

A.P.N. 1221-10-000-006
Escrow No. 030800239
Recording Request by:
STEWART TITLE COMPANY

WHEN RECORDED MAIL TO:
Thomas R. Brooksbank, Esq.
P.O. Box 3479
Reno, NV 89505

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "Agreement") is made as of _____, by and among, DAVID DEWITT ("Dewitt") who is the owner of the real property hereinafter described, as well as the judgment debtor, SECURITY-CONNECTICUT LIFE INSURANCE COMPANY, (hereinafter the "Judgment Creditor"); and, NOVASEL & SCHWARTE INVESTMENT INC., DBA WESTERN HIGHLAND MORTGAGE CO., (hereinafter "Lender"), with respect to the following Recitals:

WHEREAS Judgment Creditor has obtained and recorded a civil judgment against DeWitt in Case No. 01-CV-0242, Ninth Judicial District Court of the State of Nevada, in and for Douglas County. The judgment is a lien against all real property owned by DeWitt in Douglas County, including the real property subject to this Subordination Agreement.

WHEREAS, DeWitt is the owner of the hereinafter described real property, and DeWitt desires to obtain a construction loan from Lender for the purpose of constructing a single family residence on the real property.

Lender desires to provide Dewitt with a construction loan in the amount of \$285,000.00 for purposes of the construction of the single family residence on the property, but will only do so if the Judgment Creditor subordinates its judgment lien to the construction loan.

The parties have agreed that the Judgment Creditor shall subordinate its judgment lien, in accordance with the terms and conditions hereinafter set forth.

NOW THEREFORE, it is agreed: "THIS DOCUMENT, EXECUTED IN COUNTERPART, IS BEING RECORDED AS ONE DOCUMENT"

1. Judgment Creditor hereby subordinates its judgment lien to a promissory note and deed of trust, in favor of Lender, in an amount not to exceed \$300,000.00, and a term not to exceed 2 years.
2. DeWitt shall pay Judgment Creditor \$15,000.00 to be applied against the judgment as consideration for the Subordination.

3. DeWitt shall pay Judgment Creditor the sum of \$600.00 per month representing the interest accruing on the judgment.
4. DeWitt shall pay the judgment in full on or before June 30, 2005.
5. That said deed of trust securing said note in favor of Lender, and any renewals or extensions thereof shall 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 judgment lien first above mentioned.
6. That Lender would not make its loan above described without this subordination agreement.
7. That this agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the judgment lien 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 judgment lien and deed of trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited to, those provisions, if any, contained in the judgment first above mentioned above, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.
8. DeWitt 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;
9. Lender is 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;
10. Judgment Creditor intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the judgment lien 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 made and, as part and parcel thereof, specific monetary and other obligations 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

obligations 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

- 11. An endorsement has been placed upon the judgment lien first above mentioned that said judgment lien has by this instrument been subordinated to the lien or charge of the deed of trust in favor of Lender above referred to.

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.

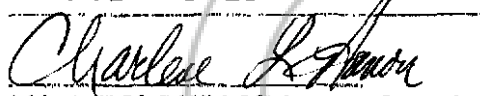
OWNER



 DAVID DeWITT

State of Nevada)
)ss.
 County of DOUGLAS)

This instrument was acknowledged before me on 6/12/2003, 2003, by DAVID DEWITT



 NOTARY PUBLIC in and for said
 County and State

JUDGMENT CREDITOR
SECURITY-CONNECTICUT
INSURANCE LIFE INSURANCE

By _____
 Its _____

State of Nevada)
)ss.
 County of _____)

This instrument was acknowledged before me on _____, 2003, by _____

 NOTARY PUBLIC in and for said
 County and State

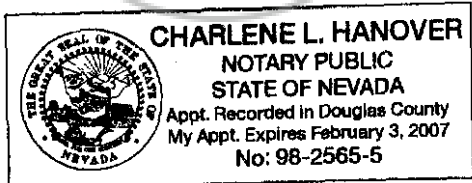
LENDER
NOVASEL & SCHWARTE
INVESTMENTS INC., DBA WESTERN
HIGHLAND MORTGAGE

By: _____
 Its: _____

State of Nevada)
)ss.
 County of _____)

This instrument was acknowledged before me on _____, 2003, by _____

 NOTARY PUBLIC in and for said
 County and State



11. An endorsement has been placed upon the judgment lien first above mentioned that said judgment lien has by this instrument been subordinated to the lien or charge of the deed of trust in favor of Lender above referred to.

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.

OWNER

DAVID DeWITT

State of Nevada)
)ss.
County of _____)

This instrument was acknowledged before me on _____, 2003, by _____.

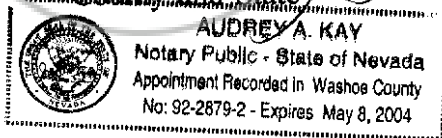
NOTARY PUBLIC in and for said
County and State

**JUDGMENT CREDITOR
SECURITY-CONNECTICUT
INSURANCE LIFE INSURANCE**

By [Signature]
Its ATTORNEY
THOMAS R. BROOKS BANK
State of Nevada)
)ss.
County of Washoe)

This instrument was acknowledged before me on June 12, 2003, by Thomas R Brooks Bank.

NOTARY PUBLIC in and for said
County and State



LENDER

**NOVASEL & SCHWARTE
INVESTMENTS INC., DBA WESTERN
HIGHLAND MORTGAGE**

By: [Signature]
Its: V.P.
RICHARD W. SCHWARTE
State of Nevada)
)ss.
County of _____)

This instrument was acknowledged before me on _____, 2003, by _____.

NOTARY PUBLIC in and for said
County and State



ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

County of EL DORADO

On 6-16-03 before me, Janet Olivo, a Notary Public,

Date
personally appeared RICHARD W. SCHWARTE
Name(s) of Signer(s)

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.

Janet Olivo

Signature of Notary Public

REQUESTED BY
Stewart Title of Douglas County
IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA

2003 JUN 18 AM 10:20

WERNER CHRISTEN
RECORDER

\$ 18⁰⁰ PAID *KZ* DEPUTY

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