

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

Citibank
15851 Clayton Road MS 321
Ballwin, MO 63011
CitiBank Account No.: 329669543

Space Above This Line for Recorder's Use Only

A.P.N.: 1420-18-214-048 Order No.: _____

Escrow No.: DO-1030564-LS

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 31st day of May, 2003, by
William H. Kallman and Cathy A. Kallman,

owner(s) of the land hereinafter describe and hereinafter referred to as "Owner," and
Citibank (West), FSB as successor to Cal Fed
present owner and holder of the mortgage or deed of trust and related note first hereinafter described and hereinafter referred to as "Creditor."

WITNESSETH

THAT WHEREAS, Owner has executed a mortgage or deed of trust, dated on or about APRIL
04, 2003 to Creditor, covering:

SEE ATTACHED EXHIBIT "A"

To secure a note in the sum of \$ 28,000.00, dated April 04, 2003, in favor of
Creditor, which mortgage or deed of trust was recorded on April 28, 2003, in Book 0403,
Page 13312 and/or as Instrument No. 574802 in the Official Records of the Town and/or
County of referred to in Exhibit A attached hereto; and

WHEREAS, Owner has executed, or is about to execute, a mortgage or deed of trust and a related note in a sum not greater than
\$ 96,000.00, to be dated no later than May 13, 2003, in favor of
CTX Mortgage Company, LLC, hereinafter referred to as "Lender", payable with interest and upon the terms and
conditions described therein, which mortgage or deed of trust is to be recorded concurrently herewith; and

WHEREAS, it is a condition precedent to obtaining said loan that said mortgage or deed of trust last above mentioned shall
unconditionally be and remain at all times a lien or charge upon the land herein before described, prior and superior to the lien or
charge of the mortgage or deed of trust first above mentioned; and

SUBORDINATION AGREEMENT CONTINUED ON NEXT PAGE

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CONTINUATION OF SUBORDINATION AGREEMENT

WHEREAS, Lender is willing to make said loan provided the mortgage or deed of trust securing the same is a lien of charge upon the above described property prior and superior to the lien of charge of the mortgage or deed of trust first above mentioned and provided that Creditor will specifically and unconditionally subordinate the lien or charge of the mortgage or deed of trust first above mentioned to the lien or charge of the mortgage or deed of trust in favor of Lender; and

WHEREAS, it is the mutual benefit of the parties hereto that Lender make such loan to Owner; and Creditor is willing that the mortgage or 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 mortgage or deed of trust in favor of the Creditor 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 mortgage or deed of trust securing said note in favor of Lender 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 mortgage or deed of trust in favor of the Creditor 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 mortgage or deed of trust in favor of the Creditor first above mentioned to the lien or charge of the mortgage or deed of trust in favor of the Lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the mortgages or 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 mortgage or deed of trust in favor of the Creditor first above mentioned, which provide for the subordination of the lien or charge thereof to another mortgage or deed of trust to another mortgage or deed of trust.

Creditor declares, agrees and acknowledges that

- (a) It consents to and approves (i) all provisions of the mortgage or deed of trust and the related note 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 agreements shall not defeat the subordination herein made in whole or part;
- (c) It intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the mortgage or deed of trust in favor of the Creditor to the lien or charge upon said land of the mortgage or 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) If requested by Lender, an endorsement has been placed upon the note secured by the mortgage or deed of trust first above mentioned in favor of the Creditor that said mortgage or deed of trust has by this instrument been subordinated to the lien or charge of the mortgage or 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.

SUBORDINATION AGREEMENT CONTINUED ON NEXT PAGE

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CONTINUATION OF SUBORDINATION AGREEMENT

CREDITOR:

Citibank (West), FSB as successor to Cal Fed

By [Signature]
Printed Name Karen Grant
Title Assistant Vice President

OWNER:

[Signature]
Printed Name William H. Kallman
Title _____

Printed Name _____
Title _____

[Signature]
Printed Name Cathy A. Kallman
Title _____

Printed Name _____
Title _____

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

STATE OF MISSOURI)
County of St. Louis) Ss.

