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State of Oregon, County of Klamath  
 Recorded 02/25/2004 1:56 P m  
 Vol M04 Pg 10692-93  
 Linda Smith, County Clerk  
 Fee \$ 26.00 # of Pgs 2

*A 50599 CF*  
**SUBORDINATION AGREEMENT**

WHEREAS, on December 3, 1974, Robert L. Gibson Jr. and Linda E. Gibson, husband and wife ("Borrowers") \* executed a mortgage in favor of FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION, NOW KNOWN AS STERLING SAVINGS BANK, SUCCESSOR BY MERGER OF KLAMATH FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION ("Creditor") encumbering the following described real property:

\*assigned to Terrel E. Stearman and Lee K. Stearman by Warranty Deed recorded September 13, 1976 in Volume M-76, Page 14327; Assigned to Andrew John Hickey by Warranty Deed recorded November 9, 1981, Volume M76 Page 19560; Assigned to Mary Hickey by Bargain and Sale Deed recorded November 3, 1997 in Volume M97, Page 36351.

LOT 5 IN BLOCK 11 SECOND ADDITION TO CYPRESS VILLAGE, KLAMATH COUNTY, OREGON.

Which secured an original indebtedness in the amount of \$26,000.00 and was recorded on December 6, 1974, in Volume M-74, Page 15597, in the public records of Klamath County, State of Oregon;

WHEREAS, thereafter on February 20, 2004, Borrowers executed or will execute a certain mortgage in favor of CitiFinancial ("CitiFinancial") securing an original indebtedness in the amount of \$83,070.93, which will be recorded in the public records of Klamath County, and which mortgage likewise encumbers the above-described property;

WHEREAS, CitiFinancial is not willing and will not make the loan desired by the Borrowers unless CitiFinancial's mortgage is a first mortgage prior in dignity and in every respect to the aforesaid mortgage of Creditor;

NOW, THEREFORE, in consideration of the sum of ONE DOLLAR (\$1.00) and other valuable consideration to Creditor in hand paid, the receipt of which is hereby acknowledged, Creditor does hereby subordinate its mortgage to the above-described mortgage in favor of CitiFinancial and does hereby intend by this Agreement that the mortgage in favor of CitiFinancial shall be a first mortgage lien prior in dignity to Creditor's mortgage as herein described.

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IN WITNESS WHEREOF, Creditor has signed this agreement intending to be legally bound on this day 20<sup>th</sup> day of February, 2004.

Witnesses:

*[Signature]*

STERLING SAVINGS BANK,  
SUCCESSOR BY MERGER OF  
KLAMATH FIRST FEDERAL SAVINGS  
AND LOAN ASSOCIATION

BY: *Kathy Harper*  
Kathy Harper

TITLE: Assistant Vice President

STATE OF WASHINGTON

COUNTY OF SPOKANE

On this, the 20<sup>th</sup> day of February, 2004, the undersigned officer, personally appeared Kathy Harper, who acknowledged that she is the Assistant Vice President of Sterling Savings Bank, successor by merger of Klamath First Federal Savings and Loan Association, and that she, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by herself as such officer/authorized person.

In Witness Whereof, I hereunto set my hand and official seal.



My Commission Expires:

4-23-07

*Marie L. Milliken*  
Notary Public *MARIE L. MILLIKEN*