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MTL 59901-m

THIS AGREEMENT, Made and entered into this 24th day of February, 2003, by and between HIGHLAND COMMUNITY FEDERAL CREDIT UNION, hereinafter called the first party, and WATERFIELD FINANCIAL, hereinafter called the second party; WITNESSETH:

On or about January 12, 2001, DAVID R. NOBLE AND CHERI L. NOBLE, husband and wife, being the owner of the following described property in Klamath County, Oregon, to-wit:

All of that portion of the E1/2 of SE 1/4 lying North of the Northerly right of way line of the Dairy-Bonanza Highway in Section 36, Township 38 South, Range 11 1/2 East of the Willamette Meridian, Klamath County, Oregon, EXCEPTING THEREFROM the Easterly 30 feet of said Property.

CODE NO. 037 Account No. 3811-V3600-01100-000 Key No. 484345
CODE NO. 037 Account No. 3811-V3600-01300-000 Key No. 484390

'03 MAR 12 AM 11:03

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE SIDE)

executed and delivered to the first party a certain Revolving 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 \$25,000.00, which lien was:

—Recorded on January 18, 2001, in the Records of Klamath County, Oregon, in book ~~XXXXXX~~ M-01 at page 2151 and ~~as a fee/file/instrument/microfilm/reception No.~~

—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 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 hereby is 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 \$144,763.00 to the present owner of the property, with interest thereon at a rate not exceeding 6% per annum. This loan is to be secured by the present owner's Trust Deed (hereinafter called

(State nature of lien to be given, whether mortgage, trust deed, contract, security agreement or otherwise)

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

— OVER —

SUBORDINATION AGREEMENT

Highland Community Federal
Credit Union

To

Waterfield Financial

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

SPACE RESERVED
FOR
RECORDER'S USE

STATE OF OREGON

State of Oregon, County of Klamath
Recorded 03/12/2003 11:03 A m.
Vol M03 Pg 14823-24
Linda Smith, County Clerk
Fee \$ 26.00 # of Pgs 2



To induce the second party to make the loan last mentioned, the first party heretofore 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, first party's personal representatives (or successors) and assigns, hereby covenants, consents and agrees to and with the second party, second party's personal representatives (or 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 second party's lien in all respects shall be first, prior and superior to that of the first party, provided always, however, that if second party's lien is not duly filed or recorded or an appropriate financing statement thereon duly filed within 30 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.

HIGHLAND COMMUNITY FEDERAL CREDIT UNION

By: Nancy B. Nealy
NANCY B. NEALY, CEO

STATE OF OREGON, County of Klamath) ss.

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

by _____

This instrument was acknowledged before me on February 24, 2003, ~~XX~~

by NANCY B. NEALY

as CEO

of HIGHLAND COMMUNITY FEDERAL CREDIT UNION



Sandra Handsaker
Notary Public for Oregon

My commission expires 7/16/2005