

MAIL TO: 60544
NORWEST MORTGAGE INC.
3601 MINNESOTA DRIVE, SUITE 200 '98 JUN 22 P3:31
BLOOMINGTON MN 55435
ACCOUNT NUMBER: 6853408

Vol. M98 Page 21687

Space above line for recording purposes.

MTC 44614-Mg

SUBORDINATION AGREEMENT

Subordination of Deed of Trust

THIS SUBORDINATION AGREEMENT (the "Agreement") is made and entered into this 16 day of JUNE 1998, by PATRICK A. GAUNTZ AND CYNTHIA E. GAUNTZ (the "Owner"), and NORWEST BANK COLORADO, NATIONAL ASSOCIATION (the "Beneficiary").

RECITALS

1. The Owner executed a deed of trust to CHICAGO TITLE INSURANCE COMPANY Trustee, (the "Beneficiary's Deed of Trust") dated JULY 14, 1997 encumbering the following described real property (the "Property"):

LOT 5 IN BLOCK 15 OF TRACT NO. 1064, FIRST ADDITION TO GATEWOOD, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY, OREGON.

to secure a promissory note in the sum of \$15,000.00 dated JULY 14, 1997 in favor of the Beneficiary, which deed of trust was recorded AUGUST 27, 1997 in VOLUME M97, PAGE 28071, MICROFILM RECORDS of KLAMATH County, State of OREGON.

2. The Owner has now or is about to execute a new deed of trust (the "New Lender's Deed of Trust") and note in the sum of \$118,600.00, dated June 16 1998, in favor of NORWEST MORTGAGE, INC. (the "New Lender"), which will also encumber the Property and which will also be recorded in the records of KLAMATH County, State of OREGON.

3. It is a condition precedent to obtaining the new loan (the "New Loan") from the New Lender that the New Deed of Trust shall unconditionally be and remain at all times a lien upon the Property that is prior and superior to the lien of the Beneficiary's Deed of Trust, and that the Beneficiary subordinates the Beneficiary's Deed of Trust to the New Lender's Deed of Trust.

4. It is to the mutual benefit of the parties to this Agreement that the New Lender make the New Loan to the Owner, and the Beneficiary is willing to subordinate the Beneficiary's Deed of Trust to the New Lender's Deed of Trust.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce the New Lender to make the New Loan, the parties agree as follows:

(1) That the New Lender's Deed of Trust, together with any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the Property that is prior and superior to the lien or charge of the Beneficiary's Deed of Trust until the New Lender's promissory note secured by the New Lender's Deed of Trust is paid. Notwithstanding anything to the contrary, this Agreement shall not extend to any principal advances made by the New Lender after the date of the New Loan, except that this Agreement shall extend to future advances made for taxes, insurance, fees, costs, and expenses required to protect the interests of the New Lender in connection with the New Loan;

(2) That the New Lender would not make the New Loan without this Agreement; and

(3) That this Agreement shall be the whole and only agreement with regard to the subordination of the Beneficiary's Deed of Trust to the New Lender's Deed of Trust.

The Beneficiary agrees and acknowledges:

(1) That the New Lender in making disbursements pursuant to the New Loan is under no obligation or duty to, nor has the New Lender represented that it will, see to the application of such proceeds by the person or persons to whom the New Lender disburses such proceeds;

(2) That the Beneficiary unconditionally subordinates the Beneficiary's Deed of Trust in favor of the New Lender's Deed of Trust and understands that in reliance upon, and in consideration of this subordination, specific loans and advances are being and will be made and as part and parcel thereof specific monetary and other obligations are being and will be entered into that would not be made or entered into but for said reliance upon this subordination; and

(3) That the Beneficiary's Deed of Trust has by this instrument been subordinated to the New Lender's Deed of Trust subject to the provisions of this Agreement.

NORWEST BANK COLORADO,
NATIONAL ASSOCIATION

Patrick A. Gauntz
PATRICK A. GAUNTZ, Owner

Cynthia E. Gauntz
CYNTHIA E. GAUNTZ, Owner

By Brenda R. Grabouski
Brenda R. Grabouski
Title Officer

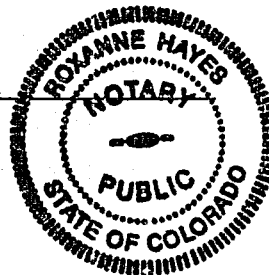
STATE OF COLORADO)
) SS.
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 9TH day of JUNE 1998, by BRENDA R. GRABOUSKI as Officer of NORWEST BANK COLORADO, NATIONAL ASSOCIATION.

WITNESS my hand and official seal.

My commission expires: 5-7-2002

Roxanne Hayes
Notary Public



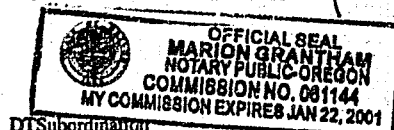
STATE OF Oregon)
) SS.
COUNTY OF Klamath)

The foregoing instrument was acknowledged before me this 16 day of June 1998, by PATRICK A. GAUNTZ AND CYNTHIA E. GAUNTZ.

WITNESS my hand and official seal.

My commission expires: 1/20/01

Marion Grantham
Notary Public



STATE OF OREGON: COUNTY OF KLAMATH : ss.

Filed for record at request of Norwest Mortgage Inc. the 22nd day of June A.D., 19 98 at 3:31 o'clock P. M., and duly recorded in Vol. M98 of Mortgages on Page 21687.

FEE \$15.00

By Kathleen Ross Bernetha G. Letsch, County Clerk