

SUBORDINATION AGREEMENT

APN 1230-32-501-002

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 30TH DAY OF MARCH, 2000
by LAGUNAK, INC. PROFIT SHARING PLAN

owner of the land hereinafter described and hereinafter referred to as "Owner", and MICHAEL GILBERT and ANGEL KERR GILBERT, husband and wife

present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH

THAT WHEREAS, Owner has executed a deed of trust, dated MARCH 30, 1999
to WESTERN TITLE COMPANY, INC., a Nevada Corporation, as trustee, covering:
See Exhibit A attached hereto and made a part hereof.

to secure a note in the sum of \$100,000.00, dated March 30, 1999
in favor of LAGUNAK, INC. PROFIT SHARING PLAN, which deed of trust was recorded APRIL 5, 1999, in Book 499 Page 273,
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 \$300,000.00, dated
APRIL 4, 2000, in favor of WARREN W. REED INSURANCE INC. EMPLOYEES PROFIT SHARING TRUST,
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, 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 herein before 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 supersede
and cancel, but only insofar as would affect the priority between the deeds of trust herein before 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 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.

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Exhibit A

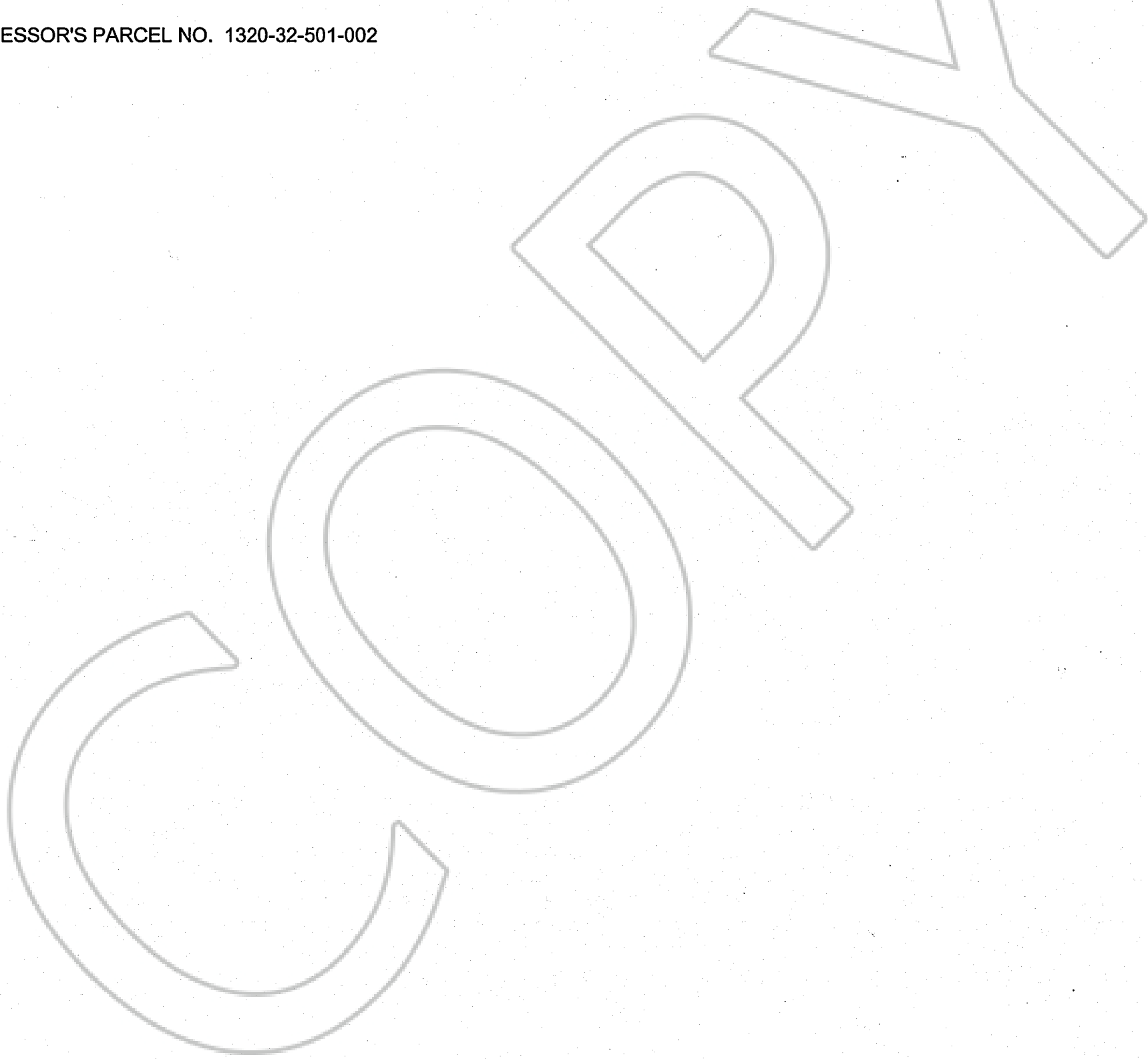
All that real property situate in the County of Douglas , State of Nevada, described as follows:

Portion of West 1/2 of Northeast 1/4 of Northeast 1/4 of Northwest 1/4 of Section 32, Township 13 North, Range 20 East, M.D.B.&M., as follows:

BEGINNING at a point on the Easterly line of First Street of Said Town of Minden, said point bearing South 12°30' East, a distance of 55.52 feet from the intersection of the center line of First Street extended and the centerline of Mono Avenue extended; thence South 26°35' West along the Easterly line of First Street a distance of 216.90 feet to a point on the Southwest corner of the parcel, said point bearing South 63°25' East, a distance of 70 feet from the Southwest corner of Block "P" of said Town of Minden; thence South 63°25' East along the Northerly side of the County Road a distance of 176.15 feet to a point; thence South 44°51' East along the Easterly side of the County Road to a point at the intersection of the County Road and the State Highway right-of-way lines said point being at right angles a distance of 139.16 feet from the center of the Virginia and Truckee Railroad spur; thence North 31°24' West along the Westerly side of said State Highway and paralleling said railroad spur to a point at the intersection of the State Highway right-of-way line with the Easterly line of First Street extended; thence South 26°35' West along the Easterly line of First Street extended to the point of beginning.

EXCEPTING THEREFROM any portion lying within U.S. Highway 395.

ASSESSOR'S PARCEL NO. 1320-32-501-002



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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.

LAGUNAK, INC. BY
Carlos Irabarran
Beneficiary

Michael Gilbert
Angel Kerr Gilbert Owner

(All signatures must be acknowledged)

Form Furnished By Western Title Company, Inc.

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

STATE OF NEVADA } S.S.
COUNTY OF Douglas

This instrument was acknowledged before me on 4-4-99
4/3/00
by Carlos Irabarran



Notary Public

(This area for official notarial seal)

STATE OF NEVADA } S.S.
COUNTY OF Douglas

This instrument was acknowledge before me on 4-4-99
4/3/00
by Michael Gilbert and Angel Kerr Gilbert



Notary Public

(This area for official notarial seal)

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO

Name LAGUNAK, INC. PROFIT SHARING PLAN
Street Address 1490 GLENWOOD DRIVE
GARDNERVILLE, NV 89410
City, State Zip
Order No. 00082908-201-KTK

REQUESTED BY
WESTERN TITLE COMPANY, INC.

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2000 APR -5 PM 3: 17

LINDA SLATER
RECORDER

\$ 9.00 PAID KD DEPUTY

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