

SUBORDINATION AGREEMENT

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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, 1998 by LARRY A. TOSCANO and JUDY A. TOSCANO, Husband and Wife, owner of the land hereinafter described and hereinafter referred to as "Owner, and DEN-MAR ASSOCIATES, A Limited Liability Company, 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 July 1, 1998 to MARQUIS TITLE AND ESCROW, INC., A Nevada Corporation, as trustee, covering:

PARCEL 10-A-1, as set forth on Parcel Map for DEN-MAR ASSOCIATES, filed for record in the Office of the Douglas County Recorder on March 20, 1998, in Book 398, at page 4639, as Document No. 435440.

to secure a note in the sum of \$62,300.00, dated July 1, 1998, 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 \$227,150.00 dated July 10, 1998 in favor of UNION FEDERAL SAVINGS BANK 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 subordinating 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) 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
- (c) 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.

BENEFICIARY:

OWNER:

DEN-MAR ASSOCIATES, LLC

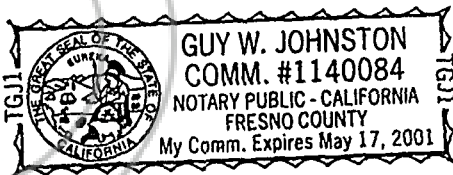
By *Michelle Strachen Smith*
 MICHELLE STRACHEN-SMITH, Member

Larry A. Toscano
 LARRY A. TOSCANO
Judith A. Toscano
 JUDITH A. TOSCANO

STATE OF CALIFORNIA
 COUNTY OF FRESNO

On July 8, 1998, personally appeared before me, a Notary Public, MICHELLE STRACHAN SMITH who acknowledged that she executed the above instrument.

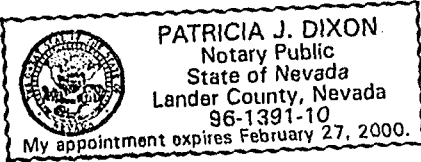
Guy W. Johnston
 Notary Public



STATE OF NEVADA
 COUNTY OF Douglas

On 7-10-98 personally appeared before me, a Notary Public, LARRY A. TOSCANO & JUDITH A. TOSCANO who acknowledged that they Executed the above instrument.

Patricia J. Dixon
 Notary Public



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

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REQUESTED BY
MARQUIS TITLE & ESCROW, INC.
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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LINDA SLATER
RECORDER

\$ 9.00 PAID KZ DEPUTY