

RECORDING REQUESTED BY
Fidelity National Lender Solution
2550 North Redhill Ave.
Santa Ana, CA 92753

State of Oregon, County of Klamath
Recorded 06/24/2002 9:40 a. m.
Vol M02, Pg 36242-45
Linda Smith, County Clerk
Fee \$ 36.00 # of Pgs 4

When recorded return to:
Custom Recording Solutions
2550 North Red Hill Ave.
Santa Ana, Ca. 92705
(800) 756-3524 x5011

340705

APN: 3808-004C0-02200

SUBORDINATION AGREEMENT

This Subordination Agreement is dated for reference 05/23/2002 and is between

SOUTH VALLEY BANK & TRUST

whose

principal address is 803 MAIN ST. 3RD FL., KLAMATH FALLS, OR. 97601

(called "Junior Lender") and

New Senior Lender's

Name : WELLS FARGO HOME MORTGAGE, INC.

Senior Lender's

Address : P.O. BOX 5137, DES MOINES, IA 50306-5137

(called "New Senior Lender")

RECITALS

A. Junior Lender is the vested holder and owner of the following described promissory note (the "Note") secured by a mortgage or deed of trust (the "Security Instrument"):

Date of Note and Security Instrument: 06/17/1999

Borrower(s) Name(s) ("Borrowers") :

PAUL N. POETSCH AND FRANCES M. POETSCH

Property Address :

6310 TOWHEE LANE, KLAMATH FALLS, WA. 97601

Legal Description of real property secured by Security Instrument ("Property") :

SEE EXHIBIT "A"

Recording Data on 06/17/1999 Security Instrument : Place : KLAMATH

Recording Number :

Book :

99

Page :

23992

B. Borrowers, as current owners of the Property, wish to replace their current first priority mortgage loan on the Property with a new first priority mortgage loan secured by the Property from New Senior Lender in the original principal sum of \$ 236,997.00 (the "New Senior Security Instrument"). New Senior Lender will not provide this financing without an agreement by Junior Lender to subordinate its lien/security interest in the Property to the new lien/security interest of New Senior Lender.

In consideration of the benefits to Junior Lender from the new financing on the Property provided by New Senior Lender, Junior Lender agrees and declares as follows:

- 1. Subordination to New Senior Security Instrument.** Junior Lender agrees that upon recordation of the New Senior Security Instrument, Junior Lender's lien/security interest in the Property shall be unconditionally and forever, inferior, junior and subordinate in all respects to the lien/security interest of Senior Mortgagee's New Senior Security Instrument and all obligations it secures. Junior Mortgagee irrevocably consents to and approves all provisions of the New Senior Security Instrument and the terms of the obligations it secures.
- 2. No Subordination to Other Matters.** Junior Lender is subordinating its lien/security interest to the New Security Instrument only, and not to other or future liens or security interests in the Property. Junior Lender has no obligation to consent to future requests for subordination of its lien/security interest.
- 3. No Waiver of Notice.** By subordinating its lien/security instrument, Junior Lender is not waiving any rights it may have under the laws of the State where the Property is located, or Federal law, to notice of defaults or other notices or rights conferred by law to junior lienholders and mortgagees.
- 4. Successors and Assigns.** This Agreement shall be binding upon and be for the benefit of any successor or assignee of the New Security Instrument or any successor of either of the parties.
- 5. Governing Law.** This Agreement shall be governed by the law of the State where the Property is located.
- 6. Reliance.** This Agreement can be relied upon by all persons having an interest in the Property or the New Senior security agreement.
- 7. Entire Agreement; Amendments.** This Agreement represents the entire and complete agreement between Junior Lender and Senior Lender. Any waiver, modification or novation of this Agreement must be in writing, executed by New Senior Lender (or its successors or assigns) and Junior Lender (or its successors or assigns) and, if this Agreement was recorded in the real estate records of the governmental entity in which the Property is located, recorded in such real estate records, to be enforceable.
- 8. Acceptance.** New Senior Lender shall be deemed to have accepted and agreed to the terms of this Agreement by recordation of this Agreement at or about the time New Senior Security Instrument is recorded. This Agreement shall be void if not recorded within 90 days of the reference date first written above.

NEW SENIOR LENDER : WELLS FARGO HOME MORTGAGE

JUNIOR LENDER : SOUTH VALLEY BANK & TRUST

By : _____

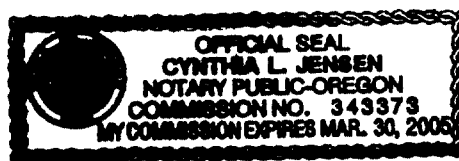
By : Margie Wright - Stephanie, Vice President

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

STATE OF
COUNTY OF KlamathON 5/29/02 before me, Cynthia L. Jensen personally appeared
Virgie Wright Stepanin

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.

Signature Cynthia L. JensenSTATE OF
COUNTY OF _____

ON _____ before me, _____ personally appeared

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.

Signature _____

Exhibit "A"

Loan Number : 472-0064679

LOT 76 OF RUNNING Y RESORT, PHASE 1 PLAT, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE IN THE OFFICE OF THE COUNTY CLERK, KLAMATH COUNTY, OREGON.

AND AS OF JANUARY 17, 2002 AT 8:00 A.M., TITLE VESTED IN:

PAUL N. POETSCH AND FRANCES M POETSCH, AN ESTATE IN FEE SIMPLE AS TENANTS BY THE ENTIRETY,

SUBJECT TO THE EXCEPTIONS, EXCLUSIONS AND STIPULATIONS WHICH ARE ORDINARILY PART OF SUCH POLICY FORM AND THE FOLLOWING (SEE COPY ATTACHED) :

1. AN EASEMENT CREATED BY INSTRUMENT, INCLUDING THE TERMS AND PROVISIONS THEREOF:
RECORDED : AUGUST 23, 1917 IN VOLUME 47 PAGE 264, DEED RECORDS OF KLAMATH COUNTY, OREGON

FOR : A 00 FOOT RIGHT OF WAY

2. EASEMENT AND RELEASE OF CLAIM FOR DAMAGES, INCLUDING THE TERMS AND PROVISIONS THEREOF,

RECORDED : OCTOBER 24, 1926 IN VOLUME 64 PAGE 489, DEED RECORDS OF KLAMATH COUNTY, OREGON

IN FAVOR OF : THE CALIFORNIA OREGON POWER COMPANY

3. RIGHTS OF WAY, INCLUDING THE TERMS AND PROVISIONS THEREOF,

RECORDED : FEBRUARY 18, 1926 IN VOLUME 69 PAGE 299, DEED RECORDS OF KLAMATH COUNTY, OREGON

IN FAVOR OF : THE CALIFORNIA OREGON POWER COMPANY

4. EASEMENT AND RELEASE OF CLAIM DAMAGES, INCLUDING THE TERMS AND PROVISIONS THEREOF, RELATIVE TO THE RAISING AND/OR LOWERING THE WATERS OF UPPER KLAMATH LAKE BETWEEN THE LEVELS OF 4137 AND 4143.3 FEET ABOVE SEA LEVEL.

RECORDED : APRIL 5, 1932 IN VOLUME 97 PAGES 211, 213, 215, 217, 219, 221, 223, 225 AND 227 AND ON MAY 1, 1923 IN VOLUME 61 PAGE 116, DEED RECORDS OF KLAMATH COUNTY, OREGON

IN FAVOR OF : THE CALIFORNIA OREGON POWER COMPANY