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AFTER RECORDING, RETURN TO:

First Horizon Home Loans
4949 SW Meadows Road Suite 150
Lake Oswego, OR 97035
Attn: Stephanie S. Golda

State of Oregon, County of Klamath
Recorded 09/30/03 11:18a m
Vol M03 Pg 72713
Linda Smith, County Clerk
Fee \$ 21.00 # of Pgs 1

1st 233219

SUBORDINATION AGREEMENT

THIS AGREEMENT, Made and entered into this 23rd day of September, 2003, by and between South Valley Bank & Trust, hereinafter called the first party, and First Horizon Home Loan Corporation, hereinafter called the second party; WITNESSETH:

On or about April 9, 2002, Harlan Robert Mayo II and Mary Ella Mayo, being the owner of the following described property in Klamath County, Oregon, to-wit:
The East 95 feet of Lot 25 Villa St. Claire, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

Executed and delivered to the first party a certain Deed of Trust (herein called the first parties lien) on the property to secure the secure sum of \$35,000, April 9, 2002, as Recorder's Volume M02 page 20844, in Klamath County, Oregon. Reference to the document so recorded or filed 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 is now the owner and holder thereof and the debt thereby secured.

The second party is about to loan the sum of \$77,938 to the present owner of the property, with interest thereon at a rate not exceeding 6.0% per annum. The loan is to be secured by the present owner's Trust Deed (hereinafter called the second parties lien) upon the property and is to be repaid not more than 30 years from its date.

To induce the second party to make the loan last mentioned, the first party heretofore has agreed to 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 the value received, and for the purpose of inducing the second party to make the loan aforesaid, the first party, first parties person representatives (or successors) and assigns, hereby covenants, consents and agrees to and with the second party, second parties 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 parties lien in all respects shall be first, prior and superior to that of the first party, provided always, however, that if second parties lien is not duly filed or recorded or an appropriate financing statement thereon duly filed within 60 days after the date thereof, 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 parties lien, except as hereinabove expressly set forth.

In constructing 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 as its seal, if any, affixed by an officer or other person dully authorized to do so by order of its board of directors.

x Leif B. Jensen

STATE OF

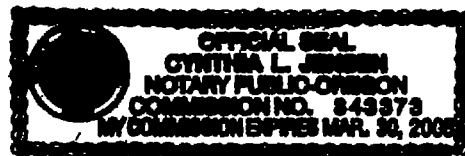
County of Klamath

This instrument was acknowledges before me on 9-25-03

By: Cynthia L Jensen

As: _____

Of: _____



Cynthia L Jensen
Notary Public for Oregon

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