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SUBORDINATION AGREEMENT



Vol M04 Page 52401

Taylor High

To

Henry J. and Debbie Caldwell

SPACE RESERVED FOR RECORDER'S USE

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

First American Title Collection #

State of Oregon, County of Klamath Recorded 08/09/04 3:48 p m Vol M04 Pg 52401-02 Linda Smith, County Clerk Fee \$ 26.00 # of Pgs 2

THIS AGREEMENT dated July 28, 2004

by and between Taylor High hereinafter called the first party, and Henry J. Caldwell Jr. and Debbie Caldwell hereinafter called the second party, WITNESSETH:

On or about (date) May 9, 2002 and June 27, 1997, Jon Deese and Susan Deese

, being the owner of the following described property in Klamath County, Oregon, to-wit:

All that portion of Government Lot 6, Section 13, Township 39 South, Range 10 East of the Willamette Meridian, lying North of the U.S.B.R. Canal, together with

All that portion of Government Lot 11, Section 14, Township 39 South, Range 10 East of the Willamette Meridian lying North of the U.S.B.R. Canal and Northeasterly of the existing fence line at the KID Bridge, and also

Parcel No. 1 of Minor Land Partition No. 47-91 lying South of the U.S.B.R. Canal and North of South Poe Valley Road, situated in Sections 13 and 14, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE)

executed and delivered to the first party a certain assignments of Trust Deeds

(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 \$ 129,000.00, which lien was:

(Delete any language not pertinent to this transaction)

- Recorded on M-02 page 27738 & M-97 on page 35654 in the Records of Klamath County, Oregon, in book/roll/volume No. / at page // and assigned in M-02 on page 35653 and on M-02 on page 35654 (indicate which);
Filed on , in the office of 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 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 \$ 171,600.00 to the present owner of the property, with interest thereon at a rate not exceeding 12.000% per annum. This loan is to be secured by the present owner's

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

the second party's lien) upon the property and is to be repaid not more than 2 days years (indicate which) from its date.

(OVER)

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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 there-to duly filed within ----- 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.

[Handwritten signature]

STATE OF OREGON, County of Klamath) ss.
This instrument was acknowledged before me on July 28th, 2004
by Taylor Rye
This instrument was acknowledged before me on _____
by _____
as _____
of _____



[Handwritten signature: Trudie Durant]

Notary Public for Oregon
My commission expires _____