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MTC-60892 MS

Vol M03 Page 37474

State of Oregon, County of Klamath
Recorded 06/03/2003 10:49 a m.
Vol M03 Pg 37474-79
Linda Smith, County Clerk
Fee \$ 46.00 # of Pgs 6

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

AFTER RECORDING, RETURN TO:
KLAMATH FIRST FEDERAL S&L
714 MAIN STREET
KLAMATH FALLS, OR 97601

SUBORDINATION AGREEMENT / Trust Deed

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 22ND day of MAY, 2003, by

STEVEN A MILLER AND LORETTA M MILLER

whose address is 1011 VISTA WAY, KLAMATH FALLS OR 97601

owner of the land hereinafter described and hereinafter referred to as "Owner" and KLAMATH FIRST FEDERAL S&L

whose address is 714 MAIN STREET KLAMATH FALLS, OR 97601

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

WITNESSETH

THAT WHEREAS,

STEVEN A MILLER AND LORETTA M MILLER

VMP-1269 (0107)

7/01

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Initials: _____

VMP MORTGAGE FORMS - (800)521-7291

DOC: 912691 IMG: 112691 APP: 0305220076



46-m

37475

did execute a lien, dated MAY 30, 2001 to
PACIFIC CASCADES FINANCIAL INC , as "Trustee,"
whose address is ,

covering:
SEE ATTACHED

to secure a note in the sum of \$ 60,000.00 , dated MAY 30, 2001
in favor of KLAMATH FIRST FEDERAL S&L , which Deed of Trust
was recorded MAY 31, 2001 , in book 00000001 page 00025526
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
\$ 83,500.00 , dated MAY 22, 2003 , 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

Initials: _____

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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 or charge 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 or charge 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;

Initials: _____

37477

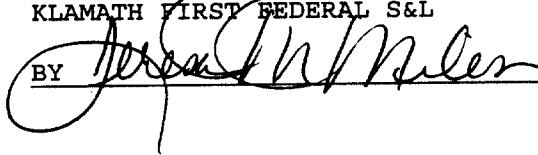
(c) He intentionally and unconditionally waives, relinquishes and subordinates the lien first above mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquish 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.

KLAMATH FIRST FEDERAL S&L

BY



37478

[Space Below This Line Reserved For Notary Acknowledgment(s)]

STATE OF Oregon, COUNTY OF Klamath) as.
This instrument was acknowledged before me on _____, 2003,
by _____
This instrument was acknowledged before me on May 23, 2003,
by Teresa M. Miles,
as Senior Underwriter,
of Klamath First Federal.



Leah Anderson
Notary Public for Oregon

My commission expires June 10, 2005

Initials _____

EXHIBIT "A"

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A parcel of land situated in Lot 20 of LAKESHORE GARDENS and in Lot 7, Block 8 of LYNNEWOOD FIRST ADDITION, both being subdivisions in the County of Klamath, State of Oregon, being more particularly described as follows:

Beginning at the Southeast corner of said Lot 20; thence North 04 degrees 51' 34" East along the East line of said Lot 20, 221.41 feet; thence South 22 degrees 57' 04" West 144.92 feet; thence South 04 degrees 51' 34" West 99.00 feet to a point on the South line of said Lot 7; thence Easterly on said South line along a 363.88 foot radius curve to the right, 45.05 feet; thence North 04 degrees 51' 34" East 14.09 feet to the point of beginning.