

2008-011174

Klamath County, Oregon



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08/06/2008 03:26:01 PM

Fee: \$31.00

LTC 828 WLD

After recording, return to:
Bendich, Stobaugh & Strong, P.C.
701 Fifth Avenue, Suite 6550
Seattle, WA 98104

SUBORDINATION OF DEED OF TRUST

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. IT IS RECOMMENDED THAT PRIOR TO EXECUTION OF THIS SUBORDINATION AGREEMENT YOU CONSULT WITH YOUR ATTORNEY.

West Coast Bank, ("Subordinator") agrees as follows:

1. Cherie Lee Appleby ("Owner") owns the real property described below ("the Property"):

The E1/2 NW1/4 and SW1/4 NW1/4 of Section 22, Township 23 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, LESS AND EXCEPTING that portion lying within the right of way of the Great Northern Railroad.

2. Subordinator is the holder of a promissory note executed by Owner in the original principal amount of \$150,000. Payment of the note is secured by a deed of trust dated April 29, 2008, recorded on May 7, 2008, Klamath County Recording No. 2008-006766. This deed of trust will be referred to herein as "Subordinator's Deed of Trust."

3. Owner has executed or will be executing a deed of trust in favor of and note in the amount of \$753,000 payable to Oregon Business Development Corporation ("CDC"). The deed of trust covers the Property. CDC has assigned or will be assigning these instruments to the United States Small Business Administration ("SBA"). The deed of trust will be referred to herein as "the SBA's Deed of Trust." CDC and the United States Small Business Administration will be referred to herein collectively as "Lender."

4. In consideration of benefits to Subordinator from Owner, receipt and sufficiency of which is hereby acknowledged, and to induce Lender to advance funds

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under the SBA's Deed of Trust and all agreements in connection therewith, the Subordinator does hereby unconditionally subordinate the lien of Subordinator's Deed of Trust to the lien of the SBA's Deed of Trust and all advances or charges made or accruing thereunder, including any extension or renewal thereof.

5. Subordinator acknowledges that Lender has no obligation to Subordinator to advance any funds under the SBA's Deed of Trust or see to the application of the SBA's Deed of Trust funds, and any application or use of such funds for purposes other than provided for in such deed of trust, note or agreements shall not defeat the subordination herein made in whole or in part.

6. It is understood by the parties hereto that Lender would not make the loan secured by the SBA's Deed of Trust without this agreement.

7. This agreement shall be the whole and only agreement between the parties hereto with regard to the subordination of the lien or charge of the Subordinator's Deed of Trust to the SBA's Deed of Trust and shall supersede and cancel any prior agreements as to such, or any, subordination.

8. When SBA is the holder of the Note, this document and all documents evidencing or securing the Note described in Paragraph 3 will be construed in accordance with federal law. The CDC or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan.

9. The heirs, administrators, assigns and successors in interest of the subordinator shall be bound by this agreement.

EXECUTED this 24 day of July, 2008.

West Coast Bank

By: 

Name

Title

Jerry Burns

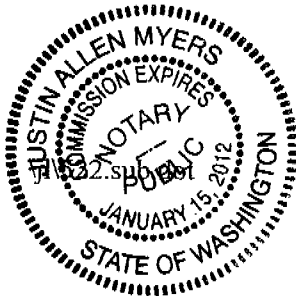
Senior Vice President

State of WA)
)
County of CLALLAM) SS.

I certify that I know or have satisfactory knowledge that GERALD BRUNS is the person who appeared before me, and said person acknowledged that s/he signed this instrument, on oath stated that s/he was authorized to execute the instrument and acknowledged it as the Senior Vice President of West Coast Bank to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated 7.24.08

(Seal or Stamp)



[Signature]
Notary Public in and for the State of WA
residing at 500 E. BROADWAY, SUITE 100
VANCOUVER, WA 98000
My appointment expires: 1-15-2012