

23303004

Assessor's Parcel No.: 1220-03-411-001

WHEN RECORDED MAIL TO:

**Business Bank of Nevada
Credit Department
6085 West Twain Avenue
Las Vegas, NV 89103-1228**

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

NOTICE: THIS SUBORDINATION AGREEMENT - LEASE 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.

SUBORDINATION AGREEMENT - LEASE

THIS SUBORDINATION AGREEMENT - LEASE dated March 17, 2003, is made and executed among Job's Peak Veterinary Hospital, Inc. ("Lessee"); Stephen D. MacCabe ("Borrower"); and Business Bank of Nevada ("Lender").

LEASE. Lessee has executed one or more leases of the following described Real Property (the "Subordinated Lease"). The Subordinated Lease is evidenced by that certain Commercial Lease Agreement dated on or about January 1, 1999 wherein Stephen D. MacCabe and Debora L. MacCabe are collectively the Owner and Job's Peak Veterinary Hospital, Inc. is the Tenant. The interest of Debora L. MacCabe was acquired by Stephen D. MacCabe by that certain Grant, Bargain, Sale Deed executed on March 11, 2003, recorded concurrently herewith.

REAL PROPERTY DESCRIPTION. The Subordinated Lease covers a portion of the following described Real Property located in Douglas County, State of Nevada:

See Exhibit "A" attached hereto and made a part hereof by this reference.

The Real Property or its address is commonly known as 1454 Southgate Drive, Gardnerville, Nevada. The Real Property tax identification number is 1220-03-411-001.

REQUESTED FINANCIAL ACCOMMODATIONS. Borrower and Lessee each want Lender to provide financial accommodations to Borrower in the form of (A) new credit or loan advances, (B) an extension of time to pay or other compromises regarding all or part of Borrower's present indebtedness to Lender, or (C) other benefits to Borrower ("Superior Indebtedness"). Borrower and Lessee each represent and acknowledge to Lender that Lessee will benefit as a result of these financial accommodations from Lender to Borrower, and Lessee acknowledges receipt of valuable consideration for entering into this Subordination.

LENDER'S LIEN. As a condition to the granting of the requested financial accommodations, Lender has required that Lender's lien be and remain superior to the Subordinated Lease.

NOW THEREFORE THE PARTIES TO THIS SUBORDINATION HEREBY AGREE AS FOLLOWS:

SUBORDINATION. All of Lessee's right, title, and interest in and to the Subordinated Lease and the Real Property is and shall be subordinated in all respects of Lender's Lien and the Superior Indebtedness, and it is agreed that Lender's Lien shall be and remain, at all times, prior and superior to Lessee's interests in the Subordinated Lease and the Real Property. Lessee

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SUBORDINATION AGREEMENT- LEASE
(Continued)

Page 2 of 5

also subordinates to Lenders Lien all other Security interests in the Real Property held by Lessee, whether now existing or hereafter acquired.

LESSEE'S REPRESENTATIONS AND WARRANTIES. Lessee represents and warrants to Lender that: (A) no representations or agreements of any kind have been made to Lessee which would limit or qualify in any way the terms of this Subordination; (B) this Subordination is executed at Borrower's request and not at the request of Lender; (C) Lender has made no representation to Lessee as to the creditworthiness of Borrower; and (D) Lessee has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Lessee agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Lessee's risks under this Subordination, and Lessee further agrees that Lender shall have no obligation to disclose to Lessee information or material acquired by Lender in the course of its relationship with Borrower.

LESSEE WAIVERS. Lessee waives any right to require Lender; (A) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any Superior Indebtedness secured by Lender's Lien, or notice of any action or nonaction on the part of the Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional indebtedness; (C) to resort for payment or to proceed directly or at once against any person, including Borrower; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

LENDER'S RIGHTS. Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Subordination. In particular, without limitation, Lender may, without notice of any kind to Lessee, (A) make one or more additional secured or unsecured loans to Borrower; (B) repeatedly alter, compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part of it, including increases and decreases of the rate of interest on the Superior Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or guarantors on any terms or manner Lender chooses; (E) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; (F) apply such security and direct the order or manner of sale of the security, as Lender in its discretion may determine; and (G) transfer this Subordination to another party.

DEFAULT BY BORROWER. If Borrower becomes insolvent or bankrupt, this Subordination shall remain in full force and effect. Any default by Borrower under the terms of the Subordinated Lease also shall constitute an event of default under the terms of the Superior Indebtedness in favor of Lender.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Subordination:

Amendments. This Subordination, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Subordination. No alteration of or amendment to this Subordination shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Arbitration. Borrower and Lessee and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Subordination or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any property shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any

SUBORDINATION AGREEMENT- LEASE
(Continued)

Page 3 of 5

property, including any claim to rescind, reform, or otherwise modify any agreement relating to the property, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Subordination shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Attorney's Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Subordination, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Lessee also will pay any court costs, in addition to all other sums provided by law. Fees and expenses shall include attorneys' fees that Lender, Trustee, or both incur, if either or both are made parties to any action to enjoin foreclosure or to any legal proceeding that Lessee institutes. The fees and expenses are secured by this Subordination and are recoverable from the Real Property.

Authority. The person who signs this Subordination as or on behalf of Lessee represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Lessee's security interests in Borrower's property, if any.

Caption Headings. Caption headings in this Subordination are for convenience purposes only and are not to be used to interpret or define the provisions of this Subordination.

