

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 23rd day of AUGUST 1994, by CLYDE W. NELSON AND ANN L. NELSON, HUSBAND AND WIFE AS COMMUNITY PROPERTY

owner of the land hereinafter described and hereinafter referred to as "Owner", and HEROLD L. LONG AND N. JEANETTE LONG, HUSBAND AND WIFE ASSIGNED TO ROBERT G. FERRERO, TRUSTEE OF THE HRO, INC., PENSION PLAN TRUST RECORDED JUNE 10, 1992 BOOK 692, PAGE 1901, DOCUMENT NO. 280720 present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary",

WITNESSETH

THAT WHEREAS, CLYDE W. NELSON AND ANN L. NELSON, HUSBAND AND WIFE AS COMMUNITY PROPERTY

did execute a deed of trust, dated June 1, 1992, to FIRST NEVADA TITLE COMPANY, a Nevada corporation, as trustee, covering:

Situate in the Northwest 1/4 of the Southwest 1/4 of Section 24, Township 12 North, Range 20 East, M.D.B. & M., more particularly described as follows:

Parcel 4D as set forth on Parcel Map for Harold L. Long, etux, filed for record in the office of the Douglas County, Recorder on November 15, 1989, Book 1189, Page 2027, Document No. 214812, of Official Records.

(Continued)

to secure a note in the amount of \$32,200.00, dated June 1, 1992 in favor of HEROLD L. LONG AND N. JEANETTE LONG, HUSBAND AND WIFE ASSIGNED TO ROBERT G. FERRERO, TRUSTEE OF THE HRO, INC., PENSION PLAN TRUST

which deed of trust was recorded June 10, 1992, in book 692, page 1900, 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 \$100,000.00, dated 8-23-94, in favor of RICK WOOD

hereinafter referred to as "Lender", payable with interest and upon the terms and conditions described therein, which deed of trust 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.

(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 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 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 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

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 IMPROVEMENTS OF THE LAND.

