AND WHEN RECORDED MAIL TO

Name

THE KARSTEN COMPANIES

Streat Address

511 Humboldt St.

Santa Rosa, CA. 95404-4216

City & State

- SPACE ABOVE THIS LINE FOR RECORDER'S USE -

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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 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 LAWYERS TITLE OF NORTHERN NEVADA, INC. , 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 SHAVE CREATS October 24, 1986 12,086.46 to secure a note in the sum of S_ . in favor of TRUSTEES OF THE SOUTHERN NEVADA CULINARY AND BARTENDERS PENSION TRUST of trust was recorded October 30, 1986 in book 1086 . 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 S 50,000.00January 21, 1987 WILLIAM K. KOLSTAD AND , in favor of MARJORIE S. KOLSTAD , 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

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 herto and made a
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 (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
- (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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Beneficiary declares, agrees and acknowledges that

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- (a) 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
- (b) 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.

TRUSTEES OF THE SOUTHERN NEVADA CULINARY

AND BARTENDERS PENSION TRUST By THE KARSTEN COMPANIES as

Investment Manager

Steve Morrison, Senior Vice President

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

H & S CONSTRUCTION, INC.

By: President

STATE OF NEXXXX CALIFORNIA

County of . . SONDMA

6. FEBRUARY

. . . personally appeared before me,

a Notary Public (or judge or other officer, as the case may be), Steve Morrison, known to be the Vice President and ...

who acknowledged that he executed the above instrument.

IN WITNESS WHEREOF, I have nereunto set my hand and affixed my official stamp at my office

in the County of . . SONOMA.

the day and year in this certificate first above written. van

OFFICIAL SEAL KATHLEEN KATELEY EVANS NOTARY PUBLIC - CALIFORNIA SONOMA COUNTY My Comm. Expires Sept. 7, 1990

STATE OF NEVADA

County of . .

Douglas

-11-87

. personally appeared before me, DATE

a Notary Public (or judge or other officer, as the case may be),

RANDALL S. HARRIS KNOWN TO BE THE PRESIDENT

who acknowledged that he executed the above instrument.

C. ACEVES NOTARY PUBLIC - NEVADA DOUGLAS COUNTY My Appt. Expires August 14,1990

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official stamp at my office DOUGLAS

in the County of

and year in this certificate first above written.

Signature of Notary

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

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 DECIDAL ECORDS OF DOMESTIC AND ADDRESS OF DOME

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EXHIBIT "A" 5 700 PA 3 60 DEPUTY