

RECORDING REQUESTED BY:

LSI Title Company of Oregon, a California Corporation
Escrow No. 3891456-KS -3891456-58
Title Order No. 3891456

When Recorded Mail Document To:

South Valley Bank and Trust
803 Main St. #401
Klamath Falls, OR 97601

2007-020119

Klamath County, Oregon



00036019200700201190040041

11/30/2007 08:56:51 AM

Fee: \$36.00

APN: *R307386*

SUBORDINATION AGREEMENT

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 October 19, 2007, by Ralph P. Eccles and Carrie A. Ganong, Trustees of the Ganong-Eccles Family Trust uda September, 4, 2007

owner of the land hereinafter described and hereinafter referred to as "Owner," and Ralph P. Eccles and Carrie A. Ganong present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH

THAT WHEREAS, Ralph P. Eccles and Carrie A. Ganong , did execute a deed of trust, dated 11/18/2004, to Aspen Title and Escrow, Inc., as trustee, covering SEE EXHIBIT "A"
In the City of Klamath Falls, County of Klamath, State of Oregon.

to secure a note in the sum of **\$20,800.00**, dated 11/18/2004, in favor of South Valley Bank and Trust, which deed of trust was recorded as instrument no. N/A , on 11/19/2004 , in book M04, page 79940, Official Records of said county; and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum not to exceed the amount of **\$161,728.00** dated _____ , in favor of Citimortgage Portfolio Direct, 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 Beneficiary will specifically and unconditionally subordinate 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; and

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LSI

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Beneficiary is willing that the deed of trust securing the same shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge of the deed of trust first 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 any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the deed of trust above mentioned.
- (2) That Lender would not make its loan above described without this subordination agreement.
- (3) 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 the deeds of trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited, those 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 deeds of trust or to another mortgage or mortgages.

Beneficiary declares, agrees and acknowledges that

- (a) 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;
- (b) 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 or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;
- (c) 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, 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
- (d) An endorsement has been placed upon the note secured by the 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 above 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 IMPROVEMENT OF THE LAND.

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

Bridgitte Griffin
South Valley Bank and Trust

VP/Real Estate, Consumer & Small
Position Business Credit Manager

Beneficiary

Ralph P. Eccles Trustee
Ralph P. Eccles, Trustee

Carrie A. Ganong Trustee
Carrie A. Ganong, Trustee

Owner

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

State of Oregon
County of Klamath

On October 25, 2007 before me, Toni L Rinehart
(here insert name and title of the officer)

personally appeared Bridgitte Griffin, VP/ Real Estate, Consumer and Small Business Credit Manager

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.

Signature Toni L Rinehart



State of Oregon
County of KLAMATH

On NOV 30 2007 before me, RHONDA J. YOUNG
(here insert name and title of the officer)

personally appeared Ralph P. Eccles, Trustee & Carrie A. Ganong, Trustee

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.

Signature [Signature]

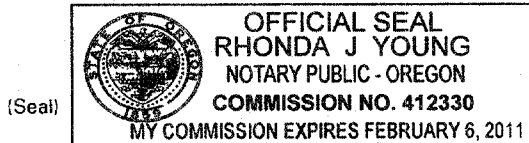


EXHIBIT "A"

The land referred to in this policy is situated in the State of OR, County of Klamath, City of Klamath Falls and described as follows:

Lots 13 and 14, Block 10, The Terraces, according to the official plat thereof on file in the office of the Clerk of Klamath County, Oregon.

APN: R307386