

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 14TH day of JULY, 1998, by DON KEITH, owner of the land hereinafter described and hereinafter referred to as "Owner", and JOHN R. KIELTY, KAREN MORRIS, MICHAEL HARPER AND SANDRA CHEREB, 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 14, 1998, to NORTHERN NEVADA TITLE COMPANY, A NEVADA CORPORATION, as trustee, covering:

Lot A, Block A, as set forth on the plat of PINENUT MANOR NO. 1 and 2, filed for record in the Office of the County Recorder of Douglas County, Nevada, on June 16, 1980, as Document No. 45348 and by Certificate of Amendment recorded April 18, 1990 in Book 490 at Page 2363 as Document No. 224125 of Official Records.

to secure a note in the sum of \$42,500.00, dated JULY 14, 1998, in favor of Beneficiary, which deed of trust will record concurrently herewith on Aug 4, 1998 in Book 898, Official Records, Page 770, as Document No. 446249; and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$160,000.00, dated JULY 14, 1998, in favor of EDWARD BERNARD AND KANDACE LEIGH VAN SICKLE, TRUSTEES OR THEIR SUCCESSOR INTESTE UNDER THE BERNARD/VAN SICKLE LIVING TRUST, DATED DECEMBER 21, 1995, hereinafter referred to as "Lender," payable with interest and upon the terms and conditions described therein, which deed of trust will record concurrently herewith on Aug 4, 1998, in Book 898, Official Records, Page 767, as Document No. 446248; 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 upon the land hereinbefore described, prior and superior to the lien or charge of the deed of trust first above mentioned; 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 supersede and cancel those provisions, if any, contained in any and all other agreements, including but not limited to the deed of trust first above mentioned, second loan or escrow agreements between the parties hereto, with regard to the subordination of the lien or charge of the deed of trust first above mentioned to the lien or charge of said deed of trust in favor of Lender, which provisions are inconsistent or contrary to the provisions herein.

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

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(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 paid 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.

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.

John R Kielty
JOHN R. KIELTY

Signed in County part
DON KEITH

Karen Morris
KAREN MORRIS

Michael Harper
MICHAEL HARPER

Sandra Chereb
SANDRA CHEREB

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.

(CLTA SUBORDINATION FORM "B")

WHEN RECORDED MAIL TO:

AVTC - File

(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 paid 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.

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.

Signed in County part
JOHN R: KIELTY

Don Keith
DON KEITH

Signed in County part
KAREN MORRIS

Signed in County part
MICHAEL HARPER

Signed in County part
SANDRA CHEREB

Beneficiary

Owner

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

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(CLTA SUBORDINATION FORM "B")

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WNTC - file

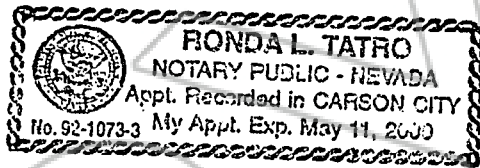
)
) SS.

COUNTY OF Carson City

On this 20 day of July, 1998, personally appeared before me a Notary Public in and for said County, State of Nevada, John R. Kielty, Karen Morris, Michael Harper, Sandra Cheek known to me to be the persons described in and who executed the foregoing instrument, who acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

[Signature]
NOTARY PUBLIC



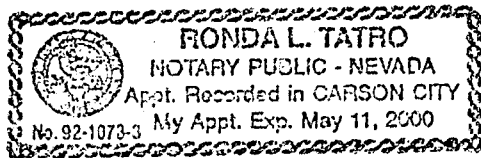
)
) SS.

COUNTY OF Carson City

On this 29 day of July, 1998, personally appeared before me a Notary Public in and for Said County, State of Nevada, Don Keith known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

[Signature]
NOTARY PUBLIC



REQUESTED BY
Northern Nevada Title Company
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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LINDA SLATER
RECORDER
10.00 PAID KJ DEPUTY