

After recording, mail to:
Novasel & Schwarte
P.O.Box 11355
Tahoe Paradise, CA 96155
Escrow S60156LB ~~49~~

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 28th day of January 1993, by ROBERT L. PRUETT, TRUSTEE OF THE ROBERT AND MARGARET PRUETT FAMILY TRUST DATED JUNE 12, 1987 and AMENDED DECEMBER 18, 1991 as to Parcel I and ROBERT L. PRUETT, TRUSTEE OF THE ROBERT AND MARGARET PRUETT FAMILY TRUST DATED JUNE 12, 1987 and amended DECEMBER 18, 1991 AS TO AN UNDIVIDED 91.3% INTEREST AND ZOE PRUETT DINGMAN, AN UNMARRIED WOMAN AND JEFFERY E. DINGMAN, A SINGLE MAN AS TO AN UNDIVIDED 8.7% INTEREST AS TO PARCEL II, owner of the land hereinafter referred to as "Owner", and

NOVASEL & SCHWARTE INVESTMENTS INC., DBA WESTERN HIGHLAND MORTGAGE CO., present owner and holder of the deed of trust and note first hereinafter described and hereinafter described and hereinafter referred to as "Beneficiary",

WITNESSETH

THAT WHEREAS, ROBERT L. PRUETT, TRUSTEE OF THE ROBERT AND MARGARET PRUETT FAMILY TRUST DATED JUNE 12, 1987 AND AMENDED DECEMBER 18, 1991 as to Parcel I and ROBERT L. PRUETT, TRUSTEE OF THE ROBERT AND MARGARET PRUETT FAMILY TRUST DATED JUNE 12, 1987 AND AMENDED DECEMBER 18, 1991 AS TO AN UNDIVIDED 91.3% INTEREST AND ZOE PRUETT DINGMAN, AN UNMARRIED WOMAN AND JEFFERY E. DINGMAN, A SINGLE MAN AS TO AN UNDIVIDED 8.7% INTEREST AS TO PARCEL II, did execute a Deed of Trust, dated January 31, 1993, to WESTERN TITLE COMPANY, INC., A NEVADA CORPORATION, as trustee, covering:

See Description Sheet attached hereto and by this reference made a part thereof

to secure a note in the amount of \$450,000.00, dated January 13, 1993 in favor of NOVASEL & SCHWARTE INVESTMENTS INC., DBA WESTERN HIGHLAND MORTGAGE CO., which deed of trust was recorded January 21, 1993, in book 193, Page 2909, Official Records of said County; and

WHEREAS, owner has executed or is about to execute, a deed of trust, Letter of Credit Agreement dated January 28, 1993 and Note dated January 28, 1993 in the sum of \$947,090.63, in favor of NEVADA BANKING COMPANY 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, said Letter of Credit Agreement and Note are hereinafter referred to as "loan"; 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 time 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 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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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 and Letter of Credit Agreement in favor of Lender, and any renewals or extensions thereof and modifications thereto, 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 supercede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreements 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 deed 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, Letter of Credit Agreement 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 Owners and Lender;

(b) Lender in making loan pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of loan proceeds, if any, by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purpose 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 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

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN ALL OR ANY PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENTS OF THE LAND.

BENEFICIARY:

Novascl & Schwarte Investments Inc dba
Western Highland Mortgage Co. BY:

Richard W. Schwarte
Richard W. Schwarte, Vice President/
Secretary

Robert I. Novascl, President
Robert I. Novascl, President

OWNER:

Jeffery E. Dingman
Zoe Pruett Dingman

Robert L. Pruett, Trustee of the Robert and
Margaret Pruett Family Trust dated June 12,
1987 and amended December 18, 1991

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 and Letter of Credit Agreement in favor of Lender, and any renewals or extensions thereof and modifications thereto, 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.

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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 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

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Western Highland Mortgage Co. BY:

Richard W. Schwarte, Vice President/
Secretary

Robert I. Novasel, President

OWNER:

Jeffery B. Dingman

Zoe Pruett Dingman

Robert L. Pruett, Trustee
Robert L. Pruett, Trustee of the Robert and Margaret Pruett Family Trust dated June 12, 1987 and amended December 18, 1991

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DESCRIPTION SHEET ATTACHED TO SUBORDINATION AGREEMENT

EXECUTED BY

ROBERT L. PRUETT, Trustee of the "Robert and Margaret Pruett Family Trust", and ZOE PRUETT DINGMAN and JEFFERY E. DINGMAN

and

NOVASEL AND SCHWARTE INVESTMENTS INC., dba WESTERN HIGHLAND MORTGAGE

PARCEL I:

All that certain lot, piece or parcel of land situate, lying and being in Lot 2 of NW 1/4 (SE 1/4 OF NW 1/4) of Section 27, Township 13 North, Range 18 East, M.D.B. & M., more particularly described as follows, to-wit:

BEGINNING at a point on the California-Nevada State Line near the South shore of Lake Tahoe; said point further described as bearing South 32° 30' 26" West a distance of 1991.07 feet from the North quarter-section corner of said Section 27; thence North 6° 23' 52" East, a distance of 367.10 feet to a point; thence North 83° 36' 08" West, a distance of 277 feet, more or less, to Lake Tahoe; thence Southerly and Westerly along Lake Tahoe a distance of 174 feet, more or less, to an intersection with the above mentioned California-Nevada State Line; thence South 48° 43' 15" East along said State Line a distance of 338 feet, more or less, to the point of beginning, situated in Douglas County, Nevada.

TOGETHER WITH that certain ingress, egress and public utility easement as set forth in that certain agreement recorded February 4, 1988 as Document No. 171976.

EXCEPTING therefrom any portion of the above described Parcel I lying within the description of Parcel II described below:

PARCEL II:

All that portion of the Northwest 1/4 of Section 27, Township 13 North, Range 18 East, M.D.M., more particularly described as follows:

BEGINNING at a point on the California-Nevada State Line which bears South 32° 30' 26" West 1,989.57 feet from the North one quarter section corner of said Section 27; thence North 06° 23' 52" East 255.2 feet; thence North 81° 56' 20" West 277.11 feet; thence South 06° 23' 45" West 70.15 feet to a point on the California-Nevada State Line; thence along said State Line South 48° 43' 15" East 52.18 feet to a 3/4 " iron pipe and plug, RLS 3519; thence South 48° 43' 15" East 33.18 feet to a 4.5 foot cut granite column known as Monument No. 1; thence South 48° 43' 15" East 252.30 feet to the Point of Beginning.

EXCEPTING from both Parcels I & II, any portion of the above described property lying below the 6223.00 foot level of Lake Tahoe and also excepting any artificial accretions to said land waterward of said land or natural ordinary high water or, if lake level has been artificially lowered. Excepting any portion below such elevation as may be established as the boundary by boundary line agreement with the State or by quiet title action in which the State is a party".


Further excepting from both Parcel I & II any portion lying within the State of California

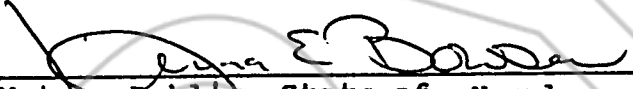
STATE OF NEVADA)
) ss.
COUNTY OF DOUGLAS)

On JANUARY 29th, 1993, ~~19~~, before me, Laura E. Bowser

, a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared Richard W. Schwarte & Robert I. Novasel, 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 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.

 LAURA E. BOWSER
Notary Public - State of Nevada
Appointment Recorded in Douglas County
MY APPOINTMENT EXPIRES NOV. 14, 1996


Notary Public, State of Nevada
My commission expires: November 14, 1996



