Recording requested by:
John Gerken
When recorded, mail to:
Henry R. Butler
P. O. Box 5367
Stateline, Nevada 89449

Escrow Number M49341CH

Loan Number JGLM1

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.

THAT CERTAIN Deed of Trust dated December 20, 1990 executed by Thomas B. King and Lynn

Maddox, as tenants in common as Trustor, to Western Title Company, Inc., a Nevada Corporation as
Trustee, for Greg Lynn and Suzanne Towse, Both Unmarried Persons as Joint Tenants, as
Beneficiary, recorded January 22, 1991 in Book 191, at Page 2524 as
Document Number 243322 , of Official Records of the County Recorder of Douglas County,
State of Nevada, given to secure an indebtedness of \$_20,000.00 with all other sums secured
thereby, is hereby subordinated and made subject to that certain Deed of Trust in the amount of
\$125,000.00 with interest thereon at the rate of 11.50% per annum payable \$1,197.92 per
month, all due and payable 1st day of January, 1992, dated January 9, 1991, executed by Thomas B.
King and Lynn Maddox, , as tenants in common, as Trustor, to HENRY R. BUTLER, ESQ as Trustee, for
John Gerken, as Beneficiary, recorded on Concurrently, Book 1911, at Page 2005, of Official
Records of Douglas county, Nevada.
The undersigned hereby authorizes the filling in of any and all blanks herein after the
execution hereof by the undersigned, ratifying the same so that the same is valid and of the same force
and effect as if filled in prior to the execution of these presents, and does hereby authorize the
recordation of this subordination.
The Noteholders Agreement executed separately is incorporated herein and made a part of this
subordination.
IN WITNESS WHEREOF, the undersigned has executed this subordination agreement on the date
shown below.
1-70-01
Dated: 1-30-91 Segan Town Dated: 1-30-91
Greg Lynn
1-30-91
Daled:
Suzarine Towse
STATE OF NEVADA
COUNTY OF DOUGLAS ss.
On January 30, 1991 personally appeared before me, a Notary Public, in and for
said County and State, Greg Lynn and Suzanne Towse, known to me to be the persons whose names
are subscribed to the within instrument and acknowledged that they executed the same.
WITNESS my hand and official spal.
Minit Lee March
Signature Notary Public
Orginaturo Hotaly i ubito

JANET LEE HARDY NOTARY PUBLIC - NEVADA DOUGLAS COUNTY

My Appt. Expires March 26, 1994

IV. NOTEHOLDER'S AGREEMENT:

We, Greg Lynn and Suzanne Towse, hold a deed of trust secured by the property referred to in the above Agreement. We agree that our deed of trust, whether it existed before this Agreement or was created during this Agreement, shall be subordinated to the Note and Deed of Trust of the lender. This subordination is given in consideration for the lender's construction loan to borrower which will substantially improve the value of our security. We approve these loan documents and authorize the title company to record our purchase money trust deed after they record the deed of trust in favor of the lender, or to subordinate our trust deed to the trust deed of the lender.

The loan proceeds shall be used for payment of title costs, points, loan fees, interest on the loan, for the purchase of labor and materials and for all other valid costs of the project, whether or not they are specified in the cost breakdown.

Any delays in construction shall not void or otherwise affect the validity of the subordination.

The lender herein has made no representations that the amount of the construction loan will be sufficient to complete the project or that the borrowers cost breakdowns are accurate We are aware that there are substantial risks in developing real estate. Consequently, We, the subordinators, do not rely on any representations of the lender relating to the competency of the builder or to the cost of construction unless those representations are in writing.

We understand that monies distributed to us from the construction loan increases the risk of a default and of our loss of our security interest if Thomas B. King defaults in any of his payments.

Any other defaults by Thomas B. King may cause us to loose all we are owed.

This document shall constitute a part of the subordination agreement and shall be incorporated therein.

If the lender takes possession of the security for any purpose, including but not limited to competing the project, any sums of money advanced by him and used for the benefit of the security shall be added to the principle of his loan and shall have priority over the subordinate deed of trust referred to herein.

WE HAVE BEEN ADVISED THAT SUBORDINATION IS RISKY. ONE RISK WE ASSUME IS THAT THE PROJECT MAY <u>NOT</u> BE COMPLETED FOR THE AMOUNT OF THE CONSTRUCTION LOAN, \$125,000.00. IF ADDITIONAL FUNDS ARE NEEDED TO COMPLETE CONSTRUCTION, THE LENDER SHALL NOT BE OBLIGATED TO ADVANCE THEM.

Greg Lynn

Suzanne Towse

WESTERN TITLE COMPANY, INC.

IN OFFICIAL RECORDS OF
DOUGLAS CA. NEVADA

91 JAN 30 P3:17

SUZANNE BEAUDREAU

243931

SG PAINK DEPUTY