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MTL 58391 -ms

PNC BANK
2730 LIBERTY AVE
PITTSBURGH, PA 15222

TO
KLAMATH FIRST FEDERAL S&L
714 MAIN STREET
KLAMATH FALLS, OR 97601

AFTER RECORDING, RETURN TO:
PNC BANK
2730 LIBERTY AVE
PITTSBURGH, PA 15222

State of Oregon, County of Klamath
Recorded 11/12/2002 10:57 a. m.
Vol M02, Pg 65055-54
Linda Smith, County Clerk
Fee \$ 41.00 # of Pgs 5

SUBORDINATION AGREEMENT

Trustee Address is located on page 2

Subordinate lender address on page 2.

Full legal description is located on page 2 .

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

THIS AGREEMENT, made this ~~XXX~~ 4th day of OCTOBER , 2002 , by
Michael D. Tusow and Sheryl E. Tusow

whose address is 6620 HAPPY HOLLOW LN , BONANZA OR 97623

owner of the land hereinafter described and hereinafter referred to as "Owner" and PNC BANK

whose address is 2730 LIBERTY AVE PITTSBURGH, PA 15222

present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH

THAT WHEREAS,

VMP-1269 (0107)

7/01

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Initials: _____

VMP MORTGAGE FORMS - (800)521-7291

DOC: 912691 IMG: 112691 APP: 0208290216



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K. W

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did execute a lien, dated MAY 25, 2000 to , as "Trustee,"
none given
whose address is ,

covering:

SEE ATTACHED LEGAL DESCRIPTION : The SW1/4 of the SW1/4 of the SW1/4 of
Section 8, Township 38 South, Range 11 East of the Willamette Meridian,
Klamath County, Oregon

to secure a note in the sum of \$ 23,000.00 , dated MAY 25, 2000
in favor of PNC BANK , which Deed of Trust
was recorded JUNE 13, 2000 , in book 00000000 MOO page 00021327
of Official Records of said county; and

WHEREAS, Owner has executed, or is about to execute a deed of trust and note in the sum of
\$ 136,000.00 , dated ? , in favor of
KLAMATH FIRST
whose address is 714 MAIN STREET, KLAMATH FALLS, OR 97601
hereinafter referred to as "Lender," payable with interest and upon the terms and conditions described therein,
which deed of trust is to be recorded concurrently herewith: and

WHEREAS, it is a condition precedent to obtaining said loan that said deed of trust last above
mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore
described, prior and superior to the lien first above mentioned; and

WHEREAS, Lender is willing to make said loan provided the deed of trust securing the same is a lien
or charge upon the described property prior and superior to the lien first above mentioned and provided that
Beneficiary will specifically and unconditionally subordinate the lien first mentioned to the lien in favor of
Lender; and

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WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such a loan to Owner; and Beneficiary is willing that the deed of trust securing the same shall, when recorded, constitute a lien or ~~charge~~ upon said land which is unconditionally prior and superior to the lien first above mentioned.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the loan above referred to, it is hereby declared, understood and agreed as follows:

- (1) That said deed of trust securing said note in favor of Lender, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien ~~XXXXXX~~ on the property therein described, prior and superior to the lien first above mentioned.
- (2) That Lender would not make its loan above described without this subordination agreement.
- (3) That this agreement shall be the whole and only agreement with regard to the subordination of the lien first above mentioned to the lien ~~XXXXXX~~ of the deed of trust in favor of the Lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreements as to such subordination including, but not limited to, those provisions, if any, contained in the lien first above mentioned, which provide for the subordination of the lien to a deed of trust.

Beneficiary declares, agrees and acknowledges that

- (a) He consents to and approves (i) all provisions of the note and deed of trust in favor of Lender above referred to, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's Loan;
- (b) Lender is making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;

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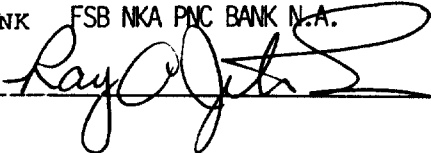
(c) He intentionally and unconditionally waives, relinquishes and subordinates the lien first above mentioned in favor of the lien ~~first above mentioned~~ upon said land of the deed of trust in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquish and subordinate specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination; and

(d) An endorsement has been placed upon the lien first above mentioned that said lien has by this instrument been subordinated to the deed of trust in favor of Lender above referred to.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

PNC BANK FSB NKA PNC BANK N.A.

BY



RAY A. JETER SR. VICE PRESIDENT

STATE OF: PENNSYLVANIA

COUNTY OF: ALLEGHENY

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On this 24th day of OCTOBER, 2002, before me, the undersigned, a notary public in and for said county, personally appeared to me RAY A. JETER SR. personally known and being duly sworn did say that he/she is the VICE PRESIDENT of PNC BANK N.A. and that foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he/she acknowledged the execution of said instrument to be the voluntary act and deed of said corporation.

Witness my hand and notarial seal the day and year last above written.

Notarial Seal
Denise M. Csokuly, Notary Public
Pittsburgh, Allegheny County
My Commission Expires Aug. 25, 2003
Member, Pennsylvania Association of Notaries

My commission expires _____

Denise M. Csokuly
Notary Public-