

To induce the second party to make the loan last mentioned, the first party 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, on behalf of the first party and also on behalf of the first party's personal representatives, successors, and assigns, hereby covenants, consents and agrees to and with the second party and second party's personal representatives, 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 the second party's lien in all respects shall be first, prior and superior to that of the first party, provided always, however, that if the second party's lien is not duly filed or recorded, or an appropriate financing statement with respect thereto duly filed within 30 days after the date hereof, this subordination agreement shall be null and void and of no force or effect.

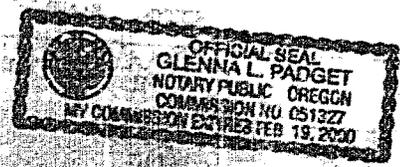
It is expressly understood and agreed that nothing herein contained shall be construed to change, alter or impair the first party's lien, except as hereinabove expressly set forth.
In construing this subordination agreement, and where the context so requires, the singular includes the plural, and all 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.

CITY OF KLAMATH FALLS

BY: Glenna L. Padgett
Notary Public

STATE OF OREGON, County of Klamath) ss.
This instrument was acknowledged before me on March 17, 1999,
by Glenna L. Padgett
This instrument was acknowledged before me on _____, 19____,
by _____
as _____
of _____

Glenna L. Padgett
Notary Public for Oregon
My commission expires 2-19-2000



STATE OF OREGON, COUNTY OF KLAMATH
Filed for record at request of _____
of March A.D. 1999 at 11:38 o'clock A. M. and duly recorded in Vol. M99
of Horrgages on Page 10282
FEE \$15.00
Linda Smith, County Clerk
by Kathleen Kessel