

K-53372

SUBORDINATION AGREEMENT

Recording requested

Please return to: Joan-Marie Michelsen

200 Pine, Klamath Falls, OR 97601

RECITATION OF FACTS

Donna M. Klem, nka Donna M. Dawson, is the holder of certain liens against the property owned by Robert Klem and generally located at 504 N. 10th, Klamath Falls, OR. These liens arise out of a dissolution of marriage which is found at Klamath County Circuit Case Klem and Klem, 96-02333-CV. As part of a compromise solution to the spousal support, debts, and other judgments Donna M. Klem nka Donna M. Dawson is entering into this agreement. It is her understanding that Gateway will not provide a loan to Robert Klem unless Donna M. Klem nka Donna M. Dawson agrees to subordinate the remaining judgments to Gateway. Robert Klem can not afford to pay the judgments without getting a loan and this is part of the compromise in the now dismissed motion for contempt in this case. Donna M. Klem nka Donna M. Dawson through counsel will receive 95% of the proceeds after taxes and fees are paid. In subordination Donna M. Klem nka Donna M. Dawson does not wave any other claims or priority except as to Gateway on the listed debts.

LEGAL DESCRIPTION OF PROPERTY

See attached Exhibit A

SUBORDINATION

This agreement is entered into between Donna M. Klem nka Donna M. Dawson and Gateway Financial Services on this 14 day of May, 1999.

Gateway will lend to Robert Klem the sum of \$ 64,600.00 Payable and

1 disbursable as per the attached Stipulated Amended Order of Distribution and Amendment of
2 Decree of Dissolution.

3 All debts subject to liens from Donna M. Klem nka Donna M. Dawson in this matter
4 will be paid and satisfied except for the following.

- 5 1. The spousal support order, although the arrearages will be paid;
- 6 2. The Equalizing Judgment #1;
- 7 3. Money Judgment for \$10,075.00 for student loans.

8 Therefore, in exchange for the mutual benefits accruing to the parties hereto and other
9 valuable consideration, the receipt and sufficiency of which consideration is hereby
10 acknowledged, and in order to induce lender to make the loan in this matter, it is
11 hereby declared, understood and agreed to as follows:

12 1. That the loan and lien above referred to in favor of Gateway Financial as a
13 result of its loan dated May 7 1999, and any renewals or extensions thereof, shall
14 unconditionally be and remain at all times a lien or charge on the property therein
15 described prior and superior to the liens of Donna M. Klem nka Dawson

16 2. That said liens above referred to in favor of Dee Dawson, and any renewals
17 or extensions thereof, shall unconditionally be and remain at all times a lien or charge
18 on the property therein described shall be subordinated only to the prior claims of
19 Gateway financial as above described.

20 This agreement shall be the whole and only agreement with regard to the
21 subordination of the liens of Donna M. Klem nka Donna M. Dawson to the lien of Gateway
22 financial and shall supersede and cancel, but only insofar as would affect the priority between
23 the liens above described, any prior agreements as to any such subordination including, but
24 not limited to any negotiations or partial agreements which may or may not be contained in
25 any other documents or documents.

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1 It is so agreed and acknowledged.

2 Dated this 14th day of May, 1999 by _____

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5 Agent for Gateway Financial

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7 Dated this 14 day of May, 1999 by _____

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10 Donna M. Dawson - Klem

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Page 3 - SUBORDINATION AGREEMENT

Juan-Marie Michelsen
200 Pine Street - Klamath Falls, Oregon 97601
Telephone: (541) 882-1426 - Fax (541) 883-6495

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Exhibit A

The Southeasterly 80 feet of Lot 1, Block 56, Nicols Addition to the City of Klamath Falls, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

State of Oregon, County of Klamath
Recorded 5/19/99, at 11:01 a.m.
In Vol. M99 Page 19857
Linda Smith, County Clerk
Fee \$ 20 - misc.

Linda Smith