

A.P.N. # 1320-35-002-034
ESCROW NO. 02091880

020507562-70

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

LENCIONI
BOX 7715
Reno NV 89510

This document is being signed in counter part

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 August 26, 2002, by GARY J. HILL AND KIMBERLY L. HILL * * * * owner of the land hereinafter described and hereinafter referred to as "Owner", and HARRY TEDSEN TRUSTEE OF THE REVOCABLE TRUST present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary".

WITNESSETH

THAT WHEREAS, GARY J. HILL AND KIMBERLY L. HILL * * * * did execute a deed of trust, dated 7-20-98 to WESTERN TITLE COMPANY, as Trustee, covering: SEE ATTACHED EXHIBIT "A"

to secure a note in the sum of \$80,169.00 in favor of HARRY TEDSEN, BENEFICIARY which deed of trust was recorded 8-17-98, in Book 898, Page 3300-3303, Instrument No. 483298, Official Records of said county; and BENEFICIARY WILL ACCEPT A \$35,000.00 PRINCIPAL REDUCTION ON THE CURRENT BALANCE WHICH WILL BRING THE BALANCE OF THE EXISTING LOAN TO \$69,985⁰⁰/₁₈, AND

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$353,000.00, dated 8-26-2002, in favor of BRAD H. LENCIONI AND SHERRY L. LENCIONI AND WILLIAM P. SPENCER AND KATIE A. SPENCER 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
** and Geraldine H. Lencioni, trustee

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:

0551517

Page one of 5

BK0902PG1387

- (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 J. HILL

Beneficiary BRAD H. LENCIONI

Owner KIMBERLY L. HILL

Beneficiary SHERRY L. LENCIONI

Owner *[Signature]*
HARRY TEDSEN, TRUSTEE

Beneficiary WILLIAM P. SPENCER

Owner _____

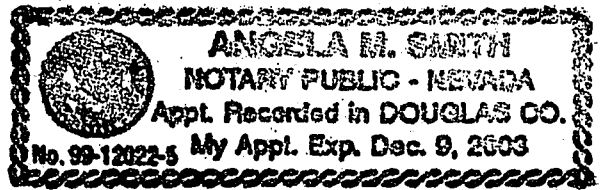
Beneficiary KATIE A. SPENCER

STATE OF NEVADA }
COUNTY OF Douglas } ss.

DATE: August 26, 2002

This instrument was acknowledged before me on 9-4-02
by Harry Tedsen, Trustee

Signature *[Signature]*
Notary Public



Page 2 of 5

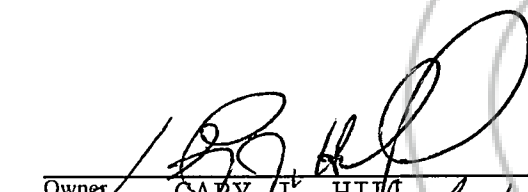
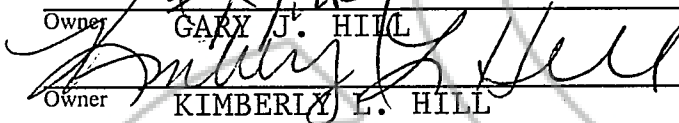
0551517
BK0902PG1388

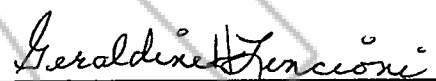

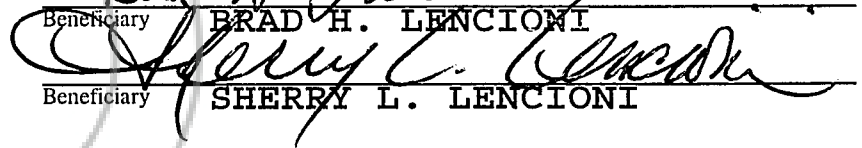
- (1) That said deed of trust securing said note in favor of Lender, and any renewals or extensions thereof shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the deed of trust first above mentioned.
- (2) That 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 J. HILL

