

AND WHEN RECORDED MAIL TO

Name [THE KARSTEN COMPANIES]
Street Address 511 Humboldt St.
Santa Rosa, CA. 95404-4216
City & State []

SPACE ABOVE THIS LINE FOR RECORDER'S USE

To 1538 A (12.67)

41620 MCA 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 this 6th day of February, 1987, by

H & S CONSTRUCTION, INC., a Nevada Corporation

owner of the land hereinafter described and hereinafter referred to as "Owner," and TRUSTEES OF THE SOUTHERN NEVADA CULINARY AND BARTENDERS PENSION TRUST

, present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary;"

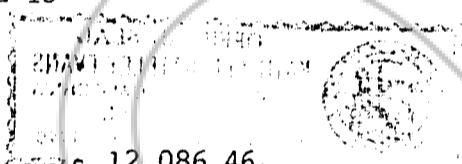
WITNESSETH

THAT WHEREAS, H & S CONSTRUCTION, INC., a Nevada Corporation

did execute a deed of trust, dated October 24, 1986, to LAWYERS TITLE OF NORTHERN NEVADA, INC., as trustee, covering:

Lot 351, as shown on the map of GARDNERVILLE RANCHOS UNIT NO. 7, filed in the office of the County Recorder of Douglas County, Nevada, on March 27, 1974, as Document No. 72456.

A.P.N. 29-322-13



to secure a note in the sum of \$ 12,086.46, dated October 24, 1986, in favor of TRUSTEES OF THE SOUTHERN NEVADA CULINARY AND BARTENDERS PENSION TRUST, which deed

of trust was recorded October 30, 1986, in book 1086 page 4193, 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 \$ 50,000.00, dated January 21, 1987, in favor of WILLIAM K. KOVSTAD AND

MARJORIE S. KOVSTAD, 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

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. on the conditions specified in Exhibit "A" attached hereto and made a part hereof by reference.

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 first above mentioned subject to the conditions specified in Exhibit A attached hereto and made a
- (2) That Lender would not make its loan above described without this subordination agreement. part hereof by reference.
- (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 agreements as to such subordination, including, but not limited to, 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.

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SUBORDINATION

The Beneficiary hereof agrees to subordinate this deed of trust encumbering the property described herein (the "Property") to a new deed of trust (the "Deed of Trust") on the Property in favor of a bank or savings and loan (the "Lender") authorized to transact business in Nevada, other than a bank or savings and loan owned by First Interstate Bancorp (which restriction shall apply only as long as Thomas L. Karsten Associates acts as Investment Manager for the Beneficiary hereof) provided each of the following conditions are satisfied:

(1) The Deed of Trust shall secure a promissory note (the "Promissory Note"), the principal amount of which shall not exceed 90% of the cost of construction, exclusive of the purchase price of the Property, of a single family residence on the Property, in accordance with plans and specifications approved by the Lender and the Trust; but in no event shall the Beneficiary subordinate this deed of trust to a Deed of Trust securing a promissory note, the principal amount of which is greater than \$80,000.

(2) The interest rate may be fixed or variable, but in either event shall not exceed 15% at the time the loan is initially funded (the "Funding Date").

(3) No principal payments, other than on default or on sale of the Property, shall be required to be made under the Promissory Note until one year from the Funding Date. Payments of accrued interest on the Promissory Note shall be made monthly.

(4) All of the proceeds of the loan evidenced by the Promissory Note shall be disbursed by the Lender in accordance with Lender's standard building loan disbursement policies for construction financing. All of the proceeds of such loan shall be applied by Trustor in accordance with the terms of the Building Loan Agreement or similar agreement entered into between Trustor and the Lender for the purpose of assuring that all of the proceeds for such loan are applied by Trustor for the construction of a single family residence on the Property.

(5) The fees and other charges payable by Trustor in connection with the construction loan shall not exceed 5 points.

(6) The Promissory Note and Deed of Trust shall provide that the Lender shall notify the Beneficiary of any default under either the Promissory Note or Deed of Trust and that the Beneficiary shall have the right to cure any such default. Any such default shall also be a default under this deed of trust, whether or not the Beneficiary exercises its right to cure such default.

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

'87 FEB 11 A9:54

SUZANNE B. DEBEAU
RECORDS

EXHIBIT "A" \$ 700 P.S. DEPUTY

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BOOK 287 PAGE 975