

When Recorded Return To:

United States Small
Business Administration
Attn: Gary Wamhoff
2719 North Air Fresno
Drive, Suite 107
Fresno, CA 93727-1547

Name: Minden Montessori
School & Care Center, Inc.
Loan No.: 896 533 3007

space above line for recorder

~~EO~~ 99081746
APN 1320-30802-000
SUBORDINATION AGREEMENT

THIS AGREEMENT is dated for reference October 16, 2000, and is between Minden Montessori School & Care Center, Inc., a Nevada Corporation, owner of the land described in the Deeds of Trust referenced below ("Owner"), Wells Fargo Bank ("Lender") and the SMALL BUSINESS ADMINISTRATION, an agency duly created under and by virtue of an Act of Congress, having its principal office in Washington, in the District of Columbia, and a Commercial Loan Servicing Center at 2719 North Air Fresno Drive, Suite 107, Fresno, California 93727 (hereinafter called "SBA").

SBA is the present holder and beneficiary of that certain deed of trust or mortgage, dated April 22, 1996, to secure a note or notes in the sum of \$290,000.00 ("SBA Security Instrument"). The SBA Security Instrument was recorded on April 24, 1996 as Document Number 386136, Official Records of Washoe County, Nevada. Book 496, Page 4427

Douglas

Owner has also executed, or is about to execute, a deed of trust or mortgage securing a note in a sum not to exceed \$434,648.00 dated October 31, 2000, in favor of Lender ("Lender's Security Instrument"). Lender's Security Instrument shall be recorded concurrently herewith.

As a condition precedent to Lender's performance, the SBA Security Instrument must be subordinated to the Lender's Security Instrument. SBA is willing to subordinate the lien(s) of the SBA Security Instrument provided it retains its lien priority with regard to all other legal or equitable interests in the property.

In consideration of the mutual benefits to the parties and to induce Lender to make a loan to Owner, it is hereby agreed as follows:

(1) Lender's Security Instrument, and any renewals or extensions thereof, shall be a lien on the property prior to the lien of the SBA Security Instrument.

(2) Lender would not make its loan without this subordination agreement.

(3) Lender will not make any additional advances under its Security Instrument except such disbursements that become necessary to protect its security interest and for which Owner is liable under Lender's Security Instrument and note.

(4) This agreement shall be the whole and only agreement with regard to the subordination of the SBA Security Instrument to Lender's Security Instrument.

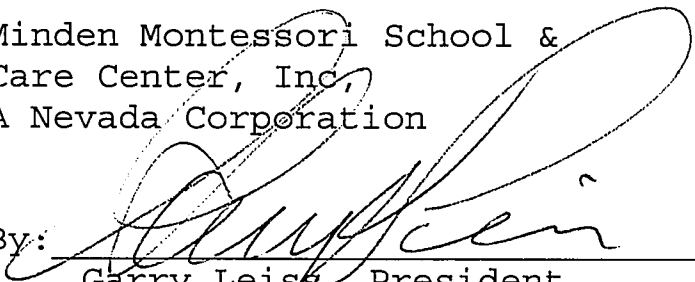
(5) Except as expressly provided herein, this agreement shall not operate or be construed to alter the priority of the SBA Security Instrument with regard to any legal or equitable interest in the property. Owner and Lender shall hold SBA harmless from any impairment of its lien (with regard to any third party) which is occasioned by this subordination.

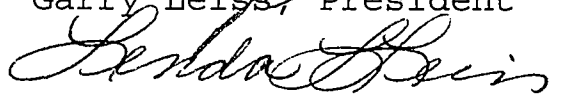
(6) Proceeds of Lender's loan shall be applied to satisfy all debt secured by a lien(s) presently superior to the lien of the SBA Security Instrument, the balance may be funded to the seller of the property, and customary closing costs. Any other use of proceeds not described herein shall void this agreement.

(7) Lender shall provide notice to SBA of any default under the terms of the Lender's Security Instrument which remains uncured for 60 days. A default in the obligation secured by the Lender's Security Instrument may be cured (including purchase of the property at, or prior to, foreclosure sale) by the SBA via cash, certified funds or a United States Treasury check, at the option of the SBA. Lender will not enforce any default provision in its Security Instrument to the detriment of the SBA, including, but not limited to, any provision regarding a default rate of interest.

(8) SBA's agreement to subordinate its lien interest to that of the Lender is expressly conditioned upon Lender's, Borrower's, and Guarantor's execution of this subordination agreement. This subordination agreement is null and void if not duly executed by all of the forgoing parties.

Minden Montessori School &
Care Center, Inc,
A Nevada Corporation

By: 
Garry Leiss, President

By: 
Linda Leiss, Secretary

0502618

BK 1100PG0206

LENDER:
Wells Fargo Bank

ADMINISTRATOR, UNITED STATES
SMALL BUSINESS ADMINISTRATION,
AN AGENCY OF THE UNITED STATES



By: _____
(please type or print name and title)

Steven K. Davidson

STEVEN K. DAVIDSON

The undersigned Guarantor(s)/Borrower(s) hereby consent to all terms above and acknowledge their liability for the above referenced SBA loan is in no manner diminished by this agreement.

