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MTC 43507

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THIS AGREEMENT, Made and entered into this 17TH day of FEBRUARY, 1998, by and between WASHINGTON MUTUAL BANK hereinafter called the first party, and WASHINGTON MUTUAL BANK hereinafter called the second party; WITNESSETH:

On or about MAY 21, 1997, JIM SHADDON and BETTY M. SHADDON

being the owner of the following described property in KLAMATH County, Oregon, to-wit:

LOT 26 IN BLOCK 4 OF WAGON TRAIL ACREAGES NUMBER ONE, FIRST ADDITON, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.

SEE ATTACHED EXHIBIT A FOR EXCEPTIONS

(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 \$10,000.00 which lien was:
 —Recorded on MAY 28, 1997, in the microfilm Records of KLAMATH County, Oregon, in book/reel/volume No. M97 at page 16112 and/or as fee/file/instrument/microfilm/reception No. (indicate which);
 —Filed on (indicate which), 19 (indicate which), in the office of the (indicate which) 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 (indicate which), 19 (indicate which), 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. (indicate which) of (indicate which) 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 06.750 % per annum. This loan is to be secured by the present owner's TRUST DEED

(State nature of lien to be given, whether mortgage, trust deed, contract, security agreement or otherwise) (hereinafter called the second party's lien) upon the property and is to be repaid not more than 30 days from its date.

— OVER —

SUBORDINATION AGREEMENT

WASHINGTON MUTUAL BANK
956 NW BOND ST, BEND, OR 97701

To

WASHINGTON MUTUAL BANK
956 NW BOND ST
BEND, OR 97701

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

WASHINGTON MUTUAL BANK
956 NW BOND ST
BEND, OR 97701

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.

WASHINGTON MUTUAL BANK

by W. K. Price VP

STATE OF OREGON, County of DESCHUTES) ss.

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

by _____

This instrument was acknowledged before me on FEBRUARY 17, 1998,

by W. K. PRICE

as VICE PRESIDENT

of WASHINGTON MUTUAL BANK

Donna Morris

Notary Public for Oregon
My commission expires AUGUST 29, 1999

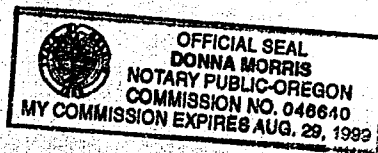


EXHIBIT "A"

20942

1. Easements for utilities and fire protection as shown on the plat of Wagon Trail Acresages Number One First Addition and reservations contained on said plat as follows: "...that fee title to all common areas, streets, private ways, roads, private recreational areas, semi-public recreational or service areas, and leased scenic areas shall remain in Brooks Resources Corporation to be conveyed to the Wagon Trail Ranch Homeowners Association under such terms and conditions as the Master Design may provide."
2. Declarations, Restrictions, Protective Covenants and Conditions for Wagon Trail Ranch, recorded August 30, 1972, in Volume M72 page 9766, Microfilm records of Klamath County, Oregon. As amended by instruments recorded January 5, 1977, in Deed Volume M77 page 207 and Volume M77 page 210, Deed records of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title the 15th day
of July A.D. 19 96 at 3:35 o'clock P. M., and duly recorded in Vol. M96
of Deeds on Page 20941

FEE \$35.00

Bernetha G. Letsch, County Clerk

By *[Signature]*

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 23rd day
of February A.D. 19 98 at 2:35 o'clock P. M., and duly recorded in Vol. M98
of Mortgages on Page 5800

FEE \$20.00

Bernetha G. Letsch, County Clerk

By *[Signature]*