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SUBORDINATION AGREEMENT



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South Valley Bank & Trust  
 PO Box 5210  
 Klamath Falls OR 97601  
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 PO Box 5210  
 Klamath Falls OR 97601

After recording, return to (Name, Address, Zip):  
 South Valley Bank & Trust  
 Attn: Toni  
 PO Box 5210  
 Klamath Falls OR 97601

State of Oregon, County of Klamath  
 Recorded 06/28/05 3:14 p m  
 Vol M05 Pg 48912-13  
 Linda Smith, County Clerk  
 Fee \$ 26<sup>00</sup> # of Pgs 2 eputy.

THIS AGREEMENT dated June 22, 2005  
 by and between South Valley Bank & Trust  
 hereinafter called the first party, and South Valley Bank & Trust  
 hereinafter called the second party, WITNESSETH:  
 On or about (date) April 9, 2004 Neil B Drew and Holly Drew  
 , being the owner of the following described property in Klamath County, Oregon, to-wit:

Lot 42, RUNNINY Y RESORT, PHASE I, according to the official plat thereof on file  
 in the office of the County Clerk of Klamath County, Oregon.

(IF SPACE INSUFFICIENT, CONTINUE DESCRIPTION ON REVERSE)

executed and delivered to the first party a certain Deed of Trust  
 (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 \$ 30,000.00 , which lien was:  
 Recorded on April 15, 2004 , in the Records of Klamath County, Oregon, in  
 book/reel/volume No. M04 at page 22149 and/or as fee/file/instrument/microfilm/reception No.  
 (indicate which);  
 Filed on , in the office of the 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 the of  
 County, Oregon, where it bears fee/file/instrument/microfilm/reception No.  
 (indicate which).

(Delete any language not pertinent to this transaction)

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 \$ 250,000.00 to the present owner of the property, with interest there-  
 on at a rate not exceeding 5.25% per annum. This loan is to be secured by the present owner's

Deed of Trust (hereinafter called

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

the second party's lien) upon the property and is to be repaid not more than 30 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 thereto duly filed within 30 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.



Jeri Keeton  
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Jeri Keeton  
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VP/Consumer Credit Manager for  
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South Valley Bank & Trust  
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STATE OF OREGON, County of Jackson ) ss.  
This instrument was acknowledged before me on June 27th 2005,  
by Kristi Vollmar,  
This instrument was acknowledged before me on June, 27th 2005,  
by Jeri Keeton,  
as VP/Consumer Credit Manager  
of South Valley Bank & Trust

Kristi Vollmar  
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Notary Public for Oregon  
My commission expires Sept 2, 2007