By: *Garry Leiss*

Garry Leiss, Guarantor

By: *Linda Leiss*

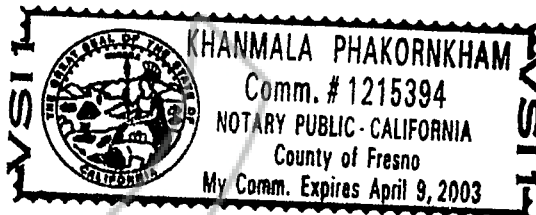
Linda Leiss, Guarantor

(All signatures must be acknowledged)

State of California
County of Fresno

On Oct. 11, 2000 before me, Khanmala Phakornkham a Notary Public, personally appeared Steven K. Davidson, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

Signature *Khanmala Phakornkham*

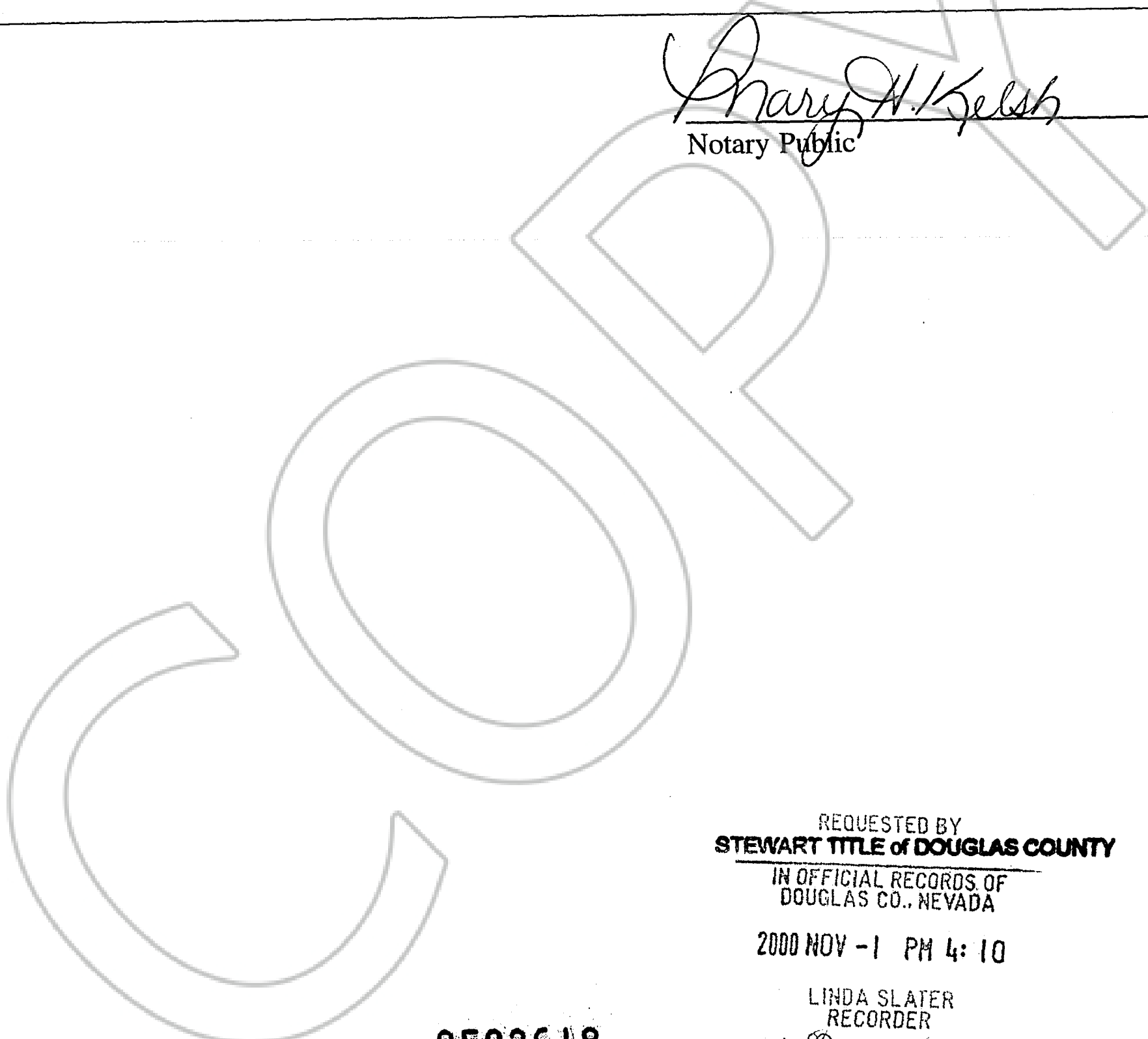


STATE OF Nevada)
) SS.
COUNTY OF Douglas)



This instrument was acknowledged before me on October 31-00,
~~199~~, by GARRY Leiss & Linda Leiss

Mary H. Kelsh
Notary Public



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

2000 NOV -1 PM 4:10

LINDA SLATER
RECORDER

\$ 10⁰⁰ PAID KD DEPUTY

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BK 1100PG0208