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SUBORDINATION AGREEMENT of a TRUST Deed

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STATE OF OREGON,

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South Valley Bank & Trust
803 Main Street
Klamath Falls, OR 97601

Washington Mutual Bank
2655 Shasta Way, Suite 9
Klamath Falls, OR 97603

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

SPACE RESERVED
FOR
RECORDER'S USE

State of Oregon, County of Klamath

Recorded 06/09/2003 2:52 p. m.

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Linda Smith, County Clerk

Fee \$ 2600 # of Pgs 2

eputy.

South Valley Bank & Trust
P.O. Box 3410
Klamath Falls, OR 97601

THIS AGREEMENT dated April 10, 2003 May 9, 2003 MWS,
 by and between SOUTH VALLEY BANK & TRUST,
 hereinafter called the first party, and WASHINGTON MUTUAL BANK,
 hereinafter called the second party, WITNESSETH:

On or about (date) James Bruce Kuchenderfer and Lisa Kochenderfer,
 being the owner of the following described property in Klamath County, Oregon, to-wit:

Lots 23 and 24 in Block 6 of LYNNEWOOD FIRST
 ADDITION, according to the official plat thereof
 on file in the office of the County Clerk of
 Klamath County Oregon.

(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 \$ 32,100, which lien was:
 - Recorded on July 4, 2001, in the Records of Klamath County, Oregon, in
 book/reel/volume No. M01 at page 32461 and/or as fee/file/instrument/microfilm/reception No.
MICROFILM (indicate which);
 - Filed on _____, 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 _____,
 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 _____ of
 _____ 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 \$ 130,150 to the present owner of the property, with interest thereon at a rate not exceeding 5.5 % 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 years (indicate which) from its date.

(OVER)

do -



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 10 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.

STATE OF OREGON, County of

ss.

This instrument was acknowledged before me on May 9th 2003,
by Verge Wright-Stephens
This instrument was acknowledged before me on _____,
by _____
as _____
of _____

Courtney Hall
Notary Public for Oregon

My commission expires

May 10, 2005