On May 31st 2003, before me, Kevin Gehring personally appeared Karen Grant Assistant Vice President of Citibank, F.S.B. 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.

SEAL

[Signature]
Notary Public in said County and State

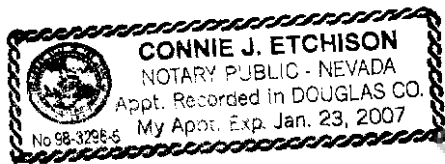
KEVIN GEHRING
Notary Public-State of Missouri
County of St. Louis
My Commission Expires Dec. 30, 2005

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STATE OF Nevada)
County of Carson City) Ss.

On June 02, 2003, before me, Connie Etchison personally appeared William H. Kallman and Cathy A. Kallman 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.



Connie Etchison
Notary Public in said County and State

0579008

BK 0603 PG 02275

Exhibit A

Lot 27 of Block B as shown on the map of SILVERADO HEIGHTS SUBDIVISION, filed for record in the office of the County Recorder of Douglas County, State of Nevada, on September 18, 1978, as Document No. 25326, and Certificate of Amendment of the final plat of said subdivision recorded August 23, 1979, in Book 879 of Official Records at Page 1725, Douglas County, Nevada as Document No. 35885, and Certificate of Amendment of the final plat of said subdivision recorded October 12, 1979, in Book 1079 of Official Records at Page 1039, Douglas County, Nevada, as Document No. 37638.

COPY

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

2003 JUN -5 PM 2: 32

WERNER CHRISTEN
RECORDER

\$18⁰⁰ PAID Bh DEPUTY

0579008

BK 0603 PG 02276

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WHEREAS, Owner has executed, or is about to execute, a mortgage or deed of trust and a related note in a sum not greater than \$ 96,000.00, to be dated no later than May 13, 2003, in favor of CTX Mortgage Company, LLC, hereinafter referred to as "Lender", payable with interest and upon the terms and conditions described therein, which mortgage or deed of trust is to be recorded concurrently herewith; and

WHEREAS, it is a condition precedent to obtaining said loan that said mortgage or deed of trust last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land herein before described, prior and superior to the lien or charge of the mortgage or deed of trust first above mentioned; and

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- (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 mortgage or deed of trust in favor of the Creditor first above mentioned to the lien or charge of the mortgage or deed of trust in favor of the Lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the mortgages or 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 mortgage or deed of trust in favor of the Creditor first above mentioned, which provide for the subordination of the lien or charge thereof to another mortgage or deed of trust to another mortgage or deed of trust.

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Title Assistant Vice President

OWNER:

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Printed Name William H. Kallman
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On May 31st 2003, before me, Kevin Gehring personally appeared Karen Grant Assistant Vice President of Citibank, F.S.B.

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.

SEAL

[Signature]
Notary Public in said County and State

KEVIN GEHRING
Notary Public-State of Missouri
County of St. Louis
My Commission Expires Dec. 30, 2005

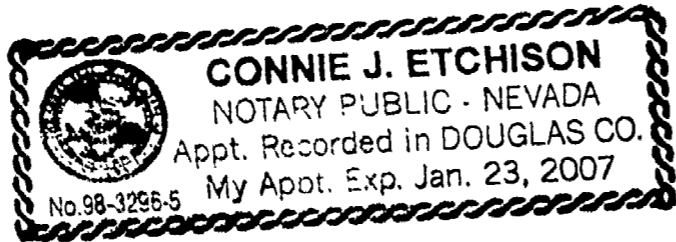
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Connie J. Etchison
Notary Public in said County and State



COPIED

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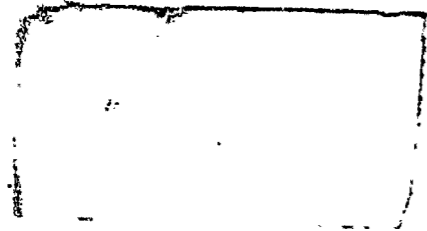


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