

RECORDING REQUESTED BY:
STEWART TITLE COMPANY
WHEN RECORDED MAIL TO:

ESCROW NO. 99072258
A.P.N. # 23-610-01

MR. AND MRS. RAYMOND GRAY
1869 GRAY COURT
GARDNERVILLE, NV 89410

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 November 16, 1999, by GARY BALL AND CORINNE M. BALL, HUSBAND AND WIFE, owner of the land hereinafter described and hereinafter referred to as "Owner", and RAYMOND L. GRAY AND LUCIA L. GRAY present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary".

WITNESSETH

THAT WHEREAS, GARY BALL AND CORINNE M. BALL, did execute a deed of trust, dated 11/16/89 to STEWART TITLE OF DOUGLAS COUNTY, as Trustee, covering:

SEE ATTACHED EXHIBIT "A"

to secure a note in the sum of \$54,500.00, in favor of RAYMOND L. GRAY AND LUCIA L. GRAY, HUSBAND AND WIFE AS COMMUNITY PROPERTY WITH RIGHTS OF SURVIVORSHIP which deed of trust was recorded 12/2/98, in Book 1298, Page 601-604, Instrument No. 455466, Official Records of said county; and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$200,000.00, dated NOVEMBER 15, 1999, in favor of GENE EPPLER AND PEGGY EPPLER, HUSBAND AND WIFE, 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.

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:

THIS DOCUMENT IS BEING EXECUTED IN COUNTER-PART

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- (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 subordination 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.

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;
- (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.

Owner GARY BALL

Beneficiary RAYMOND L. GRAY

Owner CORINNE M. BALL

Beneficiary LUCIA L. GRAY

Owner _____

Beneficiary _____

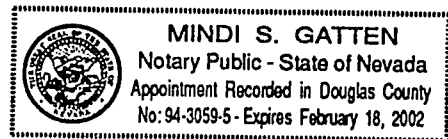
Owner _____

Beneficiary _____

STATE OF NEVADA }
 } ss.
 COUNTY OF DOUGLAS }

DATE: November 16, 1999

This instrument was acknowledged before me on 11/17/99
 by, Raymond L. Gray and Lucia L. Gray



Signature [Signature]
 Notary Public

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- (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 subordination 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.

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;
- (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.

[Handwritten Signature]
 Owner GARY BALL
[Handwritten Signature]
 Owner CORINNE M. BALL
 Owner _____
 Owner _____

Beneficiary RAYMOND L. GRAY
 Beneficiary LUCIA L. GRAY
 Beneficiary _____
 Beneficiary _____

STATE OF NEVADA }
 COUNTY OF _____ } ss.

DATE: November 16, 1999

This instrument was acknowledged before me on _____,
 by, _____

Signature _____
 Notary Public *[Handwritten Signature]*

- see California attachment

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California All-Purpose Acknowledgement

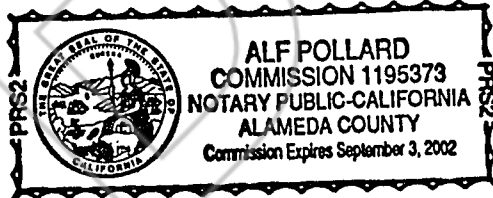
State of California
County of Alameda

On 11/15/99 before me, Alf Pollard, Notary Public, in and for the State of California,
personally appeared :

Gary Ball and Corinne M. Ball

personally known to me, or proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) ~~is~~ are subscribed to the this instrument, and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(ies) and that by his/~~her~~/their signature(s) on the instrument the person(s) or the entity upon which the person(s) acted, executed the instrument.

Witness my hand and official seal.



Alf Pollard

Capacity Claimed By Subscriber(s) :

Individual(s)

Corporate Officer(s) Title(s) _____

Attorney-in-fact Trustee Guardian/Conservator Other: _____

Description of Attached Document: Subordination Agreement

Number of Pages 2 -

Date of Document Nov-16 99

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EXHIBIT "A"

LEGAL DESCRIPTION

The land referred to herein is situated in the State of Nevada,
County of Douglas, described as follows:

Lot 1, in Block A as set forth on that certain Final
Subdivision Map Planned Unit Development #98-01 for Raymond L.
Gray and Lucia L. Gray filed for record in the office of the
County Recorder of Douglas County, Nevada, on November 20, 1998
in Book 1198 at page 4930 as Document No. 454651, and
Certificate of Amendment recorded as Document No. 467264.

Assessor's Parcel No. 23-610-01

COPY

REQUESTED BY
STEWART TITLE of DOUGLAS COUNTY

IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA

1999 NOV 23 PM 3: 39

LINDA SLATER
RECORDER

\$ 11.00 PAID *JK* DEPUTY

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