

**RECORDING REQUESTED BY:**

STEWART TITLE OF DOUGLAS COUNTY

**WHEN RECORDED MAIL TO:**

Hot Springs Development, Inc.  
P.O. Box 608  
Gardnerville, Nevada 89410

#03001191 VM

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.

THIS AGREEMENT, made this 22nd day of March, 1989, by

H & S CONSTRUCTION, INC., a Nevada corporation

owner of the land hereinafter described and hereinafter referred to as "Owner," and

HOT SPRINGS DEVELOPMENT, INC., a Nevada corporation

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

WITNESSETH

THAT WHEREAS, Owner has executed a deed of trust, dated March 30, 1988, to FIRST NEVADA TITLE COMPANY, as trustee, covering:

Lot 24, Block B, as set forth on the Official plat of Mission Hot Springs, Unit No. 1, filed in the office of the Recorder of Douglas County, Nevada on July 1, 1987, Book 787, Page 001, Document No. 157492 of Official Records. A.P. No. 21-041-16

to secure a note in the sum of \$ 180,000.00, dated March 30, 1988, in favor of Beneficiary, which deed of trust is to be recorded concurrently herewith; and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$ 50,000.00, dated March 22, 1989, in favor of NEVADA BANKING COMPANY, hereinafter referred to as "Lender," payable with interest and upon the terms and conditions described therein, which deed of trust is also to be recorded concurrently herewith; and

WHEREAS, it is a condition precedent to obtaining said loan from Lender 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.

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.
- (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 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 agreement 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

- (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 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;
- (c) 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
- (d) 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.

H & S CONSTRUCTION, INC., a Nevada corporation

HOT SPRINGS DEVELOPMENT, INC.

*Randall S. Harris*  
RANDALL S. HARRIS Beneficiary  
President

*Phil Carter*  
Phil Carter Owner  
President

STATE OF NEVADA }  
COUNTY OF Douglas } ss.

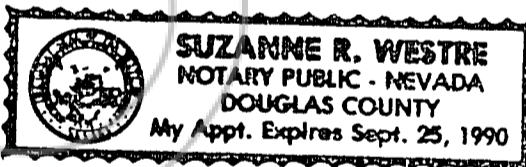
On March 27, 1989 before me, the undersigned, a Notary Public in and for

said State, personally appeared  
RANDALL S. HARRIS AND PHIL CARTER

known to me to be the person S whose name S

subscribed to the within instrument and acknowledged to me  
that they executed the same.

WITNESS my hand and official seal.



Signature *Suzanne R. Westre/Reddon*

Suzanne R. Westre/Reddon

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 "B")

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COPY

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

'89 MAR 27 P3:22

SUZANNE BEAUDREAU  
RECORDER

**199047**

\$ 7<sup>00</sup> PAID K20 DEPUTY

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