETURN TO:  
CONSUMER LOAN SERVICE CENTER  
U. S. BANK  
P.O. BOX 279  
BEAVERTON OR 97075

ATTN: TONDA BURGIN  
LOAN NO. 002-001-0893628-9001  
ESCROW NO. 42522-LW

MTC 42522-LW

THIS SPACE RESERVED FOR RECORDER

## SUBORDINATION AGREEMENT

**NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.**

The undersigned Owner, Subordinator, and Lender agree as follows:

1. MICHAEL A. TRITSCHLER and STEVEN JIAN MIN FANG, with the rights of survivorship, referred to herein as "Owner," is the owner of the following described property ("Property") in Klamath County, Oregon:

Lot 3 in Block 305 of DARROW ADDITION to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

2. U.S. BANK, referred to herein as the "Subordinator," is the owner and holder of a mortgage to secure the sum of \$25,759.29 on the above Property dated June 27, 1997. Subordinator's mortgage was recorded in Volume M97 at Page 21129, on July 8, 1997, in the Microfilm Records of Klamath County, Oregon. The Subordinator has not sold or assigned its interest in the Property and, at all times since the date of the above mortgage to the present, is the record owner and holder of the debt so secured.

3. U.S. BANK, referred to herein as the "Lender," is about to loan to the Owner of the Property the maximum sum of \$32,000.00, with interest thereon at a rate not to exceed 7.75% per annum.

4. The Owner has signed, or is about to sign, a mortgage and note both dated October 23, 1997 to secure the loan identified in paragraph 3 in favor of the Lender, payable upon the terms and conditions described therein, which is to be recorded herewith. (NOTICE: The note is an installment note.)

5. For value received and in consideration of benefits to Subordinator from Owner, receipt and sufficiency of which is hereby acknowledged, and to induce Lender to advance funds to Owner under its mortgage and accompanying agreements identified in paragraph 4, the Subordinator, its successors and assigns, do hereby unconditionally subordinate the lien of Subordinator's mortgage to the lien of Lender's mortgage and all future advances or charges made or accruing under Lender's mortgage including any extension or renewal thereof. By so doing, the Subordinator agrees that its interest in the Property, whenever acquired, shall be subordinate and inferior to the interests and rights of the Lender and its successors and assigns.

6. Subordinator acknowledges that, prior to the execution of this agreement, it has had the opportunity to examine the terms of Lender's mortgage, note, and agreements relating thereto, and consents to and approves of the same. Subordinator recognizes that Lender has no obligation to Subordinator to advance any funds under its mortgage or see to the application of Lender's mortgaged funds, and any application or use of such funds for purposes other than those provided for in such mortgage, note or agreements shall not defeat the subordination herein made either in whole or in part.

7. If Owner shall make a general assignment for the benefit of creditors or if any proceeding or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors or seeking appointment of receiver trustee, custodian, or similar official for Owner, or any part of Owner's assets shall be commenced for or against Owner, this agreement shall remain in full force and effect and shall constitute an assignment from Subordinator to Lender of any dividends or other amounts payable to Subordinator from or on account of the Property, provided, that any excess of such dividends or other amounts after payment in full of Owner's indebtedness to Lender shall be paid in accordance with applicable law.

8. This agreement shall be the whole and only agreement between the parties hereto with regard to subordination of the lien or charge of the Subrogator's mortgage first mentioned above to the lien or charge of the Lender's mortgage and shall supersede and cancel any prior agreements, if any, or any subordination including, but not limited to, those provisions, if any, contained in the Subrogator's mortgage first above mentioned, which provide for the subordination of the lien or charge thereof to a mortgage or mortgages to be thereafter executed.

9. Notice of acceptance is hereby waived. The provisions of this agreement are effective upon execution. The parties expressly understand and agree that this agreement does not change the Subordinator's lien, except as expressly modified herein.

