

APN 1420-33-710-008

D030704-MC

AFTER RECORDING RETURN TO:

HERITAGE BANK OF NEVADA
1616 RENO AVE
RENO, NV 89512

SUBORDINATION AGREEMENT

STATE OF NEVADA)
) SS.
COUNTY OF WASHOE)

This agreement is made as of the 21st day of DECEMBER, 2001 by the
Heritage Bank of Nevada hereafter referred to as the "Beneficiary").

WITNESSETH:

WHEREAS, on November 29, 2001, Richard K. and Kathy S. Halbardier, husband and wife (hereinafter collectively referred to as "Borrower") executed a Deed of Trust (hereinafter referred to as the "Deed of Trust") to Beneficiary, encumbering the real property described on Exhibit A and certain fixtures and personal property described in the Deed of Trust (such real and personal property and fixtures, any and all leases, rents, issues, profits and contracts relating thereto being hereinafter referred to as the "Property"), to secure a promissory note in the original principal sum of \$100,000.00, recorded November 29, 2001 in Book 1101, Page 9180, Document No. 528821, in the records of the County Recorder of Douglas County, NV; and

WHEREAS, a refinance instrument is to be filed for record contemporaneously with this Agreement in the records of Douglas County, NV being made to Borrowers by Washington Mutual Bank, F.A. ("Lender") refinancing that certain Deed of Trust ("Security Instrument"), in the original principal sum of \$150,000.00 dated June 4, 1996 and recorded June 17, 1996 in Book 696, Page 2784 as Document No. 390156, in the records of the County Recorder of Douglas County, NV; and; ASSIGNED to PNC Mortgage Corp., of America, an Ohio Corp. on October 23, 1998, in Book 1098, Page 4696 as Document No. 452409; and; WHEREAS, the new refinance instrument being in the principal sum of \$101,500.00; and;

WHEREAS, Lender requires as a condition of the Loan, that Beneficiary subordinate the Deed of Trust, together with all other documents now or hereafter evidencing, securing or otherwise relating to any of the obligations secured or to be secured by the Deed of Trust, to the documents evidencing and securing the Loan from Lender so that such Loan documents shall create a lien upon the Property superior to the Deed of Trust and the indebtedness thereby secured;

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NOW, THEREFORE, Beneficiary, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agrees, notwithstanding any provision of the Deed of Trust or any instrument or document relating thereto, that the lien of the Deed of Trust and all rights of Beneficiary in and to the Property, including but not limited to any and all interest, rights powers and remedies arising under or by virtue of the Deed of Trust, or any and all other instruments now or hereafter evidencing, securing or otherwise relating to any of the obligations expressly subordinate to, and does hereby subordinate and declare to be subordinate the lien of the Deed of Trust and the aforesaid interests, rights, powers and remedies to (i) the lien of the Lender, evidenced by the Security Instrument, (ii) the indebtedness secured by the Security Instrument, including without limitation, all sums or debts now or hereafter secured thereby, and all interest accrued or to accrue on any of such indebtedness, (iii) all other loan documents executed in connection with the Loan, and (iv) any modifications, amendments, renewals, replacements and alterations of the Security Instrument or the note or notes secured thereby. Beneficiary further agrees that in the event of default under the Deed of Trust or default under the Security Instrument and the foreclosure by Beneficiary or Lender under their respective security instruments, all right, lien and claim of Beneficiary in and to the Property under the Deed of Trust shall be subordinate to and payable only following complete satisfaction of all right, lien and claim of Lender in and to the Property under the Security Instrument.

Beneficiary hereby acknowledges that Lender shall rely upon this Agreement in the refinancing of said stated deed of trust which shall be secured by the Security Instrument, and that Lender shall have been induced to refinance the Loan by the representations and agreements made by Beneficiary herein.

This Agreement shall be construed in accordance with the laws of the State of NV.

Beneficiary: Heritage Bank of Nevada
 By Steve Carrick
 Its: Vice President
STEVE CARRICK, Vice President
 Attest: _____
 Its _____

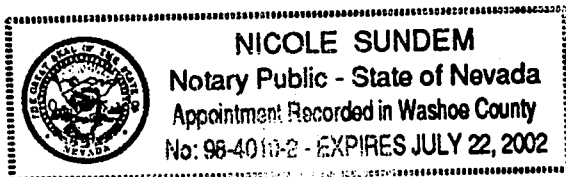
Witness

STATE OF Nevada)
) SS.
 COUNTY OF Washoe)

On Dec 21, 2001 before me, Nicole Sundem
 a Notary Public in and for said County and State, personally appeared
Steve Carrick / Vice President
 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 to me 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
 Signature Nicole Sundem

(This area for official notarial seal)



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EXHIBIT "A"

Lot 8, in Block A, as set forth on the FINAL MAP OF ANDERSON VILLAGE, filed for record in the office of the County Recorder of Douglas County, Nevada, on August 31, 1989 in Book 889, page 4542, as Document No. 209869.

COPY

REQUESTED BY
FIRST CENTENNIAL TITLE CO.
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2002 JAN 22 PM 3: 07

LINDA SLATER
RECORDER

\$16⁰⁰ PAID *KD* DEPUTY

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