

Submitted for Recordation By
and Return To



Bank of America
N.C.C.L.S. #5759, COLLATERAL SERVICES.
P.O. Box 2190
RANCHO CORDOVA, CA 94578

Account No: 20030602934986998
CAP ID No: 971811102500

M74745

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 1ST day of JULY, 1997, by RICHARD CHARLES ZOUCHA AND MARGARET ANN ZOUCHA, TRUSTEES AND THEIR SUCCESSORS, UNDER THE ZOUCHA FAMILY TRUST U/D/T/ 04-15-97, owner of the land hereinafter described and hereinafter referred to as "Owner", and BANK OF AMERICA NT & SA, A NATIONAL BANKING ASSOCIATION, present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH

THAT, WHEREAS, RICHARD C. ZOUCHA AND MARGARET A. ZOUCHA, did execute a deed of trust dated NOVEMBER 17, 1995, to BANK OF AMERICA NEVADA, A NEVADA BANKING CORPORATION, as Beneficiary covering:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

to secure a note in the sum of \$25,000.00, dated NOVEMBER 17, 1995, in favor of BANK OF AMERICA NEVADA, which deed of trust was recorded NOVEMBER 21, 1995, in book 1195, page 3535, as instrument no. 375308, Official Records of said County; and which agreement has been subsequently modified to reflect the current credit limit of \$

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$156,900.00, dated JUNE 27, 1997, in favor of NEW AMERICA FINANCIAL, INC., 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 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.

0417086

BK0797PG2129

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; and
- (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 agreements as to such subordination including, but not limited to, those provisions, if any, contained in the deed of trust first above-mentioned, which provides 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 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 disbursement 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;

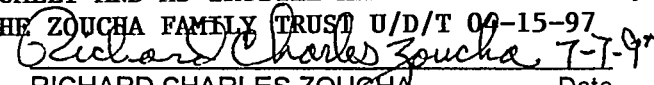

(c) He intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the deed of trust first above-mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender above-referred to, and understands that in reliance upon, and in consideration 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.

BENEFICIARY:
Bank of America National Trust and Savings Association
Successor By Merger


Marta Gorjian July 1, 1997
Marta Gorjian Senior Credit Officer Date

OWNER(S):
INDIVIDUALLY AND AS TRUSTEE AND HIS SUCCESSORS,
UNDER THE ZOUCHA FAMILY TRUST U/D/T 04-15-97

RICHARD CHARLES ZOUCHA, Date

MARGARET ANN ZOUCHA, Date
INDIVIDUALLY AND AS TRUSTEE AND HER SUCCESSORS,
UNDER THE ZOUCHA FAMILY TRUST U/D/T 04-15-97

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

0417086

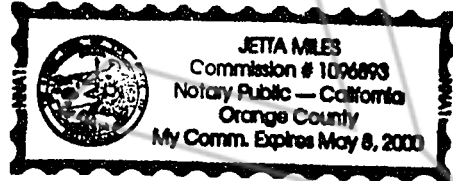
BK0797PG2130

STATE OF CALIFORNIA
COUNTY OF ORANGE

)
)SS

On July 1, 1997 before me, THE UNDERSIGNED, a Notary Public in and for said State, personally appeared Marta Gorjian, personally known to me to be the person(s) whose name is/are subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity and that by his/her/their signature(s) on the instrument, the person(s), or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Signature

Jetta Miles

COPY

REQUESTED BY
WESTERN TITLE COMPANY, INC.
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

'97 JUL 14 P12:12

0417086

BK0797PG2131

LINDA SLATER
RECORDER
\$ 9.00 PAID kj DEPUTY