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SUBORDINATION AGREEMENT OF TRUST DEED

Vol M00 Page 17973

Leo L. Davis and Adair F. Davis, Trustees

Western Bank

After recording, return to (Name, Address, Zip): Wells Fargo Bank 421 So. 7th Street Klamath Falls, OR 97601 Attn: Bridgitte

SPACE RESERVED FOR RECORDER'S USE

STATE OF OREGON, County of _____ } ss.

I certify that the within instrument was received for recording on _____, at _____ o'clock _____ M., and recorded in book/reel/volume No. _____ on page _____ and/or as fee/file/instrument/microfilm/reception No. _____, Records of this County.

Witness my hand and seal of County affixed.

NAME TITLE

By _____, Deputy.

MTC 50980-MS

THIS AGREEMENT dated May 12, 2000 by and between Leo L. Davis and Adair F. Davis, Trustees of the Davis 1983 Trust hereinafter called the first party, and Western Bank hereinafter called the second party.

On or about (date) (none given) John M. Andersch and Kimberly A. Andersch, being the owner of the following described property in Klamath County, Oregon, to-wit:

Please see attached Exhibit "A"

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE)

executed and delivered to the first party a certain Trust Deed (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 \$ 75,000.00, which lien was:

- Recorded on December 15, 1997 in the Records of Klamath County, Oregon, in book/reel/volume No. M97 at page 40719 and/or as fee/file/instrument/microfilm/reception No. _____ (indicate which);
- Filed on _____ in the office of the _____ of _____ County, Oregon, where it bears fee/file/instrument/microfilm/reception No. _____ (indicate which);
- Created by ~~security agreement~~ notice of which was given by the filing of a financing statement in the office of the Oregon Secretary of State or Motor Vehicle Bureau where it bears file No. _____ in the office of the _____ of _____ County, Oregon, where it bears fee/file/instrument/microfilm/reception No. _____ (indicate which);

Reference to the document so recorded or filed is hereby 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 \$ 215,000.00 to the present owner of the property, with interest thereon at a rate not exceeding 9.17 % per annum. This loan is to be secured by the present owner's Trust Deed (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 ten (10) days years (indicate which) from its date.

31.00 M

(OVER)



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 _____ 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.

Leo L. Davis Trustee
Leo L. Davis, Trustee
Adair F. Davis Trustee
Adair F. Davis, Trustee

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on _____
by _____

This instrument was acknowledged before me on _____
by Leo L. Davis and Adair F. Davis,
as Trustees
of the Davis 1983 Trust dated April 7, 1983

[Signature]
Notary Public for Oregon
My commission expires 3-2-04

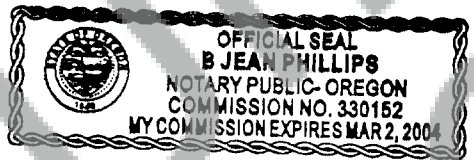


EXHIBIT "A"
LEGAL DESCRIPTION

A parcel of land lying in the NE1/4 SE1/4 of Section 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at a point which is South 55.03 feet and South 89 degrees 14' West 298 feet from the quarter section corner common to Sections 2 and 3, Township 39 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, said point also being 53 feet South of (when measured at right angles to) the relocated center line of the Klamath Falls-Malin Highway; thence continuing South 89 degrees 14' West a distance of 132 feet; thence South 0 degrees 30' 30" East a distance of 137 feet; thence North 89 degrees 58' 30" East a distance of 132 feet; thence North 0 degrees 30' 30" West a distance of 137 feet to the point of beginning.

State of Oregon, County of Klamath
Recorded 05/17/00, at 3:41 p. m.
In Vol. M00 Page 17973
Linda Smith,
County Clerk Fee \$ 31⁰⁰