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After recording return to:

1ST AMERICAN TITLE
ESCROW DEPT
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Vol MQ1 Page 48025

SUBORDINATION AGREEMENT-- TRUST DEED

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

This subordination is executed this _____, 2001, by First Horizon Equity, Lending herein Subordinator.

RECITALS

1. Gregory J. Havird, herein Owner, is the owner of the following described real property situated in the County of Klamath, State of Oregon to wit:

Legal Description

Lot 3, Block 23, Hillside 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.

2. Owner has made application for a loan in the amount of \$ 86,129 from First HorizonHome Loan Corporation, herein Lender, to be secured by a trust deed or mortgage against the real property above described, herein lender's encumbrance.
3. Subordinator has an interest in or lien upon the above described real property as follows:
- Trust Deed, including the terms and provisions thereof, given to secure an indebtedness of a line of credit up to \$15,000.00
Dated : July 3, 2000
Recorded : July 17, 2000 in Volume M00, page 25964, records of Klamath County,
The above interest is herein referred to as Subordinator's lien.
4. Subordinator has never sold or assigned subordinator's lien and is the present owner and holder thereof and the debt thereby secured.
5. Lender is willing to make said loan provided that (a) lender's encumbrance is a lien or charge upon the above-described property, prior and superior to the subordinator's lien, and (b) subordinator specifically and unconditionally subordinates subordinator's lien to lender's encumbrance.
6. To induce lender to make its loan as above mentioned, subordinator has agreed and consented to subordinate subordinator's lien to the encumbrance about to be taken by lender as above set forth.

NOW THEREFORE, in consideration of benefits to subordinator from owner, receipt and sufficiency of which are hereby acknowledged, and to induce lender to advance funds under its encumbrance and all other loan agreements, subordinator hereby consents, covenants and agrees that all of subordinator's right, title, lien and interest in, to, and upon the real property described above, shall be subject to and subordinate to lender's encumbrance to be made, executed and delivered in favor of or for the benefit of the lender and that lender's encumbrance, including any and all advances, extensions or renewals thereof, shall be first, prior, and superior to any right, title, lien or interest of the subordinator.

Subordinator acknowledges that, prior to the execution hereof, Subordinator has had the opportunity to examine the terms of lender's encumbrance, note, and agreements relating thereto; that Subordinator consents to and approves same, and recognizes that lender has no obligation to subordinator to advance any funds under lender's encumbrance or to see to the application of lender's funds; and that any application or use of such funds for purposes other than those provided for in lender's encumbrance, note or agreements shall not defeat this subordination, in whole or in part.

It is expressly understood and agreed that nothing herein contained shall be construed to change, alter or impair the subordinator's lien, except as hereinabove expressly set forth.

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In the event that the loan above mentioned is an additional advance to be made under the open-end provisions of an existing trust deed or mortgage held by the lender as a first lien upon the property described above, subordinator agrees that all of subordinator's right, title, lien or interest in, to and upon said real property shall be subject to and subordinate to the lender's existing trust deed or mortgage not only for the unpaid balance of the original loan and any further advances heretofore made and secured by lender's encumbrance, but also for the additional advances now and hereafter to be made by lender to owner.

Subordinator agrees to pay lender's attorney fees and costs in any action to enforce this agreement, whether through arbitration, bankruptcy or insolvency proceedings, civil action, appeals, or otherwise.

This agreement binds subordinator's heirs, representatives, successors and assigns, and it shall inure to the benefit of the assignees or transferees of lender's encumbrance and the obligation secured thereby.

NOTICE: UNDER THE TERMS OF THIS SUBORDINATION AGREEMENT, THE NEW LOAN PROCEEDS MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND. IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS ABOUT THIS AGREEMENT. READ THIS AGREEMENT CAREFULLY, AND DO NOT SIGN IT UNLESS ALL OF ITS PROVISIONS ARE ACCEPTABLE TO YOU.

IN WITNESS WHEREOF, subordinator has executed this subordination agreement on the date first above written.

Joe M. Contratto
JOE M. CONTRATTO

STATE OF Tennessee
County of Shelby } ss

Personally appeared Joe Contratto as the Vice President
of First Tennessee Bank N.A. and acknowledged this Subordination
Agreement on behalf of said company, on this 12th day of September 2001

Mary Boros
Notary Public for State of Tennessee
My commission expires: MY COMMISSION EXPIRES JAN. 15, 2003

State of Oregon, County of Klamath
Recorded 09/21/01 at 2:58p. m.
In Vol. M01 Page 48025
Linda Smith,
County Clerk Fee \$ 26.00