

2015-005546

Klamath County, Oregon

05/29/2015 11:55:19 AM

Fee: \$72.00

**RECORDATION REQUESTED BY:**

Washington Federal  
425 Pike Street  
Seattle, WA 98101

**WHEN RECORDED MAIL TO:**

Washington Federal  
Commercial Loan Servicing  
425 Pike Street  
Seattle, WA 98101

Return to:

47055AM AmeriTitle

FOR RECORDER'S USE ONLY

**NOTICE: THIS SUBORDINATION OF DEED OF TRUST 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.**

**SUBORDINATION OF DEED OF TRUST**

THIS SUBORDINATION OF DEED OF TRUST dated May 26, 2015, is made and executed among William R. Scally, whose address is P.O. Box 773, Gilchrist OR 97737 ("Beneficiary"); Western Title & Escrow Company, whose address is PO Box 737, Redmond, OR 97756 ("Trustee"); Bruce D. Hall, whose address is 135151 Hwy 97 N, Crescent, OR 97733; and Donna M. Hall, whose address is 135151 Hwy 97 N, Crescent, OR 97733 ("Borrower"); and Washington Federal, whose address is 425 Pike Street, Seattle, WA 98101 ("Lender").

**SUBORDINATED INDEBTEDNESS.** Beneficiary has extended the following described financial accommodations, secured by the Real Property (the "Subordinated Indebtedness"):

A Promissory Note ("Note") dated July 2, 2003 in the original principal amount of \$180,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

**SUBORDINATED DEED OF TRUST.** The Subordinated Indebtedness is or will be secured by the Real Property and evidenced by a deed of trust dated February 7, 2003 from Bruce D. Hall and Donna M. Hall ("Trustor") to Western Title & Escrow Company ("Trustee") in favor of William R. Scally ("Beneficiary") (the "Subordinated Deed of Trust") and recorded in Klamath County, State of Oregon as follows:

Recorded July 3, 2003 under Recording No. Vol M03 Pg 46236-40. Assignment of Trust Deed \*\*

**REAL PROPERTY DESCRIPTION.** The Subordinated Deed of Trust covers the following described real property (the "Real Property") located in Klamath County, State of Oregon:

See Exhibit A, which is attached to this Subordination and made a part of this Subordination as if fully set forth herein.

The Real Property or its address is commonly known as 135151 Hwy 97, Crescent, OR 97733. The Real Property tax identification number is R150080.

**SUPERIOR INDEBTEDNESS.** Lender has extended or has agreed to extend the following described financial accommodations to Borrower, secured by the Real Property (the "Superior Indebtedness"):

A Promissory Note ("Note") dated May 15, 2015 in the original principal amount of \$205,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

**LENDER'S LIEN.** The Superior Indebtedness is or will be secured by the Real Property and evidenced by a mortgage, deed of trust, or other lien instrument, dated May 26, 2015, from Borrower to Lender (the "Lender's Lien"). As a condition to the granting of the requested financial accommodations, Lender has required that the Lender's Lien be and remain superior to the Subordinated Deed of Trust.

**REQUESTED FINANCIAL ACCOMMODATIONS.** Trustor, who may or may not be the same person or entity as Borrower, and Beneficiary each want Lender to provide financial accommodations to Borrower in the form of the Superior Indebtedness. Trustor and Beneficiary each represent and acknowledge to Lender that Beneficiary will benefit as a result of these financial accommodations from Lender to Borrower, and Beneficiary acknowledges receipt of valuable consideration for entering into this Subordination.

**NOW THEREFORE THE PARTIES TO THIS SUBORDINATION HEREBY AGREE AS FOLLOWS:**

**SUBORDINATION.** The Subordinated Deed of Trust and the Subordinated Indebtedness secured by the Subordinated Deed of Trust is and shall be subordinated in all respects to Lender's Lien and the Superior Indebtedness, and it is agreed that Lender's Lien shall be and remain, at all times, prior and superior to the lien of the Subordinated Deed of Trust. Beneficiary also subordinates to Lender's Lien all other Security Interests in the Real Property held by Beneficiary, whether now existing or hereafter acquired. The words "Security Interest" mean and include without limitation any type of collateral security, whether in the form of a lien, charge, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

**BENEFICIARY'S REPRESENTATIONS AND WARRANTIES.** Beneficiary represents and warrants to Lender that: (A) no representations or agreements of any kind have been made to Beneficiary which would limit or qualify in any way the terms of this Subordination; (B) this

\*\* recorded 9-27-06 in 2006-01944.

## SUBORDINATION OF DEED OF TRUST (Continued)

Loan No: 463208-9

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Subordination is executed at Borrower's request and not at the request of Lender; (C) Lender has made no representation to Beneficiary as to the creditworthiness of Borrower; and (D) Beneficiary has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Beneficiary agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Beneficiary's risks under this Subordination, and Beneficiary further agrees that Lender shall have no obligation to disclose to Beneficiary information or material acquired by Lender in the course of its relationship with Beneficiary.

