



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 25th day of April, 1990, by

HOWARD W. HERZ

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

PETER L. KNIGHT and ELIZABETH J. KNIGHT

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

WITNESSETH

THAT WHEREAS, HOWARD W. HERZ did execute a deed of trust, dated January 18, 1990, to STEWART TITLE OF DOUGLAS COUNTY, a Nevada Corporation, as trustee, covering:

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

Lot 10, in Block I, as shown on the map of TOWN OF MINDEN, filed in the Office of the County Recorder of Douglas County, Nevada on July 2, 1906.

to secure a note in the sum of \$ 20,000.00, dated January 18, 1990, in favor of PETER L. KNIGHT and ELIZABETH J. KNIGHT, which deed of trust was recorded January 23, 1990, in book 190 page 3441, Official Records of said county; ("Trust Deed — 1") and,

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$ *65,000.00* dated April 25, 1990, in favor of VALLEY BANK OF NEVADA, 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 ("Trust Deed — 2"); and

WHEREAS, it is a condition precedent to obtaining said loan that Trust Deed — 2 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 Trust Deed — 1; and

WHEREAS, lender is willing to make said loan provided Trust Deed — 2 is a lien or charge upon the above-described property prior and superior to the lien or charge of Trust Deed — 1 and provided that Beneficiary will specifically and unconditionally subordinate the lien or charge of Trust Deed — 1 to the lien or charge of Trust Deed — 2 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 Trust Deed — 2 shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge of Trust Deed — 1.

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 Trust Deed — 2 securing said note in favor of Lender, and any modifications, 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 Trust Deed — 1.
- (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 Trust Deed — 1 to the lien or charge of Trust Deed — 2 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 Trust Deed — 1, which provide for the subordination of the lien or charge thereof to another deed or deeds of 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 Trust Deed — 2, 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 Trust Deed — 1 in favor of the lien or charge upon said land of Trust Deed — 2 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 Trust Deed — 1 that said Trust Deed — 1 has by this instrument been subordinated to the lien or charge of Trust Deed — 2.

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.

x *Peter L. Knight* x *Elizabeth J. Knight* *Howard W. Herz*
 PETER L. KNIGHT ELIZABETH J. KNIGHT HOWARD W. HERZ
 Beneficiary Owner

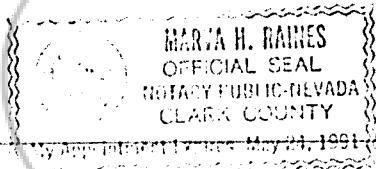
(ALL SIGNATURES MUST BE ACKNOWLEDGED)

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

STATE OF NEVADA)
) ss.
 COUNTY OF CLARK)

On APRIL 27, 1990 personally appeared before me, a notary public,
PETER L. KNIGHT AND ELIZABETH J. KNIGHT
 personally known (or proved) to me to be the person(s) whose name(s) is/are subscribed to the above instrument who acknowledged that he executed the above instrument.

Marja H. Raines
 Notary Public



RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

VALLEY BANK OF NEVADA
 P.O. Box 20000
 Reno, Nevada 89520-0025
 ATTN: Sonja/Reno Loan Closing
 N-475-32-3

SPACE ABOVE THIS LINE FOR RECORDER'S USE

STATE OF NEVADA

COUNTY OF DOUGLAS

} ss.

On _____ before me, the undersigned, a Notary Public in and for

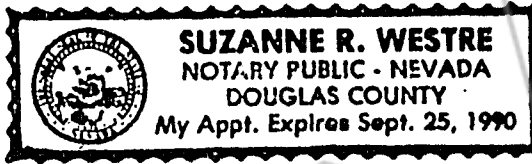
said State, personally appeared * Howard W. Herz *

known to me to be the person _____ whose name _____

subscribed to the within instrument and acknowledged to me

that he 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)

COPY

REQUESTED BY
STEWART TITLE OF DOUGLAS COUNTY
 IN OFFICIAL RECORDS OF
 DOUGLAS COUNTY NEVADA

'90 APR 30 P2:34

SUZANNE BEAUBREAU
 RECORDER **224999**
 \$ 7.00 PAID K12 DEPUTY
 BOOK **490** PAGE **1247**