

RECORDING REQUESTED BY:

Douglas County Title Co.  
WHEN RECORDED MAIL TO:

Mr. and Mrs. Bruce N. Caya  
P. O. Box 11774  
Zephyr Cove, Nevada 89448

19036 (1)

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN THE LEASEHOLD ESTATE IN THE PROPERTY BE-  
COMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY  
INSTRUMENT.

THIS AGREEMENT, made this 21st day of August, 1986, by CARLOS FRAUSTO and  
HORTENCIA P. FRAUSTO, husband and wife and RICHARD M. FRAUSTO, an unmarried man, all  
as joint tenants

owner of the land hereinafter described and hereinafter referred to as "Owner," and BRUCE N. CAYA and  
JEANINE N. CAYA, husband and wife as community property

present owner and holder of the leasehold estate created by the lease hereinafter described and hereinafter referred to as "Lessee";

WITNESSETH

THAT WHEREAS, CARLOS FRAUSTO, HORTENCIA P. FRAUSTO and RICHARD M. FRAUSTO  
, as lessor, executed a lease, dated July 5, 1984, covering:

Lot 24, Block A, as shown on the official map of KINGSBURY MEADOWS SUBDIVISION,  
recorded in the office of the County Recorder on July 5, 1955, in Book 1 of  
Maps as Document No. 10542.

Assessment Parcel No. 07-203-23-5

in favor of BRUCE N. CAYA and JEANINE N. CAYA  
as lessee, which lease was recorded July 16, 1984, in book 784 page 1160, Official Records of  
said county; and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$ 82,600.00  
dated August 18, 1986, in favor of Nevada National Bank

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 lease above described and to the  
leasehold estate created thereby; and

WHEREAS, Lender is willing to make said loan provided the deed of trust securing the same is a lien or charge upon said land prior and  
superior to the lease above described and to the leasehold estate created thereby and provided that Lessee will specifically and uncon-  
ditionally subordinate and subject the lease above described, the leasehold estate created thereby together with all rights and privileges  
of Lessee thereunder, to the lien or charge of the deed of trust in favor of Lender; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Lessee 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 lease above described and to the leasehold estate created thereby.

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 and extensions thereof, shall unconditionally  
be and remain at all times a lien or charge on the land described therein, prior and superior to the lease above described, to  
the leasehold estate created thereby and to all rights and privileges of Lessee thereunder, and said lease, the leasehold estate  
created thereby together with all rights and privileges of Lessee thereunder is hereby subjected, and made subordinate, to  
the lien or charge of the deed of trust in favor of Lender.

(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 subjection and subordination of the lease above described and the leasehold estate created thereby together with all rights and privileges of Lessee thereunder 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 lease and the deed of trust hereinbefore specifically described, any prior agreements as to such subjection or subordination, including, but not limited to, those provisions, if any, contained in the lease above described, which provide for the subjection or subordination of said lease and the leasehold estate created thereby to a deed or deeds of trust or to a mortgage or mortgages.

Lessee declares, agrees and acknowledges that

- (a) He consents to and approved (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; and
- (c) He intentionally and unconditionally waives, relinquishes, subjects and subordinates the lease above described, the leasehold estate created thereby together with all rights and privileges of Lessee thereunder 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, subjection 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, subjection, and subordination.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR LEASE TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

Bruce N. Caya  
BRUCE N. CAYA

Jeanine M. Caya  
JEANINE M. CAYA Lessee

Carlos Frausto Hortencia P. Frausto  
CARLOS FRAUSTO HORTENCIA P. FRAUSTO

Richard M. Frausto  
RICHARD M. FRAUSTO Owner

(Individual)

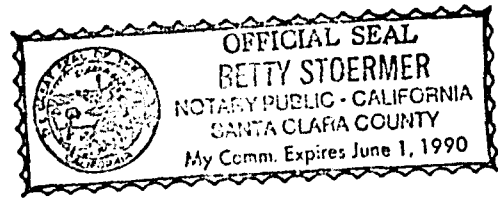
STATE OF CALIFORNIA }  
COUNTY OF Santa Clara } SS.

On August 25, 1986 before me, the undersigned, a Notary Public in and for said State, personally appeared

CARLOS FRAUSTO & RICHARD M. FRAUSTO

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) S whose name S are subscribed to the within instrument and acknowledged that they executed the same.  
WITNESS my hand and official seal.

Signature Betty Stoermer  
BETTY STOERMER  
Name (Typed or Printed)



(This area for official notarial seal)

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

(CLTA SUBORDINATION FORM "D")

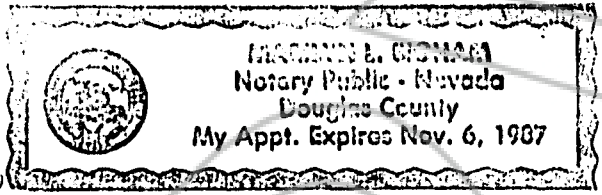
STATE OF NEVADA }  
COUNTY OF DOUGLAS } ss.

On August 28, 1986 before me, the undersigned, a Notary Public In and for  
said State, personally appeared Hortencia P. Frausto, Bruce N. Caya and  
Jeanine M. Caya

known to me to be the person\_s whose name\_s are  
subscribed to the within instrument and acknowledged to me  
that they executed the same.

WITNESS my hand and official seal.

Signature Marilyn L. Bigham  
Marilyn L. Bigham  
Name (Typed or Printed)



(This area for official notarial seal)

REQUESTED BY  
DOUGLAS COUNTY TITLE  
IN OFFICIAL RECORDS OF  
DOUGLAS COUNTY, NEVADA

'86 SEP -2 P12:42

SUZANNE BEAUDREAU  
RECORDER

\$ 7.00 PAID NK DEPUTY

140169

BOOK 986 PAGE 051