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Vol. M99 Page 8172

FEBRUARY, 1999

THIS AGREEMENT, Made and entered into this 18TH day ofby and between SOUTH VALLEY BANK & TRUSThereinafter called the first party, and FIRST INDIANA BANK, F.S.B.

hereinafter called the second party; WITNESSETH:

On or about MARCH 10, 1997,LOWREY D. HARLAN AND SHANNON D. HARLAN, AS TENANTSBY THE ENTIRETY, being the owner of the following described property in KLAMATH County, Oregon, to-wit:

LOT 1 IN BLOCK 6 OF TRACT NO. 1063, THIRD ADDITION TO VALLEY VIEW, ACCORDING TO THE
OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK OF KLAMATH COUNTY,
OREGON.

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE SIDE)

executed and delivered to the first party a certain DEED OF TRUST

(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 \$ 74,331.72, which lien was:Recorded on MARCH 12, 1997, in the COUNTY Records of KLAMATH County,Oregon, in book/reel/volume No. M97 at page 7164 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 where it bears file No. _____ and in the office of the Oregon Dept. of Motor Vehicles 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 \$ 80,000.00 to the present owner of the property, with
interest thereon at a rate not exceeding 7.89 % per annum. This loan is to be secured by the present owner's
MORTGAGE (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 30 days from its date.

— OVER —

SUBORDINATION AGREEMENT

South Valley Bank & Trust

First Indiana Bank, F.S.B.

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

South Valley Bank & Trust

P.O. Box 5210

Klamath Falls, OR 97601

SPACE RESERVED
FOR
RECORDER'S USESTATE 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

MAR -8 P2:59

(Cross out any language opposite
which is not pertinent to this trans-
action)

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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.

SOUTH VALLEY BANK & TRUST

Kay Von Tersch
KAY VON TERSCH, LOAN OFFICER

STATE OF OREGON, County of Klamath ss.
This instrument was acknowledged before me on February 22, 1999,

by _____, 19____,

This instrument was acknowledged before me on _____,

by Kay Von Tersch

as Loan Officer

of South Valley Bank & Trust

Tina M Fisher
Notary Public for Oregon
My commission expires 7-27-99



STATE OF OREGON, COUNTY OF KLAMATH: ss.

Filed for record at request of First American Title the 8th day
of March A.D. 1999 at 2:59 o'clock P. M., and duly recorded in Vol. M99
of Mortgages on Page 8172

Linda Smith, County Clerk

by Kathleen Ross

FEE

\$15.00