Governing Law. This Subordination will be governed by, construed and enforced in accordance with federal law and the laws of the State of Nevada. This Subordination has been accepted by Lender in the State of Nevada.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Subordination unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Subordination shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Subordination. No prior waiver by Lender, nor any course of dealing between Lender and Lessee, shall constitute a waiver of any of Lender's rights or any of Lessee's obligations as to any future transactions. Whenever the consent of Lender is required under this Subordination, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

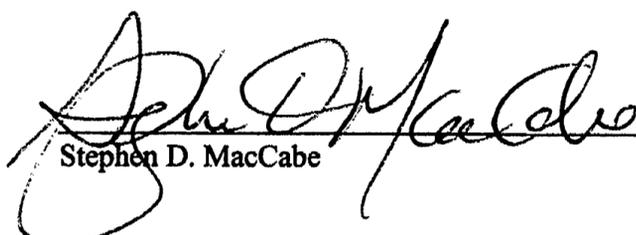
Successors. This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Subordination, and the covenants of Borrower and Lessee herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

Waive Jury. All parties to this Subordination hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

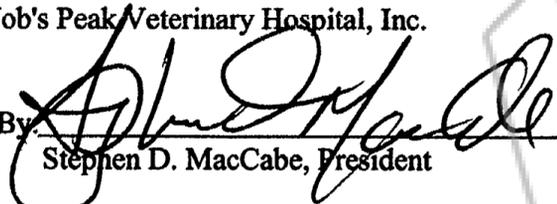
**SUBORDINATION AGREEMENT- LEASE
(Continued)**

EACH PARTY TO THIS SUBORDINATION ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION, AND EACH PARTY AGREES TO ITS TERMS. THIS SUBORDINATION IS DATED March 17, 2003.

BORROWER:

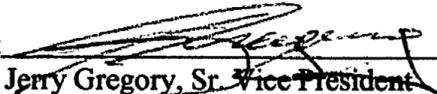

Stephen D. MacCabe

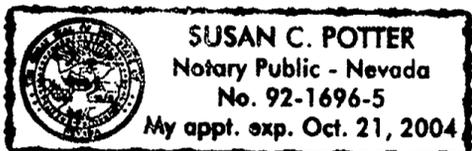
LESSEE:

Job's Peak Veterinary Hospital, Inc.
By: 
Stephen D. MacCabe, President

LENDER:

Business Bank of Nevada

By: 
Jerry Gregory, Sr. Vice President



NOTARY ACKNOWLEDGMENT

STATE OF NEVADA)
COUNTY OF Douglas) SS.

This instrument was acknowledged before me on March 17, 2003, by Stephen D. MacCabe.


Notary Public
Printed Name: Susan C Potter

My Commission Expires:
Oct. 21, 2004

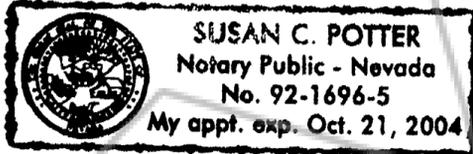
**SUBORDINATION AGREEMENT- LEASE
(Continued)**

NOTARY ACKNOWLEDGMENT

STATE OF NEVADA)
COUNTY OF Douglas) SS.

This instrument was acknowledged before me on March 17, 2003, by Stephen D. MacCabe as President of Job's Peak Veterinary Hospital, Inc.

Susan C Potter
Notary Public
Printed Name: Susan C Potter



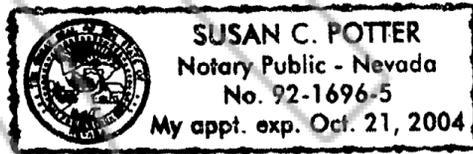
My Commission Expires:
Oct. 21, 2004

NOTARY ACKNOWLEDGMENT

STATE OF NEVADA)
COUNTY OF Douglas) SS.

This instrument was acknowledged before me on March 17, 2003, by Jerry Gregory, as Sr. Vice President of Business Bank of Nevada.

Susan C Potter
Notary Public
Printed Name: Susan C Potter



My Commission Expires:
Oct. 21, 2004

LEGAL DESCRIPTION

A parcel of land located in the Southwest 1/4 of Section 3, Township 12 North, Range 20 East, Mount Diablo Meridian, more particularly described as follows:

BEGINNING at the Northwest corner of Lot 1 of Block "A", as shown on the Final Map for Southgate Service Park One filed for record in the Douglas County Recorder's Office in Book 691, at Page 457, as Document No. 252109; said point further described as falling on the Easterly right-of-way line of U.S. Highway 395;
thence North 64°47'58" East, 175.96 feet;
thence South 35°06'34" East, 271.66 feet to a point on the Northerly right-of-way line of Southgate Drive;
thence along said right-of-way South 76°05'05" West, 30.00 feet;
thence along the arc of a curve to the right having a radius of 100.00 feet, a central angle of 16°51'50" and an arc length of 29.43 feet;
thence along the arc of a reverse curve to the left having a radius of 171.59 feet, a central angle of 36°32'22" and an arc length of 109.43 feet;
thence along the arc of a reverse curve to the right having a radius of 25.00 feet; a central angle of 90°00'00" and an arc length of 39.27 feet to a point on the Easterly right-of-way line of U.S. Highway 395;
thence along said right-of-way line North 33°35'27" West, 214.60 feet to the POINT OF BEGINNING.

The Basis of Bearing of this description is North 76°05'05" East, the centerline of Southgate Drive, as shown on said Final Map.

Per NRS 111.312, this legal description was previously recorded on February 12, 1998, in Book 298, at Page 2279, as Document No. 432567, of Official Records.

Assessor's Parcel No. 1220-03-411-001

REQUESTED BY
MARQUIS TITLE & ESCROW
IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA

2003 MAR 18 PM 4:45

WERNER CHRISTEN
RECORDER

1900 PAID *KJ* DEPUTY

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BK 0303 PG 07976