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Vol M99 Page 35100**WHEN RECORDED MAIL TO:****GMAC MORTGAGE CORPORATION**

Consumer Loan Servicing
1301 Office Center Drive Suite 200
Fort Washington, PA 19034
Attn: Karen Smith

SUBORDINATION AGREEMENT*ATC #02050025*

THIS AGREEMENT, made August 19, 1999, by Ditech Funding now known as GMAC Mortgage Corporation, present owner and holder of the Note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH:

THAT WHEREAS, Gerald A. McDonald and Mary E. McDonald, husband and wife, ("Owner"), did execute a Deed of Trust dated August 21, 1998, to None Shown, as trustee, covering:

SEE ATTACHED

To secure a Note in the sum of \$59,500.00 dated August 21, 1998 in favor of Ditech Funding now known as GMAC Mortgage Corporation, which Deed of Trust was recorded November 12, 1998, in Book M-98, Page 69506, Official Records.

WHEREAS, Owner has executed, or is about to execute, a Deed of Trust and note in the sum of \$47,955.00 dated 8/25/99 in favor of Principle Residential Mortgage, Inc., hereinafter referred to as "Lender", payable with interest and upon the terms and conditions described therein, which Deed of Trust is to be recorded concurrently herewith; and

WHEREAS, it is a condition precedent to obtaining said loan that said Deed of Trust last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the Deed of Trust first above mentioned; and

WHEREAS, Lender is willing to make said loan provided the Deed of Trust securing the same is a lien or charge upon the above described property prior and superior to the lien or charge of the Deed of Trust first above mentioned and provided that Beneficiary will specifically and unconditionally subordinate the lien or charge of the Deed of Trust first above mentioned to the lien or charge of the Deed of Trust in favor of Lender; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Beneficiary is willing that the Deed of Trust securing the same shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge of the Beneficiary's Deed of Trust first above mentioned.

NOW THEREFORE, in consideration of the mutual benefits accruing to the parties hereto, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce Lender to make the loan above referred to, it is hereby declared, understood and agreed as follows:

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(1) That said Deed of Trust securing said note in favor of Lender, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the Beneficiary's Deed of Trust first above mentioned.

(2) That Lender would not make its loan above described without this Subordination Agreement.

(3) Nothing herein contained shall affect the validity or enforceability of Beneficiary's Deed of Trust except for the subordination as aforesaid.

Beneficiary declares, agrees and acknowledges that

It intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the Deed of Trust first above mentioned in favor of the lien or charge upon said land of the Deed of Trust in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, a specific loan is being made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.

Ditech Funding now known as
GMAC Mortgage Corporation

By: Mary McGrath

Mary McGrath

Title: Assistant Vice President

Attest: David Hill

David Hill

Title: Vice-President

COMMONWEALTH OF PENNSYLVANIA :

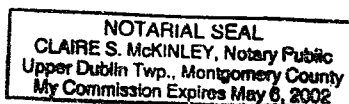
: ss

COUNTY OF MONTGOMERY :

On this August 19, 1999, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Mary McGrath and David Hill personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she they executed the same in his/ her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument

WITNESS my hand and official seal.

Claire S. McKinley
Notary Public



State of Oregon, County of Klamath
Recorded 8/31/99, at 3:16 p.m.
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Linda Smith,
County Clerk Fees 15