 Owner KIMBERLY L. HILL
 Owner HARRY TEDSEN, TRUSTEE
 Owner _____

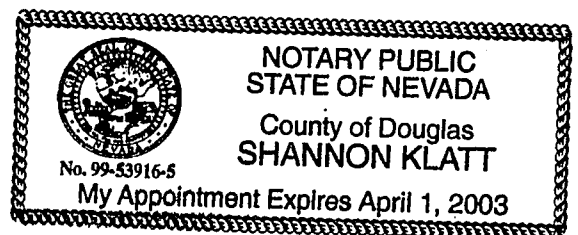

 GERALDINE H. LENCIONI, TRUSTEE

 Beneficiary BRAD H. LENCIONI

 Beneficiary SHERRY L. LENCIONI
 Beneficiary WILLIAM P. SPENCER
 Beneficiary KATIE A. SPENCER

STATE OF NEVADA }
 } ss.
 COUNTY OF Douglas }

DATE: August 26, 2002

This instrument was acknowledged before me on August 27, 2002
 by, Gary J. Hill + Kimberly L. Hill in presence of
Shannon Klatt

Signature Shannon Klatt
 Notary Public


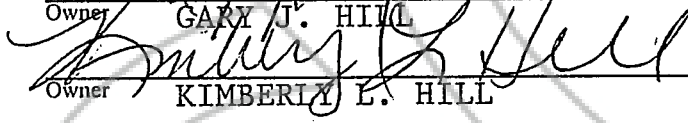




- (1) That said deed of trust securing said note in favor of Lender, and any renewals or extensions thereof shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the deed of trust first above mentioned.
- (2) That 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 J. HILL

 Owner KIMBERLY L. HILL
 Owner HARRY TEDSEN, TRUSTEE
 Owner _____

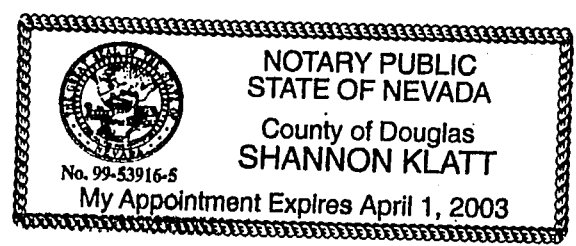
GERALDINE LENCIONI, TRUSTEE
 Beneficiary BRAD H. LENCIONI
 Beneficiary SHERRY L. LENCIONI

 Beneficiary WILLIAM P. SPENCER

 Beneficiary KATIE A. SPENCER

STATE OF NEVADA }
 COUNTY OF Douglas } ss.

DATE: August 26, 2002

This instrument was acknowledged before me on August 27, 2002
 by, Shannon Klatt

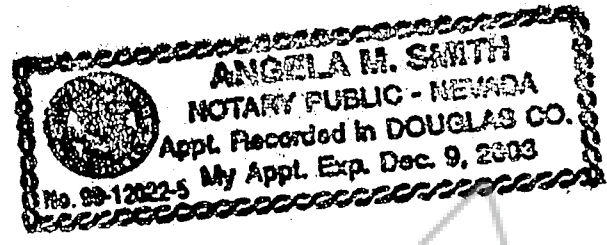
Signature Shannon Klatt
 Notary Public



STATE OF NEVADA

COUNTY OF Douglas

)
) SS.
)



On 9-4-02 personally appeared before me, a notary public, Geraldine H. Lencioni, Brad H. Lencioni, Sherry Lencioni personally known (or proved) to me to be the person whose name is subscribed to the above instrument, who acknowledged that He executed the above instrument.

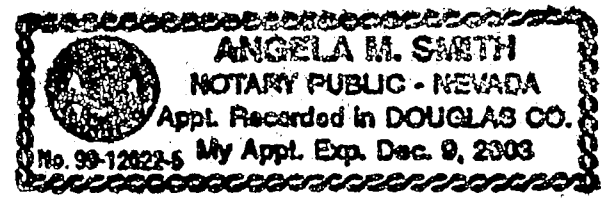
Angela M. Smith
Notary Public



STATE OF NEVADA

COUNTY OF Douglas

)
) SS.
)



On 9/4/02 personally appeared before me, a notary public, William P Spencer, Katie A. Spencer, personally known (or proved) to me to be the person whose name is subscribed to the above instrument, who acknowledged that he executed the above instrument.

