

RECORDING REQUESTED BY:

First American Title.

WHEN RECORDED MAIL TO:

Western Highland
P.O. Box 11355
Tahoe Paradise, CA 96155

This document is being recorded in Counterpart

	17-431-120	17-432-060
APN 17-431-020	17-431-070	17-432-010
17-431-030	17-431-080	17-432-020
17-431-040	17-431-090	17-432-030
17-431-050	17-431-100	17-432-040
17-431-060	17-431-110	17-432-050
		17-432-070
		17-432-080
		17-432-090
		17-432-100
		17-432-110

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 29th day of September, 2000, by GENOA LAKES VENTURE, a Nevada Joint Venture between DINGMAN DEVELOPMENT, LTD., a Nevada Limited Partnership (Dingman Investments, Inc., a Nevada corp, General Partner), and CALVO DEVELOPMENT, LTD., a Nevada corporation, owner of the land hereinafter described and hereinafter referred to as "Owner," and NOVASEL & SCHWARTE INVESTMENTS dba WESTERN HIGHLAND MORTGAGE CO.

present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH

THAT WHEREAS, THE ABOVE REFERENCED OWNER did execute a deed of trust, dated September 11, 1995, to WESTERN TITLE COMPANY, INC., a Nevada Corporation, as trustee, covering:

Lots 25 through 35, in Block A and Lots 36 through 46, in Block B, as set forth on the Final Map for GENOA LAKES PHASE 4, a Planned Unit Development, Recorded May 8, 2000, in Book 0500 of Official Records, at Page 1613, Douglas County, Nevada, as Document No. 491480.

to secure a note in the sum of \$ 415,000.00, dated September 11, 1995, in favor of THE ABOVE REFERENCED BENEFICIARY, which deed of trust was recorded September 11, 1995, in book 995 page 4828, 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 \$ 1,200,000.00 dated September 15, 2000, in favor of FIRST SECURITY BANK, N.A., 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:

- (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.

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(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.

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NOVASEL & SCHWARZE INVESTMENTS dba WESTERN HIGHLAND MORTGAGE CO.

GENOA LAKES VENTURE, a Nevada Joint Venture between CALVO DEVELOPMENT, LTD., a Nevada Corp. and E.C. DEVELOPMENT, a Guam Partnership, successor in interest to Dingman Development, LTD

BY: Richard W. Schwarze
Beneficiary
RICHARD W. SCHWARZE
SECRETARY

BY: Jay Lather
JAY LATHER, Authorized Agent for E.C. DEVELOPMENT, a Guam Partnership

BY: PATRICK E. COLLINS

BY: Jay Lather
JAY LATHER, Manager

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")

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ALL-PURPOSE ACKNOWLEDGMENT

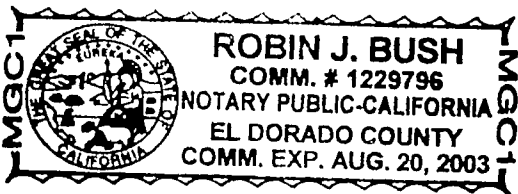
State of CALIFORNIA

County of EL DORADO

On 10-6-2000 before me, ROBIN J. BUSH, Notary Public,
Date

personally appeared RICHARD W. SCHWARTE,

personally known to me ~~OR~~ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within 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 behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Robin J. Bush

Signature of Notary Public

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State of Nevada
County of Douglas

This instrument was acknowledged before me on October 13, 2000 by
Jay Lather as Manager & Authorized Agent
for E.C. Development and Calvo Development.

Kathy Merrill
Notarial Officer



DRAFT

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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.

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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.

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- (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.

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BY: Richard W. Schwarte, Secretary

BY: JAY LATHER, Authorized Agent

Patrick E. Collins

BY: PATRICK E. COLLINS
Genoa High Meadows, LLC

BY : Jay Lather, Manager

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")

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TOTAL P. 02

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COPY

REQUESTED BY
FIRST AMERICAN TITLE CO.

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2000 OCT 16 AM 11:34

LINDA SLATER
RECORDER

\$13⁵⁰ PAID *K2* DEPUTY

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