

'98 MAR 12 P3:32

AFTER RECORDING, RETURN TO: AmeriTitle *Kathleen M. Shaw*
222 South Sixth Street *P.O. Box 5077*
Klamath Falls OR 97601

MTIC 44179-KR

SUBORDINATION AGREEMENT

THIS AGREEMENT is made by and between Sierra Developments, LLC ("Sierra"); and Kathleen M. Shaw ("Shaw").

RECITALS:

1. Lorrayne Phair as Trustee of the Ronald and Lorrayne Phair Family Trust sold to Sierra certain real property located in Klamath County, Oregon which is more particularly described on that certain Trust Deed recorded on January 9, 1998 in Volume M 98 at Page 755 of the Mortgage Records of Klamath County, Oregon.

2. Shaw loaned to Sierra the sum of \$20,000 for use in purchasing said real property from the Phair Family Trust. Said loan is evidenced by Amended Secured Promissory Note dated January 6, 1998, payment of which is secured by a Trust Deed made by Sierra Developments, LLC, as grantor, to William M. Ganong, as Trustee for the benefit of Kathleen M. Shaw, as beneficiary, and recorded on January 29, 1998 in Volume M 98 at Page 2754 of the Deed Records of Klamath County, Oregon.

3. A. L. Bruner (Bruner) has agreed to make two (2) loans to Sierra in the sum of \$106,250 each, to be used for the purpose of constructing two (2) single-family residences on a portion of the land described on the Shaw Trust Deed. As a condition of making said loans, Bruner has required that Shaw subordinate her Trust Deed lien described above to the liens of the Trust Deeds which will be executed by Sierra as Grantor in favor of Bruner as Beneficiary and which will secure the repayment of said loans by Sierra.

4. Sierra has requested that Shaw subordinate her said lien to two new Trust Deed liens, and Shaw is willing to subordinate her said lien on the following terms and conditions to which the parties agree:

WITNESSETH:

In consideration of the promises and agreements contained herein, the parties agree as follows:

A. Kathleen M. Shaw does hereby subordinate the lien of the Trust Deed recorded on January 29, 1998 in Volume M 98 at Page 2754 of the Mortgage Records of Klamath County,

SUBORDINATION AGREEMENT

Oregon (the Shaw Trust Deed) to the lien of those certain Trust Deeds made by Sierra as Grantor in favor of Bruner as Beneficiary and recorded on May 12, 1998, in Volume M 98 at Pages 16180 and 16200 of the Mortgage Records of Klamath County, Oregon.

B. This Subordination Agreement applies to the land described on the Bruner Trust Deeds only.

C. Sierra agrees that it will faithfully and fully perform the terms and obligations of all agreements between Sierra and Shaw and all agreements between Sierra and Bruner, including the terms and obligations of the Promissory Notes and Trust Deeds in favor of Bruner.

D. Sierra agrees that it shall promptly provide written notice to Shaw of any breach or default by it of the terms of any agreement or instrument between it and Bruner.

E. Sierra agrees that any breach or default of the terms of the Bruner Promissory Notes, Trust Deeds, or agreements shall be deemed to be a default of the Shaw Trust Deed and the Promissory Note which it secures, and that Shaw may, upon such default, immediately exercise any and all remedies available to her under the terms of the Shaw Trust Deed, Promissory Note, at law and in equity.

F. Sierra acknowledges that this Subordination Agreement was prepared by William M. Ganong as attorney for Shaw, that William M. Ganong has not and does not represent Sierra in this transaction, and that William M. Ganong has recommended that Sierra review this Subordination Agreement with its independent legal advisor prior to signing it.

WITNESS the hands of the parties this 12th day of May, 1998.

Sierra Developments, LLC

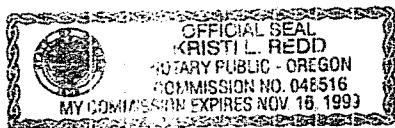
By: Kathleen M. Shaw
Its Manager

Kathleen M. Shaw
Kathleen M. Shaw

16226

STATE OF OREGON, County of Klamath) ss.

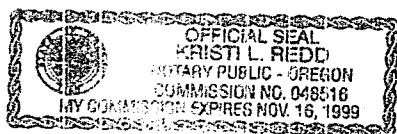
This instrument was acknowledged before me on May 12, 1998, by
Kathleen M. Shaw & V. Michael Witcher as the Managers of Sierra
 Developments, LLC.



Kristi L. Redd
 Notary Public for Oregon
 My Commission Expires: 11/16/99

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on May 12, 1998, by Kathleen
 M. Shaw.



Kristi L. Redd
 Notary Public for Oregon
 My Commission Expires: 11/16/99

SUBORDINATION AGREEMENT

3

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 12th day
 of May A.D., 19 98 at 3:32 o'clock P. M., and duly recorded in Vol. M98
 of Mortgages on Page 16224.

FEE \$20.00

By Kathleen M. Shaw Bernetha G. Letsch, County Clerk