

05 MAY 18 AM 8:24

Vol M05 Page 35885

Recording requested by: LSI
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Custom Recording Solutions
2550 N. Red Hill Ave.
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State of Oregon, County of Klamath
Recorded 05/18/05 8:24 a m
Vol M05 Pg 35885-90
Linda Smith, County Clerk
Fee \$ 46.00 # of Pgs 6

NSL# 1246828

APN# R595145

SUBORDINATION AGREEMENT OF DEED OF TRUST

First Party: Sounth Valley Bank & Trust, OR

Second Party: Wells Fargo Bank, N.A.

Owner of Property: Kenneth L. & Pamela J. Smith

46

35886

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SUBORDINATION AGREEMENT

New Loan #: 0051859288

This Subordination Agreement is dated for reference 04/19/2005 and is between
SOUTH VALLEY BANK & TRUST, OR whose
principal address is 801 MAIN ST, KLAMATH FALLS, OR 97601,
(called "Junior Lender") and

New Senior Lender's
Name : WELLS FARGO BANK, N.A.

Senior Lender's
Address : P.O. BOX 5137 DES MOINES, IA - 50306-5137
(called "New Senior Lender")

RECITALS

A. Junior Lender is the vested holder and owner of the following described promissory note
(the "Note") secured by a mortgage or deed of trust (the "Security Instrument");

Date of Note and Security Instrument : 08/07/2001

Borrower(s) Name(s) ("Borrowers") : KENNETH L. SMITH AND PAMELA J. SMITH

Property Address : 12006 MALLORY DR KLAMATH FALLS, OR 976030000

Legal Description of real property secured by Security Instrument ("Property") :

Recording Date 08/14/2001 County : KLAMATH Amount : \$30,000.00

Recording Number : _____ Book : M01 Page : 40899

B. Borrowers, as current owners of the Property, wish to replace their current first priority mortgage
loan on the Property with a new first priority mortgage loan secured by the Property from New
Senior Lender in the original principal sum of \$ 89695.00 Date : 3/31/05
(the "New Senior Security Instrument").

New Senior Lender will not provide this financing without an agreement by Junior Lender to subordinate its lien/security interest in the Property to the new interest of New Senior Lender.

In consideration of the benefits to Junior Lender from the new financing on the Property provided by New Senior Lender, Junior Lender agrees and declares as follows:

1.Subordination to New Senior Security Instrument.

Junior Lender agrees that upon recordation of the New Senior Security Instrument, Junior Lender's lien/security interest in the Property shall be unconditionally and forever inferior, junior and subordinate in all respects to the lien/security interest of Senior Mortgagee's New Senior Security Instrument and all obligations it secures. Junior Mortgagee irrevocably consents to and approves all provisions of the New Senior Security Instrument and the terms of the obligations it secures.

2.No Subordination to Other Matters.

Junior Lender is subordinating its lien/security interest to the New Security Instrument only, and not to other or future liens or security interests in the Property. Junior Lender has no obligation to consent to future requests for subordination of its lien/security interest.

3.No Waiver of Notice.

By subordinating its lien/security instrument, Junior Lender is not waiving any rights it may have under the laws of the State where the Property is located, or Federal law, to notice of defaults or other notices or rights conferred by law to junior lienholders and mortgagees.

4.Successors and Assigns.

This Agreement shall be binding upon and be for the benefit of any successor or assignee of the New Security Instrument or any successor of either of the parties.

5.Governing Law.

This Agreement shall be governed by the law of the State where the Property is located.

6.Reliance.

This Agreement can be relied upon by all persons having an interest in the Property or the New Senior Security Instrument.

7.Entire Agreement;Amendments.

This Agreement represents the entire and complete agreement between Junior Lender and Senior Lender. Any waiver, modification or novation of this Agreement must be in writing, executed by New Senior Lender (or its successors or assigns) and Junior Lender (or its successors or assigns) and, if this Agreement was recorded in the real estate records of the government entity in which the Property is located, recorded in such real estate records, to be enforceable.

8.Acceptance.

New Senior Lender shall be deemed to have accepted and agreed to the terms of this Agreement by recordation of this Agreement at or about the time New Senior Security Instrument is recorded. This Agreement shall be void if not recorded within 90 days of the reference date first written above.

• 35888

JUNIOR LENDER: SOUTH VALLEY BANK & TRUST, OR

BY: Neil B Drew

NAME: Neil B Drew

TITLE: VP / Real Estate Loans

STATE OF Oregon

35889

COUNTY OF Klamath

On April 25, 2005 before

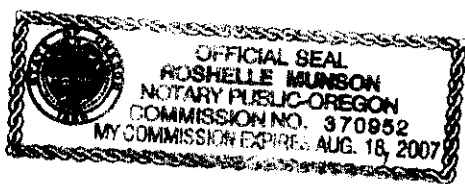
Me, Roshelle Munson

Personally Appeared Neil Drew

Personally known to me (or proved to me on the basis of satisfactory evidence to be 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 by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Roshelle Munson Signature of Notary Public



(This area for notarial seal)

35890

Order ID: 1246828

Loan No.: 0051859288

**EXHIBIT A
LEGAL DESCRIPTION**

THE FOLLOWING DESCRIBED PROPERTY LOCATED IN KLAMATH COUNTY,
OREGON:

A PARCEL OF LAND SITUATED IN SECTION 9, TOWNSHIP 39 SOUTH, RANGE 10
EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON, BEING MORE
PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST 1/4 CORNER OF SAID SECTION 9; THENCE SOUTH 00
DEGREES 08'00" WEST ALONG THE EAST LINE OF SAID SECTION 9, 30.00 FEET;
THENCE LEAVING SAID SECTION LINE NORTH 89 DEGREES 55'00" WEST 494.71 FEET
TO THE POINT OF BEGINNING FOR THIS DESCRIPTION; THENCE CONTINUING
NORTH 89 DEGREES 55'00" WEST, 167.09 FEET; THENCE SOUTH 00 DEGREES 08'00"
WEST, 288.82 FEET; THENCE EAST, 167.09 FEET; THENCE NORTH 00 DEGREES
08'00" EAST, 288.58 FEET TO THE POINT OF BEGINNING.

APN: R595145