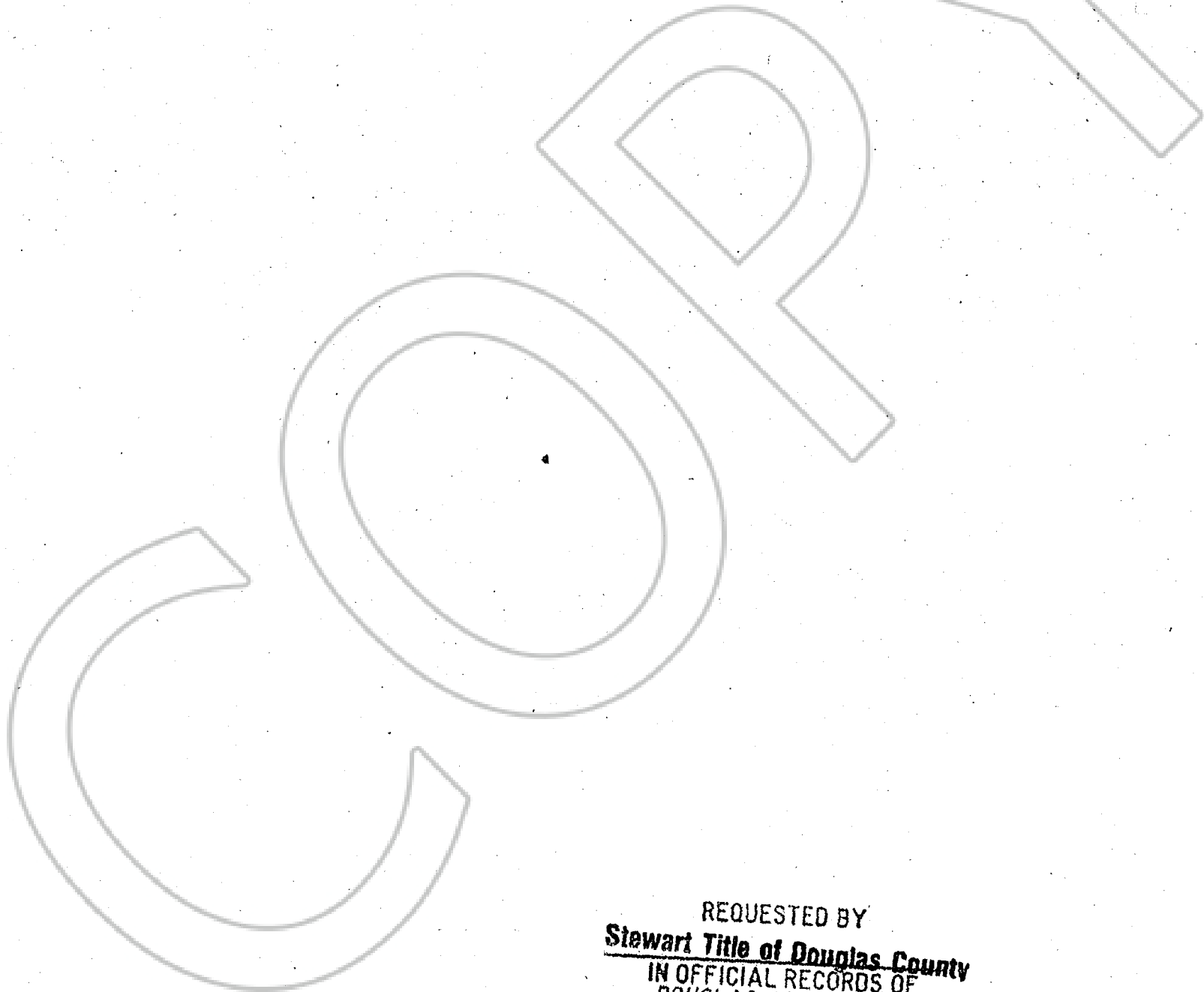
Angela M. Smith
Notary Public

LEGAL DESCRIPTION

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

Lot 4, in Block A, as shown on the map of PONDEROSA SUBDIVISION, filed for record in the office of the County Recorder of Douglas County, State of Nevada, on April 28, 1995, Book 495, at Page 4110, as Document No. 361181.

Assessors Parcel No. 1320-35-002-034



REQUESTED BY
Stewart Title of Douglas County
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2002 SEP -5 PM 4: 17

LINDA SLATER
RECORDER

\$ 19.00 PAID BY DEPUTY

STEWART TITLE
Guaranty Company

0551517

BK0902PG1392