

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 this November 13, 2002
by CHAD SMITTSAMP AND JEAN MERKELBACH, TRUSTEES OF THE ROCKWELL 1997 TRUST

owner of the land hereinafter described and hereinafter referred to as "Owner", and WILLIAM HARVEY AND MAURENE HARVEY, 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 DECEMBER 15, 2000,
to FIRST AMERICAN TITLE COMPANY OF NEVADA, as trustee, covering:
See Exhibit A attached hereto and made a part hereof.

to secure a note in the sum of \$272,000.00, dated DECEMBER 15, 2000,

in favor of WILLIAM HARVEY AND MAURENE HARVEY, husband and wife, which deed of trust was recorded DECEMBER 19, 2000, in Book 1200 Page 3763, 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 \$1,400,000.00, dated NOVEMBER 22, 2002, in favor of WASHINGTON MUTUAL BANK, F.A.

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.

0559760**BK 1202 PG 01533**

Exhibit A

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

All that portion of Section 3, Township 14 North, Range 18 East, M. D. M., more particularly described as follow:

Beginning at the Center $\frac{1}{4}$ corner of said Section 3, as established by the Bureau of Land Management in 1990:

Thence South $89^{\circ}19'25''$ East 97.45 feet to the Northwest corner of Lot C GLENBROOK UNIT NO. 3, filed for record on June 13, 1980, Document No 45299; Thence along the Westerly boundary of said Lot C, South $27^{\circ}07'57''$ West 677.18 feet; Thence South $14^{\circ}18'38''$ West 257.15 feet; Thence South $45^{\circ}15'23''$ West 239.71 feet: Thence leaving the Westerly boundary, North $16^{\circ}33'21''$ West 171.40 feet; Thence North $29^{\circ}43'18''$ West 43.00 feet; Thence North $42^{\circ}43'18''$: West 100.00 feet; Thence along a curve concave to the South with a radius of 45.00 feet, a central angle of $111^{\circ}38'51''$ and an arc length 87.69 feet, the chord of said curve bears South $64^{\circ}58'33''$ West 74.46 feet; Thence along a curve concave to the East with a radius 190.00 feet, a central angle of $21^{\circ}33'30''$, and an arc length of 71.49 feet, the chord of said curve bears South $02^{\circ}40'35''$ West 71.07 feet; Thence along a curve concave to the Northwest with a radius of 180.00 feet, a central angle of $66^{\circ}05'15''$, and an arc length of 207.62 feet, the chord of said curves bears South $31^{\circ}44'20''$ West 196.30 feet; Thence North $01^{\circ}14'07''$ East 1,024.97 feet; Thence South $89^{\circ}19'25''$ East 735.21 feet to the point Beginning.

Containing 12.89 acres, more or less

The Basis of Bearing for this description is the Record of Survey filed for record as Document No. 163482.

PER NRS 111.312, this legal description
was previously recorded at
Document no. 505312, Book 1500
Page 3705, on December 19, 2000.

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BK 1202 PG 01534

(e) WHEREAS, this subordination agreement is to subordinate the existing lien as shown above and is for the purpose of refinancing the previous first lien that was recorded August 31, 1999 in Book 899 Page 6068, Document No. 0475657 of Official records of Douglas County, State of Nevada in favor of Washington Mutual Bank, F.A. New First lien in favor of Washington Mutual Bank, F.A. not to exceed \$1,400,000.00.

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.

William Harvey
WILLIAM HARVEY
Maurene Harvey
MAURENE HARVEY Beneficiary

Chad Smittkamp
CHAD SMITTKAMP
Jean Merkelbach
JEAN MERKELBACH Owner

(All signatures must be acknowledged)

Form Furnished By Western Title Company, Inc.

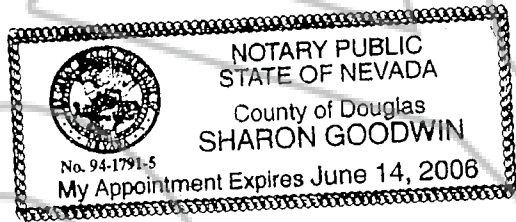
IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

STATE OF NEVADA }
COUNTY OF DOUGLAS } S.S.

This instrument was acknowledged before me on
11/26/02

by WILLIAM HARVEY AND MAURENE HARVEY

[Signature]
Notary Public



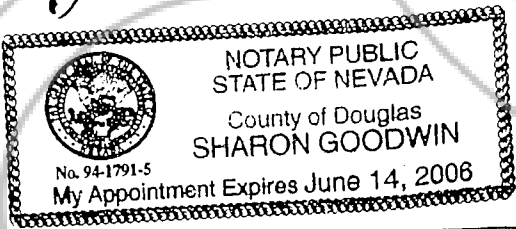
(This area for official notarial seal)

STATE OF NEVADA }
COUNTY OF DOUGLAS } S.S.

This instrument was acknowledge before me on
11/25/02

by CHAD SMITTKAMP AND JEAN MERKELBACH, TRUSTEES.

[Signature]
Notary Public



(This area for official notarial seal)

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO
Name WILLIAM HARVEY
Street Address Bene's Address
City, State Zip Bene's City, State, Zip
Order No. 00086649-201-SLG

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

2002 DEC -4 AM 9:16

LINDA SLATER
RECORDER

\$16⁰⁰ PAID *Kg* DEPUTY

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