

RECORDING REQUESTED BY:

Design Financial
P.O. Box 2451
Reno, NV 89505

WHEN RECORDED MAIL TO:

Design Financial
P.O. Box 2451
Reno, NV 89505

Space above this line for recorder's use

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.

Feb. THIS AGREEMENT, made this 27 day of Feb., 1989, by ERNEST OSWALD, an unmarried man, owner of the land hereinafter described and hereinafter referred to as "Owner", and MRS. NANCY RUSSELL, an unmarried woman, present owner and holder of the Deed of Trust and Note first hereinafter described and hereinafter referred to as "Beneficiary";

W I T N E S S E T H:

THAT WHEREAS, Owner, using the alternative name for the same person, Ernest A. Oswald, II, did execute a Deed of Trust dated on an unspecified day of February, 1988 to Trustors Security Service, a California Corporation, as trustee covering:

All that certain lot, piece or parcel of land situate in Douglas County, State of Nevada described as follows:

Lot 6, Block B, Zephyr Cove Property, as shown on that certain map entitled, "Amended Map of Zephyr Property" filed for and recorded in the Office of the Douglas County Recorder, State of Nevada on August 5, 1929.

more commonly known as:

733 Lincoln Highway, Zephyr Cove, Nevada 89448
to secure a Note in the sum of \$40,000.00, which deed of trust
was recorded on February 14, 1989, as document No. 196285 in the
official records of Douglas County, State of Nevada; and

WHEREAS, Owner has executed, or is about to execute a
Deed of Trust and Note in the amount of \$65,000.00 encumbering
the same property in favor of C. K. BENSON, Trustee, and MARCIA
BENSON, Trustee, as TRUSTEES OF THE BENSON TRUST dated January 1,
1981, or order, 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 uncondi-
tionally 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 Deeds of Trust first above mentioned; and

WHEREAS, Lender is willing to make such loan provided
the Deed of Trust securing the same lien or charge upon the
above-described property is prior and superior to the lien or
charge of the Deeds of Trust first above mentioned and provided
that Beneficiary will specifically and unconditionally subor-
dinate the lien or charge of the Deed of Trust first above men-
tioned to the liens or charges 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 re-
corded, constitute a lien or charge upon said land which is un-
conditionally prior and superior to the lien or charge of the
Deeds of Trust first above mentioned.

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 ac-
knowledged, 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 liens or
charges on the property therein described, prior and superior
to
the lien or charge of the Deeds of Trust first above
mentioned.

(2) That Lender would not make its loans above described without this subordination agreement.

(3) That this agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Deeds of Trust first above mentioned to the liens or charges of the Deed of Trust in favor of Lender referred to and shall supersede and cancel, but only insofar as would affect the priority between the Deeds of Trust hereinabove specifically described, any prior agreement as to such subordination including, but not limited to, those provisions, if any, contained in the Deeds of Trust first above mentioned, which provide for the subordination of the lien or charge thereof to another Deed or Deeds or Trust or to another mortgage or mortgages.

Beneficiary declares, agrees and acknowledges that:

(a) He consents to and approves (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 loans,

(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;

(c) He intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the Deeds of Trust first above mentioned in favor of the liens or charges 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 (d) An endorsement has been placed upon the Note secured by the Deeds of Trust first above mentioned that said Deeds of Trust has by this instrument been subordinated to the liens or charges 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 OB-

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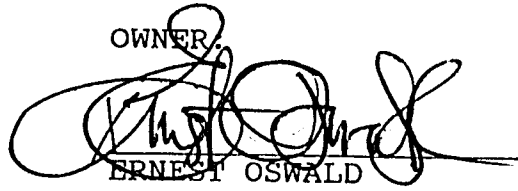
TAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

This agreement may be signed and recorded as counterparts

BENEFICIARY:

Mrs. Nancy Russell

STATE OF CALIFORNIA)
COUNTY OF _____)

OWNER

ERNEST OSWALD

On _____, personally appeared before me, a Notary Public, MRS. NANCY RUSSELL who acknowledged that she executed the foregoing instrument.

Notary Public

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On February 27, 1989, personally appeared before me, a Notary Public, ERNEST OSWALD who acknowledged that he executed the foregoing instrument.

Mary M. Weaver

Notary Public



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TAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

This agreement may be signed and recorded as counterparts

BENEFICIARY:

Mrs. Nancy Russell
Mrs. Nancy Russell

OWNER:

ERNEST OSWALD

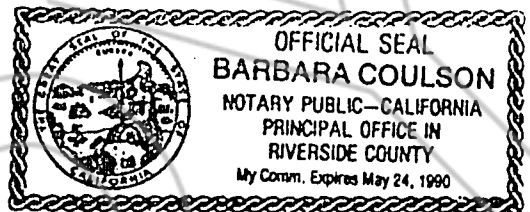
STATE OF CALIFORNIA

COUNTY OF Riverside

)
: ss
)

On March 1, 1989, personally appeared before me, a Notary Public, MRS. NANCY RUSSELL who acknowledged that she executed the foregoing instrument.

Barbara Coulson
Notary Public



STATE OF CALIFORNIA

COUNTY OF

)
: ss
)

On _____, personally appeared before me, a Notary Public, ERNEST OSWALD who acknowledged that he executed the foregoing instrument.

Notary Public

REQUESTED BY
STEWART TITLE OF DOUGLAS COUNTY
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

'89 MAR -3 P1:18

SUZANNE BEAUDREAU
RECORDER

197471

\$ 9.00 PAID DEPUTY

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