**BENEFICIARY WAIVERS.** Beneficiary waives any right to require Lender: (A) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any Superior Indebtedness secured by Lender's Lien, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional indebtedness; (C) to resort for payment or to proceed directly or at once against any person, including Borrower; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

**LENDER'S RIGHTS.** Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Subordination. In particular, without limitation, Lender may, without notice of any kind to Beneficiary, (A) make one or more additional secured or unsecured loans to Borrower; (B) repeatedly alter, compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part of it, including increases and decreases of the rate of interest on the Superior Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or guarantors on any terms or manner Lender chooses; (E) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; (F) apply such security and direct the order or manner of sale of the security, as Lender in its discretion may determine; and (G) transfer this Subordination to another party.

**DEFAULT BY BORROWER.** If Borrower becomes insolvent or bankrupt, this Subordination shall remain in full force and effect. Any default by Borrower under the terms of the Subordinated Indebtedness also shall constitute an event of default under the terms of the Superior Indebtedness in favor of Lender.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Subordination:

**Amendments.** This Subordination constitutes the entire understanding and agreement of the parties as to the matters set forth in this Subordination. No alteration or amendment to this Subordination shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Subordination, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Beneficiary also will pay any court costs, in addition to all other sums provided by law.

**Authority.** The person who signs this Subordination as or on behalf of Beneficiary represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Beneficiary's security interests in Beneficiary's property, if any.

**Caption Headings.** Caption headings in this Subordination are for convenience purposes only and are not to be used to interpret or define the provisions of this Subordination.

**Governing Law.** With respect to procedural matters related to the perfection and enforcement of Lender's rights against the Property, this Subordination will be governed by federal law applicable to Lender and to the extent not preempted by federal law, the laws of the State of Oregon. In all other respects, this Subordination will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions. However, if there ever is a question about whether any provision of this Subordination is valid or enforceable, the provision that is questioned will be governed by whichever state or federal law would find the provision to be valid and enforceable. The loan transaction that is evidenced by the Note and this Subordination has been applied for, considered, approved and made, and all necessary loan documents have been accepted by Lender in the State of Washington.

**Successors.** This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Subordination, and the covenants of Beneficiary herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Subordination unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Subordination shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Subordination. No prior waiver by Lender, nor any course of dealing between Lender and Beneficiary, shall constitute a waiver of any of Lender's rights or of any of Beneficiary's obligations as to any future transactions. Whenever the consent of Lender is required under this Subordination, the

**SUBORDINATION OF DEED OF TRUST**  
**(Continued)**

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**Waive Jury.** All parties to this Subordination hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

EACH PARTY TO THIS SUBORDINATION ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION, AND EACH PARTY AGREES TO ITS TERMS. THIS SUBORDINATION IS DATED MAY 26, 2015.

**BORROWER:**

X Bruce D. Hall  
Bruce D. Hall, Individually

Bruce D. Hall, Individually

x Donna M. Hall

Donna M. Hall, Individually

**BENEFICIARY:**

X William R. Scally  
William R. Scally, individually and as trustee of the  
Scally Family Joint Revocable Living Trust dtd 8-23-06

**TRUSTEE:**

WESTERN TITLE & ESCROW COMPANY

By: \_\_\_\_\_  
Authorized Signer for Western Title & Escrow Company

By: \_\_\_\_\_  
Authorized Signer for Western Title & Escrow Company

**LENDER:**

WASHINGTON FEDERAL

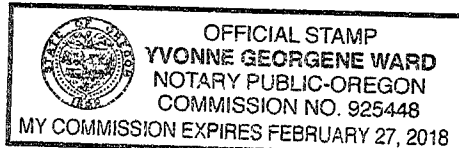
WASHINGTON FEDERAL

*Masehelle Kana*

Authorized Officer

SUBORDINATION OF DEED OF TRUST  
(Continued)

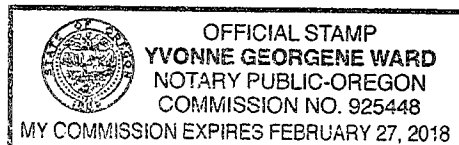
## INDIVIDUAL ACKNOWLEDGMENT

STATE OF OrCOUNTY OF Deschutes)  
) SS  
)

On this day before me, the undersigned Notary Public, personally appeared Bruce D. Hall, to me known to be the individual described in and who executed the Subordination of Deed of Trust, and acknowledged that he or she signed the Subordination as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 28 day of May, 2015.By [Signature]Residing at Bend, OrNotary Public in and for the State of OrMy commission expires 2/27/18

## INDIVIDUAL ACKNOWLEDGMENT

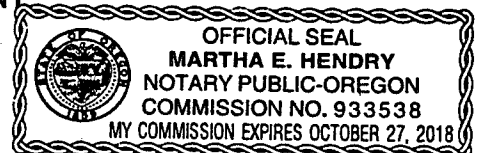
STATE OF OrCOUNTY OF Deschutes)  
) SS  
)

