

RECORDING REQUESTED BY:

Morgan Stanley Dean Witter Credit Corporation
4909 East 26th Street
Sioux Falls, SD 57110

81287-99

(This Space Reserved for Recorder)

940-2-390-449541

SUBORDINATION AGREEMENT

This Agreement, made October 21, 2002 by Lawrence N Pell and Mercedes A Pell, TRUST owner(s) of the land hereinafter described ("Owner"), and Morgan Stanley Dean Witter Credit Corporation, ("MSDWCC"), present owner and holder of the Note and beneficiary of the Mortgage/Deed first hereinafter described (MSDWCC);

WITNESSETH

WHEREAS, In order to secure a loan in the principal amount of \$75,000.00 plus interest thereon, Owner did execute a Mortgage/Deed in favor of MSDWCC, dated February 14, 2002, which Mortgage/Deed was recorded on 02/20/2002, as Document Number 0535146 (or in Book 202, Pages 6758,) in the County of Douglas, State of NV, covering the premises at 1053 Tenabo Street Gardnerville, NV 89410-7909, more particularly described in Exhibit "A" attached hereto and made a part thereof by reference.

WHEREAS, MSDW Credit Corp. ("Lender"), is about to loan the sum of \$100,000.00 through a promissory note to Owner, secured by a Mortgage/Deed on and covering the above-described premises; and

WHEREAS, Lender is willing to make such loan, provided that the Mortgage/Deed held by MSDWCC is subordinated the the lien of the Mortgage/Deed about to be made in favor of Lender as set forth above.

NOW THEREFORE, in consideration of the premises and other valuable consideration, the receipt of which is hereby acknowledged, IT IS HEREBY DECLARED, UNDERSTOOD AND AGREED as follows:

1. MSDWCC and Owner hereby covenant, consent and agree that the above mentioned Mortgage/Deed held by MSDWCC is and shall continue to be subject and subordinate in lien to the lien of the Mortgage/Deed about to be made in favor of Lender is and shall continue to be a lien prior to and superior to the lien of the Mortgage/Deed in favor of MSDWCC.

2. MSDWCC and Owner declare and acknowledge that they intentionally subordinate the Mortgage/Deed in favor of MSDWCC to the Mortgage/Deed in favor of Lender, and understand in reliance upon and in consideration of this subordination, Lender will make its loan to Owner and Lender would not make said loan but for this subordination.

3. Such subordination shall be for the principal sum of said note of Lender and accrued interest thereon, and other costs and fees as set forth in Lender's Mortgage/Deed and said Note, but shall not apply to future advances whether pursuant to a Future Advance clause or otherwise.

4. This Subordination Agreement contains the whole agreement between the parties hereto as to the priority of the Mortgage/Deed of MSDWCC and the Mortgage/Deed about to be made in favor of Lender, and there are no other agreements, written or oral, outside and separate from this Agreement, and all prior negotiations, if any, are merged with this Agreement.

In WITNESS WHEREOF, MSDWCC and Owner have executed this instrument on the day and year first above written.

0556958

BK 1102PG01618

MORGAN STANLEY DEAN WITTER CREDIT CORPORATION

By: [Signature]
Printed Name: **DEBORAH S. RICHARDS**
Its: **VICE PRESIDENT**

OWNER: Lawrence N Pell
Printed Name: **LAWRENCE N PELL**

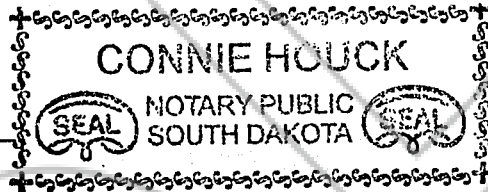
OWNER: Mercedes A. Pell
Printed Name: **MERCEDES A PELL**

WITNESS: Sandy L Uglan WITNESS: Kate E. Dawson

STATE OF SOUTH DAKOTA) SS:
COUNTY OF MINNEHAHA)

On this 22 day of Oct, 2002 before me the undersigned personally appeared Deborah S. Richards known to me to be the Vice President, or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Connie Houck
Notary Public, State of South Dakota



My Commission Expires 10/22/04 (This area for official notary seal)

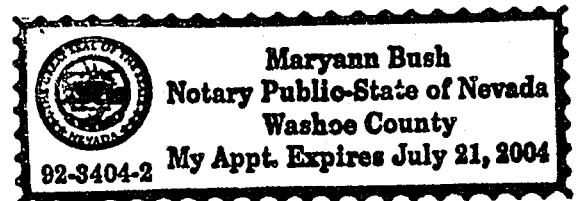
STATE OF NV
COUNTY OF Douglas

On this 31 day of Oct, 2002 before me the undersigned personally appeared Lawrence N Pell and Mercedes A Pell personally known to me, or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

WITNESS my hand and official seal.

Maryann Bush
Notary Public

My Commission Expires: 7-21-04 (This area for official notary seal)



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EXHIBIT A

Legal Description

LOT 16, IN BLOCK B, AS SET FORTH ON THE PLAT OF PINENUT MANOR NO. 1 AND 2, FILED IN THE OFFICE OF THE COUNTY RECORDER OF DOUGLAS COUNTY, STATE OF NEVADA, ON JUNE 16, 1980, AS DOCUMENT NO. 45348 AND BY CERTIFICATE OF AMENDMENT RECORDED APRIL 18, 1990, INBOOK 490, PAGE 2363, DOCUMENT NO. 224125. APN:1220-12-710-037

COPY

REQUESTED BY
WESTERN TITLE COMPANY, INC.
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2002 NOV -5 AM 11: 30

LINDA SLATER
RECORDER

\$16 PAID *Kg* DEPUTY

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