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MTC 59241-LW

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SUBORDINATION AGREEMENT /
TRUST DEED

STATE OF OREGON,

Klamath Public Employees Federal
Credit Union
3737 Shasta Way, Klamath Falls, OR
To 97603
Mortgage Market, Inc.

SPACE RESERVED
FOR
RECORDER'S USE

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

Mortgage Market, Inc.
9020 SW Washington Square Dr. #550
Tigard, OR 97223

State of Oregon, County of Klamath y
Recorded 01/02/2003 3:35 p.m.
Vol M03 Pg 00317-18
Linda Smith, County Clerk
Fee \$ 21.00 # of Pgs 3

AMT 59241-LW

THIS AGREEMENT made and entered into this 9th day of December, 2002, by and between Klamath Public Employees Federal Credit Union, hereinafter called the first party, and Mortgage Market, Inc., hereinafter called the second party, WITNESSETH:

On or about June 24, 2002, Delbert W. Sparks and Noranne Sparks, as Tenants by the entirety, being the owner of the following described property in Klamath County, Oregon, to-wit:

Please see attached exhibit "A".

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE)

executed and delivered to the first party a certain Trust Deed

(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 \$23,500.00, which lien was:

- (Delete any language not pertinent to this transaction)
- Recorded on June 28, 2002, in the Records of Klamath County, Oregon, in book/reel/volume No. M02 at page 37433 and/or as fee/file/instrument/microfilm/reception No. (indicate which);
 - Filed on 19, in the office of the 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 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 \$168,000.00 to the present owner of the property, with interest thereon at a rate not exceeding 5.625 % per annum. This loan is to be secured by the present owner's Trust Deed

(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 20 days years (indicate which) from its date.

(OVER)

24.00
31 M



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 Public Employees Federal Credit Union

By: Gwen D. Smith Gwen D. Smith

As: A Loan Officer _____

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on _____, 19____,
by _____

This instrument was acknowledged before me on December 10, 2002, 19____,

by Gwen D. Smith

as A Loan Officer

of Klamath Public Employees Federal Credit Union

Robin L. Belt
Notary Public for Oregon
My commission expires Sept. 12, 2003

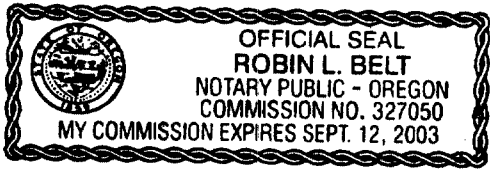


EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1:

A parcel of land situated in the NE 1/4 SE 1/4 of Section 25, Township 39 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at an iron pipe on the East line of Section 25, Township 39 South, Range 7 East of the Willamette Meridian, from which the East 1/4 corner of said Section 25 bears North 562.5 feet distant; thence South along said East line of Section 25, 195.00 feet to the true point of beginning; thence continuing South along the East line of said Section 25, 135.00 feet; thence West 490.00 feet; thence North and parallel to the East line of said Section 25, 165.00 feet; thence East 460.00 feet; thence South 30.00 feet; thence East 30.00 feet to the point of beginning; with bearings based on Minor Partition No. 82-74 as filed in the Klamath County Engineer's Office.

PARCEL 2:

A parcel of land situated in the NE1/4 SE1/4 of Section 25, Township 39 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at an iron pipe on the East line of Section 25, Township 39 South, Range 7 East of the Willamette Meridian, from which the East 1/4 corner of said Section 25 bears North 562.5 feet distant; thence South along said East line of Section 25, 330.00 feet to the true point of beginning; thence continuing South along said East line of Section 25, 292.3 feet to an iron pipe; thence West 490.00 feet to an iron pipe; thence North and parallel to the East line of said Section 25 a distance of 292.3 feet; thence East 490.00 feet, more or less, to the point of beginning with bearings based on Minor Partition 82-74 as filed in the Klamath County Engineer's Office.

PARCEL 3:

A parcel of land situated in the NE1/4 SE1/4 of Section 25, Township 39 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at an iron pipe on the East line of Section 25, Township 39 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon, from which the East corner of said Section 25 bears North 562.5 feet distant; thence South along said East line of Section 25, 195.00 feet; thence West 30.00 feet; thence North 30.00 feet; thence West 310.00 feet; thence Northwesterly 177.5 feet, more or less to a point which is 416.00 feet West of the point of beginning; thence East 416.00 feet to said point of beginning.