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SUBORDINATION AGREEMENT

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 23 day of April, 2002, by Citifinancial, herein Subordinator.

RECITALS

1. Brice Kruit and Andrea Foster, herein Owner(s), is(are) the owner(s) of the following described real property situated in the county of Klamath, State of Oregon to wit:

Lot 50, Block 3, Tract No. 1064, First Addition to Gatewood, according to the official plat thereof on file in the office of the Clerk of Klamath County, Oregon.

2. Owner has made application for a loan in the amount not to exceed \$103,350.00 from Watermark Financial Partners, Inc., 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:

That whereas, Brice Kruit and Andrea Foster did execute a deed of trust, dated 9/22/2000, to Aspen Title, as trustee to secure a note in the sum of \$8,656.44, dated 9/22/2000, in favor of Citifinancial, Inc., which deed of trust was recorded 9/26/2000, Book M-00 page 35208, Official Records of said 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.

State of Oregon, County of Klamath
Recorded 04/29/2002 11:19 a. m.
Vol M02, Pg 25002-03
Linda Smith, County Clerk
Fee \$ 26.00 # of Pgs 2

25003

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.

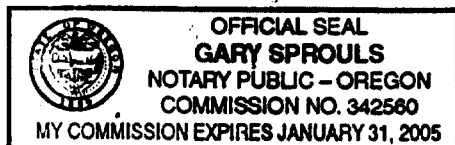
C.R. Taylor

STATE OF OREGON

County of Jackson

) S.S.

Personally appeared C.R. Taylor as the Branch MANAGER
of CRITIQUE and acknowledged this Subordination
Agreement on behalf of said company, on 23 day of April, 2000.



GSA
Notary Public for Oregon
My commissions expires: 1/31/02