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Vol M99 Page 11446

After Recording Mail TO:

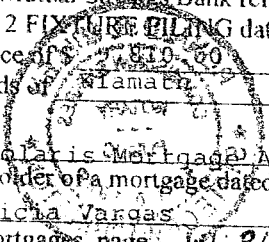
Return Address:
 First Mutual Bank
 PO BOX 408
 Redmond, WA 98073

Document Title: **Subordination Agreement - UCC**
 Reference Number of Documents assigned or released: 74883 Vol M99 Page 5764
 Grantor(s) 1. Gilbert Vargas 2. Alicia Vargas
 Grantee(s) 1. First Mutual Bank 2. _____
 Legal Description: Altamont Acres, Block 6, Lot 16 53
Tr. 18723
 Additional legal is on page _____ of documents
 Assessor's Property Tax Parcel/Account number(s) 41-3909-10AB-700
 Servicer Loan Number: 51-101126-09

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

The undersigned subordinator and owner agrees as follows:

1. First Mutual Savings Bank referred to herein as "subordinator", is the Owner and holder of a UCC 2 FIXTURE FILING dated December 12, 1998 with an original loan balance of \$ 27,810.00, which is recorded in file No. 74883 Vol M99 records of Klamath County. Page 5764
2. Polaris Mortgage Associates referred to herein as "lender", is the owner and holder of a mortgage dated 3/17/99 executed by Gilbert Vargas and Alicia Vargas which is recorded in volume M99 of Mortgages, page 1736 under Auditor's File No. 77230 records of Klamath County (which is to be recorded concurrently herewith).
3. Gilbert Vargas & Alicia Vargas, referred to herein as "owner", is the owner of all the real property described in the mortgage identified above in Paragraph 2.
4. In consideration of benefits to "subordinator" from "owner", receipt and sufficiency of which is hereby acknowledged, and to induce "lender" to advance funds under its mortgage and all agreements in connection therewith, the "subordinator" does hereby unconditionally subordinate the lien of his mortgage identified in Paragraph 1. above to the lien of "lender's" mortgage, identified in Paragraph 2 above, and all advances or charges made or accruing thereunder, including any extension or renewal thereof
5. "Subordinator" acknowledges that, prior to the execution hereof, he has had the opportunity to examine the terms of "lender" UCC note and agreements relating thereto, consents to and approves same, and recognized that "lender" has no obligation to "subordinator" to advance any funds under its mortgage or see to the application of "lender's" mortgage funds, and any application or use of such funds for purposes other than those provided for in such mortgage, note or agreements shall not defeat the subordination herein made in whole or in part.



6. It is understood by the parties hereto that "lender" would not make the loan secured by the UCC 2 Fixture Filing in Paragraph 2 without this agreement.

7. This agreement shall be the whole and only agreement between the parties hereto with regard to the subordination of the lien or charge of the mortgage first above mentioned to the lien or charge of the mortgage in favor of "lender" above referred to and shall supersede and cancel any prior agreements as to such, or any, subordination including, but not limited to, those provisions, if any, contained in the mortgage first above mentioned, which provide for the subordination of the lien or charge thereof to a mortgage or mortgages to be thereafter executed.

8. The heirs, administrators, assigns and successors in interest of the "subordinator" shall be bound by this agreement. Where the word "mortgage" appears herein it shall be considered as "deed of trust", and gender and number of pronouns considered to conform to undersigned.

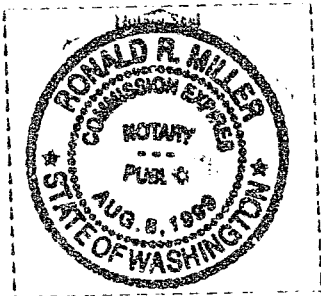
Executed this 30th day of March, 1999

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION, WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENTS OF THE LAND. IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

UCC 2 FIXTURE FILING HOLDER:

FIRST MUTUAL BANK

BY: Pamela S. Drexler
Pamela S. Drexler, Vice President



STATE OF WASHINGTON, }
County of King } ss

I hereby certify that I know or have satisfactory evidence that Pamela S. Drexler is the person(s) who appeared before me, and said person(s) acknowledged that (he, she, they) signed this instrument on oath stated that Pamela S. Drexler authorized to execute the instrument and acknowledged it as the Vice President of First Mutual Bank to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated 3-30-99 residing at FEDERAL WAY My appointment expires 08-08-99

Ronald R. Miller
Notary Public in and for the State of Washington
RONALD R. MILLER
Printed Name

STATE OF OREGON : COUNTY OF KLAMATH: ss.

Filed for record at request of APEN TITLE the 31ST day of MARCH A.D., 1999 at 2:02 o'clock P M., and duly recorded in Vol. M99 of MORTGAGES on Page 11446

Linda Smith, County Clerk

FEE: 15.00

by Kathleen Ross