

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 7TH day of JUNE, 1999, by **CITIZENS FOR AFFORDABLE HOMES, INC., A NEVADA NON-PROFIT PUBLIC BENEFIT CORPORATION**, owner of the land hereinafter described and hereinafter referred to as "Owner", and **Eaglemark, Inc.**, 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 March 26, 1999, to Eaglemark, Inc., as trustee, covering:

Lots 728 and 729 as shown on the map of GARDNERVILLE RANCHOS UNIT NO. 6, filed in the office of the County Recorder of Douglas County, State of Nevada on May 29, 1973 as Document No. 66512.

to secure a note in the sum of \$150,000.00, dated March 26, 1999, in favor of Beneficiary, which deed of trust was recorded on March 26, 1999 in Book 399, Official Records, Page 6079, as Document No. 464273; and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$357,930.00, dated June 17, 1999, in favor of The United States of America, acting through Rural Development, United States Department of Agriculture, 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 June 17, 1999, in Book 699, Official Records, Page 3673, as Document No. 470500; 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 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;

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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.

Eaglemark, Inc.

by: *[Signature]*
Donal Hummer, Jr.,
General Counsel

Citizens For Affordable Homes,
Inc., a Nevada Non-Profit
Public Benefit Corporation

by: *[Signature]*
Arthur Seavey, Executive Director

Beneficiary

by: *[Signature]* / *[Signature]*
Alvin P. Kramer, President
Larry Green, Secretary

(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 "A")

WHEN RECORDED MAIL TO:
NNTC-Title File

512 N. Division St.

Carson City, NV 89703

STATE OF NEVADA)

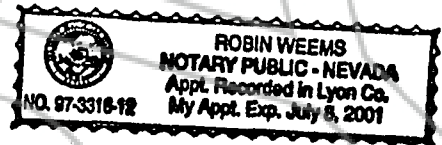
) ss.

COUNTY OF Carson)

On this 7 day of June, 1999, personally appeared before me a Notary Public in and for Carson County, State of Nevada, Donal Hummer, Jr.

_____ 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.



Robin Weems
NOTARY PUBLIC

STATE OF NEVADA)

) ss.

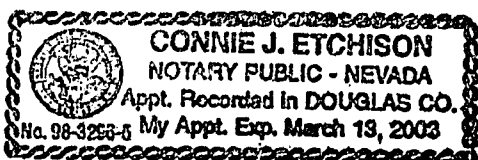
COUNTY OF Carson City)

On this 17th day of June, 1999, personally appeared before me a Notary Public in and for Douglas County, State of Nevada, ARTHUR SEAVEY AND LARRY GREEN

_____ 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.

Connie J. Etchison
NOTARY PUBLIC



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

'99 JUN 17 P2:35

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LINDA SLATER
RECORDER
\$9.00 PAID ks DEPUTY