On this day before me, the undersigned Notary Public, personally appeared Donna M. Hall, to me known to be the individual described in and who executed the Subordination of Deed of Trust, and acknowledged that he or she signed the Subordination as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 28 day of May, 2015.By [Signature]Residing at Bend, OrNotary Public in and for the State of Or

My commission expires \_\_\_\_\_

## INDIVIDUAL ACKNOWLEDGMENT

STATE OF OregonCOUNTY OF Klamath)  
) SS  
)

On this day before me, the undersigned Notary Public, personally appeared William R. Scally, to me known to be the individual described in and who executed the Subordination of Deed of Trust, and acknowledged that he or she signed the Subordination as his or her free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 27 day of May, 2015.By [Signature]Residing at WAFDNotary Public in and for the State of OregonMy commission expires 10-27-18

**SUBORDINATION OF DEED OF TRUST  
(Continued)**

Loan No: 463208-9

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**CORPORATE ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_ )  
 ) SS  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_

and known to me to be (an) authorized agent(s) of the corporation that executed the Subordination of Deed of Trust and acknowledged the Subordination to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she/they is/are authorized to execute this Subordination and in fact executed the Subordination on behalf of the corporation.

By \_\_\_\_\_ Residing at \_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_ My commission expires \_\_\_\_\_

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**CORPORATE ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_ )  
 ) SS  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_

and known to me to be (an) authorized agent(s) of the corporation that executed the Subordination of Deed of Trust and acknowledged the Subordination to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that he or she/they is/are authorized to execute this Subordination and in fact executed the Subordination on behalf of the corporation.

By \_\_\_\_\_ Residing at \_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_ My commission expires \_\_\_\_\_

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SUBORDINATION OF DEED OF TRUST  
(Continued)

Loan No: 463208-9

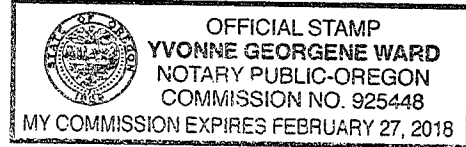
Page 6

LENDER ACKNOWLEDGMENT

STATE OF OR

COUNTY OF Deschutes

)  
) SS  
)



On this 28th day of March, 20 15, before me, the undersigned Notary Public, personally appeared Mischelle Marie and known to me to be the V.P. Relationship Mgr. authorized agent for Washington Federal that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of Washington Federal, duly authorized by Washington Federal through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and in fact executed this said instrument on behalf of Washington Federal.

By [Signature]  
Notary Public in and for the State of OR

Residing at Bend, OR  
My commission expires 2/27/18

46239

**Exhibit "A"**

Real property in the County of Klamath, State of Oregon, described as follows:

Beginning at the Northeast corner of the Southeast quarter of Section 36, Township 24 South, Range 8 East of the Willamette Meridian, thence West along the center line of Section 36, 407 feet, more or less, to the East right of way line of the Dalles-California Highway; thence in a Southerly direction along said right of way line 500 feet to the point which point is the true point of beginning; thence Easterly at right angles to said right of way line 536 feet; thence Southerly at right angles 300 feet; thence Westerly at right angles 536 feet to the East right of way line of the Dalles-California Highway; thence along said right of way line 300 feet to the point of beginning.

AND Beginning at the Northeast corner of the Southeast quarter of Section 36, Township 24 South, Range 8 East of the Willamette Meridian; thence West along the center line of Section 36, 407 feet, more or less, to the East right of way line of the Dalles-California Highway; thence in a Southerly direction along said right of way line 400 feet; to a point which point is the true point of beginning; thence Easterly at right angles to said right of way line 536 feet; thence Southerly at right angles 100 feet; thence Westerly at right angles 536 feet to the East right of way line of the Dalles-California Highway; thence along said right of way line 100 feet to the point of beginning.

LESS a parcel of land lying in the Northeast quarter of the Southeast quarter of Section 36, Township 24 South, Range 8 East of the Willamette Meridian, Klamath County, and being a portion of that property conveyed by those deeds to Willis C. Jorstad and Mabel Jorstad, recorded in Volume 218 page 493, and Volume 185 on page 95 Deed Records of Klamath County, Oregon. The said parcel being that portion of said property included in a strip of land 100 feet in width, lying on the Easterly side of the center line of the Dalles-California Highway as said highway has been relocated, which centerline is described as follows: Beginning at Engineer's center line station 47+00, said station being 325 feet South and 515 feet West of the East quarter corner of said Section 36; thence South 25°50' West 500 feet to Station 52+00, the Easterly line of said strip of land crossing the Northerly and Southerly line of said property approximately opposite stations 47+26 and 51+26 respectively.

Tax Parcel Number: R150080