

**RECORDING REQUESTED BY:**  
FIRST AMERICAN LENDERS  
ADVANTAGE

State of Oregon, County of Klamath  
Recorded 03/15/2005 10:23 a m  
Vol M05 Pg 16887-40  
Linda Smith, County Clerk  
Fee \$ 36.00 # of Pgs 4

**AND WHEN RECORDED MAIL TO:**  
FIRST AMERICAN TITLE  
1591 GALBRAITH AVE  
GRAND RAPIDS MI 49546

A.P.N: R-498198  
File No: 2788483 -B5

**SUBORDINATION AGREEMENT**  
(Existing to New)

**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 16 day of FEBRUARY, 2005, by

RODNEY J. DAILEY AND REBECCA L. DAILEY, HUSBAND AND WIFE  
Owner of land hereinafter described and hereinafter referred to as "Owner", and

MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., AS NOMINEE FOR  
123LOAN, LLC

Present Owner and Holder of the Deed of Trust and Note first hereinafter described and hereinafter referred to as "Beneficiary",

**WITNESSETH**

THAT WHEREAS RODNEY J. DAILEY AND REBECCA L. DAILEY, HUSBAND AND WIFE has executed a Deed of Trust dated 03/29/04 to FIDELITY NATIONAL TITLE INSURANCE COMPANY, as Trustee, covering:

THE FOLLOWING REAL PROPERTY LOCATED IN THE COUNTY OF KLAMATH, STATE OF OREGON. A PARCEL OF LAND IN THE NE1/4 NW1/4 OF SECTION 23. TOWNSHIP 39 SOUTH, RANGE 8 EAST OF WILLAMETTE MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS;  
A POINT NORTH 89 DEG 31 MIN 24 SEC WEST 77.0 FEET AND SOUTH 0 DEG 40 MIN 29 SEC WEST 165.0 FEET FROM THE NORTH QUARTER CORNER OF SECTION 23 TO AN IRON PIN WHICH IS THE TRUE POINT OF BEGINNING;

THENCE SOUTH 0 DEG 40 MIN 29 SEC WEST 296.0 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY OF KENO-ASHLAND HIGHWAY; THENCE SOUTH 53 DEG 57 MIN 10 SEC WEST ALONG SAID RIGHT OF WAY 154.6 FEET TO A POINT; THENCE NORTH 10 DEG 45 MIN 24 SEC WEST 391.5 FEET TO AN IRON PIN; THENCE SOUTH 89 DEG 31 MIN 24 SEC EAST 204.8 FEET TO THE POINT OF BEGINNING. THIS PROPERTY IS FREE OF LIENS AND ENCUMBRANCES, EXCEPT: SUBJECT TO RESERVATIONS AND RESTRICTIONS OF RECORD, RIGHTS OF WAY AND EASEMENTS OF RECORD AND THOSE APPARENT UPON THE LAND, CONTRACTS AND/OR LIENS FOR IRRIGATION AND/OR DRAINAGE.

To secure Note in the Sum of \$40,000.00 dated 03/29/04, in favor of MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., AS NOMINEE FOR 123LOAN, LLC, which Deed of Trust was recorded 04/15/04 in Docket/Book M04, Page 22140, or Instrument No. N/A, of said County; and

WHEREAS, Owner has executed, or is about to execute, a Deed of Trust and Note in the sum of \$108,500.00 (**NOT TO EXCEED THIS AMOUNT**), dated 3-1-2005, in favor of GMAC MORTGAGE, 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 or charge of the Deed of Trust 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 above described property prior and superior to the lien or charge of the Deed of Trust first above mentioned and provided that the Beneficiary will specifically and unconditionally subordinate the lien or charge upon said land which is unconditionally prior and superior to the lien or charge of the Deed of Trust 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 renewals or extensions thereof, shall unconditionally be and remain at all times a lien prior charge on the property therein described, prior and superior to the lien or charge of the Deed of Trust first above mentioned.
- 2) That Lender would not make its loan above described without this subordination agreement.

That this agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Deed of Trust first above mentioned to the lien or charge of the Deed of Trust in favor of lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between

- 3) the Deed of Trust hereinbefore specifically described any prior agreement as to such subordination including, but not limited to, these provisions, if any, contained in the Deed of Trust first above mentioned, which provide for the subordination of the lien or charge thereof to another deed or deed of trust or to another mortgage or mortgages.

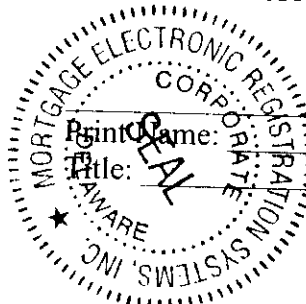
Beneficiary declares, agrees, and acknowledges that

1. 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;
2. Lender in 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 of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made or in part;
3. He intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the Deed of Trust 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 and relinquishment and subordination 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
4. An endorsement has been placed upon the note secured by Deed of Trust first above mentioned that said Deed of Trust has by this instrument been subordinated to the lien or charge of the Deed of Trust in favor of Lender 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 THE IMPROVEMENT OF THE LAND.**

BENEFICIARY: MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., AS NOMINEE FOR 123LOAN, LLC

Print Name: B. M. GALLAGHER  
Title: N.P. ADMIN. SERVICES.



## (ALL SIGNATURES MUST BE ACKNOWLEDGED)

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS  
SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR  
ATTORNEYS

WITH RESPECT THERETO  
(CLTA SUBORDINATION FORM "A")

STATE OF Florida )SS

COUNTY OF Hillsborough

On February 16<sup>th</sup>, 2005, before me,

BH Gallagher personally appeared

VP Admin of HSBC person

ally known to me (or proved to me on the basis of satisfactory evidence) to the person(s)  
whose name(s) is /are subscribed to the within instrument and acknowledged to me that  
he/she/they executed the same in his/her/their authorized capacity(ies) and that  
his/her/their signature(s) on the instrument to the person(s) or the entity upon behalf of  
which the person(s) acted executed the instruments.

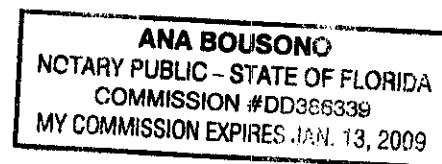
WITNESS my hand and official seal.

Signature

[Signature]

My Commission Expires:

1/13/2009



This area for official notarial seal.