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SUBORDINATION AGREEMENT / TRUST DEED

STATE OF OREGON, County of _____ } ss.

I certify that the within instrument was received for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and recorded in book/reel/volume No. _____ on page _____ and/or as fee/file/instrument/microfilm/reception No. _____, Records of said County.

Witness my hand and seal of County affixed.

By _____, Deputy.

Klamath First Federal S&L Assn.

To

SPACE RESERVED FOR RECORDER'S USE

After recording, return to (Name, Address, Zip):

Klamath First Federal S&L Assn. 540 Main Street Klamath Falls, OR 97601

K-57726B

THIS AGREEMENT made and entered into this 5th day of November, 2001 by and between Klamath First Federal S&L Assn. # 0903400200 (Line of Credit), hereinafter called the first party, and Klamath First Federal S&L Assn. #0900417987 hereinafter called the second party, WITNESSETH:

On or about October 4, 2001, _____, being the owner of the following described property in Klamath County, Oregon, to-wit: _____

The W1/2 SW1/4 SE1/4 of Section 32, Township 40 South, Range 8 East of the Willamette Meridian.

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE)

executed and delivered to the first party a certain Line of Credit Deed of Trust (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 \$15,900.00, which lien was:

(Delete any language not pertinent to this transaction)

- Recorded on October 8, 2001, in the Records of Klamath County, Oregon, in book/reel/volume No. M01 at page 51195 and/or as fee/file/instrument/microfilm/reception No. _____ (indicate which);
Filed on _____, 19____, in the office of the _____ of _____ County, Oregon, where it bears fee/file/instrument/microfilm/reception No. _____ (indicate which);
Created by a security agreement, notice of which was given by the filing on _____, 19____, of a financing statement in the office of the Oregon Secretary of State Dept. of Motor Vehicles (indicate which) where it bears file No. _____ and 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 \$ 148,500.00 to the present owner of the property, with interest thereon at a rate not exceeding 6.25% per annum. This loan is to be secured by the present owner's Deed of Trust (State nature of lien to be given, whether mortgage, trust deed, contract, security agreement or otherwise) (hereinafter called

the second party's lien) upon the property and is to be repaid not more than 30 days years (indicate which) from its date.

(OVER)

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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.

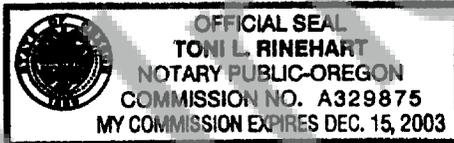
IN WITNESS WHEREOF, the undersigned has executed this agreement. If the undersigned is a corporation, it has caused its name to be signed and its seal, if any, affixed by an officer or other person duly authorized to do so by order of its board of directors.
Klamath First Federal S&L Assn. By _____

V.P., Consumer Loan Manager

STATE OF OREGON, County of Klamath ss.

This instrument was acknowledged before me on 11-5, 1901,
by JACK BLANKENBURG

This instrument was acknowledged before me on 11-5, 1901,
by JACK BLANKENBURG
as Vice President Consumer Loan Manager
of Klamath First



Toni L. Rinehart
Notary Public for Oregon

My commission expires 12-15-03

State of Oregon, County of Klamath
Recorded 11/09/01 11:21 a. m.
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Linda Smith,
County Clerk Fee \$ 26.00