10. The heirs, administrators, assigns and successors in interest of the Subordinator shall be bound by this agreement. Where the word "mortgage" appears herein it will be construed to include a deed of trust, and gender and number of pronouns considered to conform to the undersigned. If the undersigned is a corporation, it has been signed by an officer or other person duly authorized to do so.

11. This agreement shall be construed in accordance with, and governed by the laws of, the State of Oregon without regard to conflict of laws principles.

12. A notation has been placed upon the note secured by the Subordinator's mortgage that the mortgage has by this instrument been subordinated to the lien or charge of the Lender's mortgage.

13. In the event a suit or action is initiated to enforce or interpret any of the terms of this agreement, the prevailing party shall be entitled to recover from the other party such sum as the court may determine reasonable as attorneys' fees, at trial and on appeal or review therefrom, in addition to all other sums provided by law.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN WHICH MAY BE EXPENDED FOR PURPOSES OTHER THAN LAND IMPROVEMENT. IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, ALL PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

Executed this 17th day of October, 1997.

SUBORDINATOR  
U. S. BANK

BY: [Signature]  
JACK K. HOLMAN, A.V.P.

LENDER  
U.S. BANK

BY: Bruce W. Howard  
Bruce W. Howard Vice Pres.

OWNER(S)

[Signature]  
MICHAEL A. TRITSCHLER  
[Signature]  
STEVEN JIAN MIN FANG

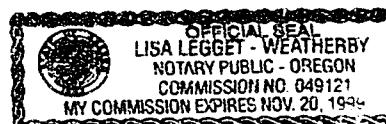
STATE OF Oregon ) INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF Klamath ) ss

On October 27, 1997, before me, a Notary Public in and for said state, personally appeared Michael A. Tritschler, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose names are subscribed to this subordination and acknowledged to me that they executed the same in the capacities indicated at the signature point.

Witness my hand and official seal

[Signature]  
My commission expires: 11/25/99



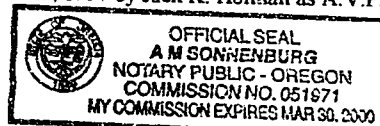
STATE OF OREGON ) CORPORATE ACKNOWLEDGMENT

COUNTY OF WASHINGTON ) ss

This instrument was acknowledged before me on October 17th, 1997 by Jack K. Holman as A.V.P. of U. S. Bank.

Witness my hand and official seal

[Signature]  
My commission expires: \_\_\_\_\_



CORPORATE ACKNOWLEDGMENT

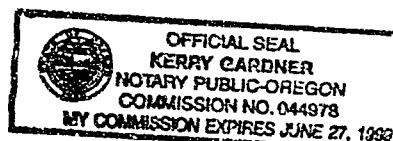
STATE OF Oregon )

COUNTY OF Washington ) ss

This instrument was acknowledged before me on October 31, 1997 by Bruce W. Howard as Ass't Vice President of US Bank

Witness my hand and official seal

[Signature]  
My commission expires: 6/27/99

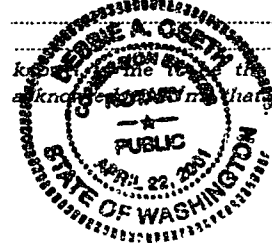


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STATE OF OREGON, Washington }  
 County of Clatsop } ss.

FORM No. 23—ACKNOWLEDGMENT.  
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BE IT REMEMBERED, That on this 29 day of Oct, 1997  
 before me, the undersigned, a Notary Public in and for the State of Oregon, personally appeared the within  
 named Sandra Star Mer



known to me to be the identical individual..... described in and who executed the within instrument and  
 acknowledged that he executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed  
 my official seal the day and year last above written.

[Signature]  
 Notary Public for Oregon  
 My commission expires 4-22-01

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 3rd day  
 of November A.D., 19 97 at 11:13 o'clock A. M., and duly recorded in Vol. M97  
 of Mortgages on Page 36315

FEE \$20.00

By [Signature]  
 Bernetha G. Letsch, County Clerk