



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 25, 1999 by WEST RIDGE HOMES, INC., a Nevada corporation, owner of the land hereinafter described and hereinafter referred to as "Owner", and STEWART TITLE GUARANTY COMPANY, a Texas corporation, present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary".

WITNESSETH

THAT WHEREAS, WEST RIDGE HOMES, INC., a Nevada corporation, did execute a deed of trust, dated August 12, 1998 to STEWART TITLE OF DOUGLAS COUNTY, a Nevada corporation, as Trustee, covering:

SEE ATTACHED EXHIBIT "A"

to secure a note in the sum of \$50,000.00, in favor of STEWART TITLE GUARANTY COMPANY, a Texas corporation, which deed of trust was recorded September 16, 1998, in Book 998, Page 3119, Instrument No. 449538, 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 \$430,000.00, dated March 17, 1999, in favor of NOVASEL & SCHWARTE INVESTMENTS, INC. dba WESTERN HIGHLAND MORTGAGE CO., hereinafter referred to as "Lender", payable with interest and upon the terms and conditions described therein, which deed of trust recorded on March 22, 1999, in Book 399 at Page 4975 as Document No. 463877;

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.

0475875
BK0999PG0687

- (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.

WEST RIDGE HOMES, INC.
 Owner _____
Peter M. Bekhof, Jr.
 Owner _____
 Owner _____
 Owner _____

STEWART TITLE GUARANTY COMPANY
 Beneficiary _____
 BY: Jerry Miller
 Beneficiary _____
AUTHORIZED REPRESENTATIVE
 Beneficiary _____
 Beneficiary _____

STATE OF NEVADA }
 } ss.
 COUNTY OF DOUGLAS }

DATE: _____

This instrument was acknowledged before me on 9-3-99
 by Jerry Miller AS
AUTHORIZED REPRESENTATIVE OF STEWART
TITLE GUARANTY COMPANY

Signature J. M. Newman
 Notary Public



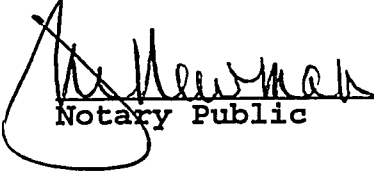
RECORDING REQUESTED BY:
STEWART TITLE COMPANY
 WHEN RECORDED MAIL TO:

STEWART TITLE GUARANTY COMPANY
 501 SO. MAIN ST., STE. 206
 CARSON CITY, NV 89703

0475875
 BK0999PG0688

STATE OF NEVADA)
) SS.
COUNTY OF DOUGLAS)

This instrument was acknowledged before me this 3 day of September, 1999, by PETER M. BEEKHOF, JR., as PRESIDENT of WEST RIDGE HOMES, INC.


Notary Public



COPY

0475875
BK0999PG0689

EXHIBIT "A"

LEGAL DESCRIPTION

ESCROW NO.: 99030007

Lot 26 in Block B as set forth on Final Subdivision Map FSM #1006-3 of CHICHESTER ESTATES, PHASE 3, filed for record in the office of the County Recorder of Douglas County, State of Nevada, on September 11, 1997 in Book 997 at Page 2121 as Document No. 421409, Official Records.

Assessors Parcel No: 1320-33-413-013

COPY

REQUESTED BY
STEWART TITLE of DOUGLAS COUNTY
IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA

1999 SEP -3 PM 3:40

LINDA SLATER
RECORDER

\$10.⁰⁰ PAID *AS* DEPUTY

0475875

BK0999PG0690