

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 INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER INSTRUMENT.

THIS AGREEMENT, made this 24th day of February, 1989, by ERNEST OSWALD, an unmarried man, owner of the land hereinafter described and hereinafter referred to as "Owner", and GAYE OSWALD, an unmarried woman, present holder of a Right of First Refusal, described and hereinafter referred to as "Holder";

WITNESSETH:

THAT WHEREAS, Owner, using the alternative name Ernest A. Oswald, II, did execute a Right of First Refusal in favor of Holder, which interest is herein referred to as the "Interest", and is dated on an 18 February, 1988 and applies to:

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

which Interest was recorded on February 14, 1989, as document No. 196288 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 unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the Interest 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 Interest first above mentioned and provided that Holder will specifically and unconditionally subordinate the Interest first above mentioned 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 Holder 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 Interest 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 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 liens or charges on the property therein described, prior and superior to the lien or charge of the Interest 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 Interest 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 instruments hereinabove specifically described.

Holder 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) Holder intentionally and unconditionally waives, relinquishes and subordinates the charge of the Interest 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.

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.

This agreement may be signed and recorded as counterparts

HOLDER:

OWNER:


GAYE OSWALD

ERNEST OSWALD

charge of the Interest 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 instruments hereinabove specifically described.

Holder 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) Holder intentionally and unconditionally waives, relinquishes and subordinates the charge of the Interest 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.

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.

This agreement may be signed and recorded as counterparts

HOLDER:

OWNER:

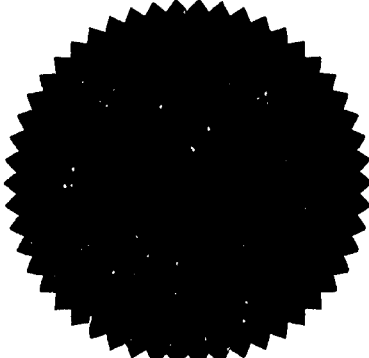
X

GAYE OSWALD



ERNEST OSWALD

STATE OF CALIFORNIA)
)
COUNTY OF Monterey) : SS
)



On February 24, 1989 personally appeared before me, a Notary Public, Gaye Oswald who acknowledged that she executed the foregoing instrument.

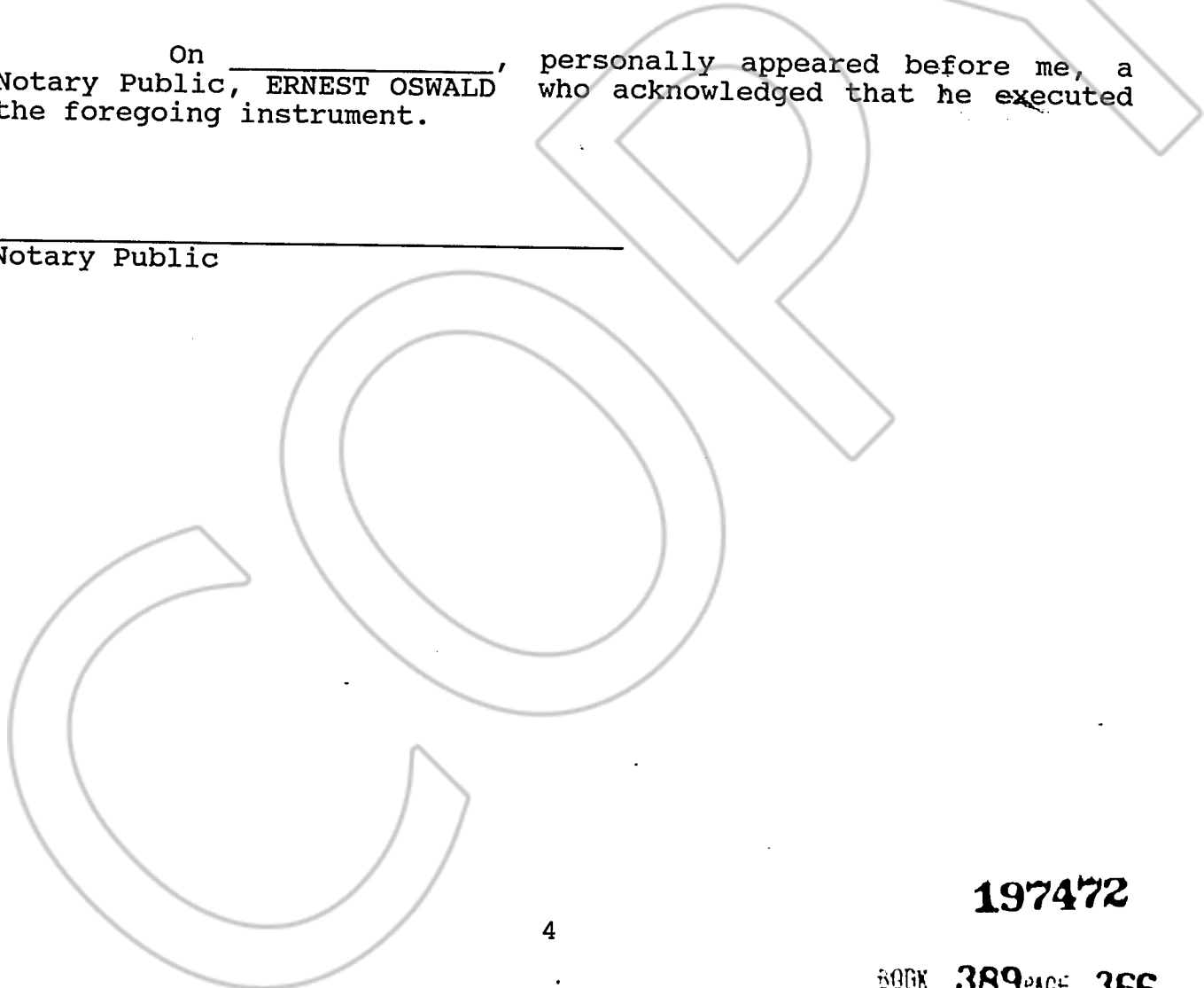


Bette L. Phillips
Notary Public

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



STATE OF CALIFORNIA)
 : SS
COUNTY OF _____)

On _____, personally appeared before me, a Notary Public, Gaye Oswald who acknowledged that she executed the foregoing instrument.

Notary Public

STATE OF CALIFORNIA)
 : SS
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



838 Manhattan Beach Bl., Manhattan Beach, CA 90266

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

'89 MAR -3 P1:19

SUZANNE BEAUDREAU
RECORDER

197472

\$10⁰⁰ FEE *[Signature]* DEPUTY
BOOK **389** PAGE **367**