

FIRST AMERICAN TITLE CO.

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2004 JUL -1 PM 4:13

WERNER CHRISTEN
RECORDER

\$16.00 PAID CF DEPUTY

RECORDING REQUESTED BY:
California Bank & Trust
2399 Gateway Oaks Drive Ste. 110
Sacramento, CA 95833

WHEN RECORDED MAIL TO:
California Bank & Trust
Commercial Loan Operations
401 W. Whittier Blvd.
La Habra, CA 90631

SPACE ABOVE THIS LINE FOR RECORDER'S USE

72041-MM

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN THE LEASEHOLD ESTATE IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This agreement, made this 4th day of June 2004 by GBE, LLC, a Nevada Limited Liability Company owner of the land hereinafter described and hereinafter referred to as "Owner", and Great Basin Equine Medicine & Surgery, Inc., a Nevada Corporation present owner and holder of the leasehold estate hereinafter referred to as "Lessee";

WITNESSETH

THAT WHEREAS Great Basin Equine Medicine & Surgery, Inc., a Nevada Corporation, as lessee, executed a lease, dated January 1, 2003, covering:

FOR LEGAL DESCRIPTION SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

in favor of Great Basin Equine Medicine & Surgery, Inc., a Nevada Corporation as lessor, which lease was unrecorded; and

WHEREAS, Owner has executed, or is about to execute, a third deed of trust and note in the sum of \$245,800.00 and dated June 4, 2004, in favor of **California Bank and Trust** hereinafter referred to as "Lender," payable with interest and upon the terms and conditions described therein, which deeds of trust is to be recorded concurrently herewith; and

WHEREAS, it is a condition precedent to obtaining said loan that said deeds of trust last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lease above described and to the leasehold estate created thereby; and

WHEREAS, Lender is willing to make said loan provided the deeds of trust securing the same is a lien or charge upon said land prior and superior to the lease above described and to the leasehold estate created thereby and provided that Lessee will specifically and unconditionally subordinate and subject the lease above described, the leasehold estate created thereby together with all rights and privileges of Lessee thereunder, to the lien or charge of the deeds 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 Lessee is willing that the deeds of trust securing the same shall, when recorded, constitute a lien or charge

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upon said land which is unconditionally prior and superior to the lease above described and to the leasehold estate created thereby.

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 deeds of trust securing said notes in favor of Lender, and any renewals and extensions thereof, shall unconditionally be and remain at all times a lien or charge on the land described therein, prior and superior to the lease above described, to the leasehold estate created thereby and to all rights and privileges of Lessee thereunder, and said lease, the leasehold estate created thereby together with all rights and privileges of Lessee thereunder is hereby subjected, and made subordinate, to the lien or charge of the deeds of trust in favor of Lender.
- (2) That Lender would not make these loans above described without this subordination agreement.
- (3) That this agreement shall be the whole and only agreement with regard to the subjection and subordination of the lease above described and the leasehold estate created thereby together with all rights and privileges of Lessee thereunder to the lien or charge of the deeds of trust in favor of Lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the lease and the deeds of trust hereinbefore specifically described, any prior agreements as to such subjection or subordination, including, but not limited to, those provisions, if any, contained in the lease above described, which provide for the subjection or subordination of said lease and the leasehold estate created thereby to a deed or deeds of trust or to a mortgage or mortgages.

Lessee declares, agrees and acknowledges that

- (a) He consents to and approved (i) all provisions of the notes and deeds 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; and
- (c) He intentionally and unconditionally waives, relinquishes, subjects and subordinates the lease above described, the leasehold estate created thereby together with all rights and privileges of Lessee thereunder in favor of the lien or charge upon said land of the deeds of trust in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquishment, subjection 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, subjection and subordination.

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NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH
ALLOWS THE PERSON OBLIGATED ON YOUR LEASE TO OBTAIN A LOAN A
PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN
IMPROVEMENT OF THE LAND.

LESSEE

LESSOR/OWNER

Great Basin Equine Medicine & Surgery, Inc.

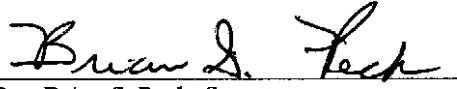
GBE, LLC



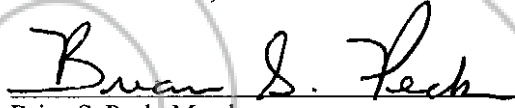
By: Martin L. Gardner, President



Martin L. Gardner, Member



By: Brian S. Peck, Secretary



Brian S. Peck, Member

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

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

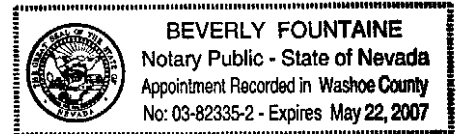
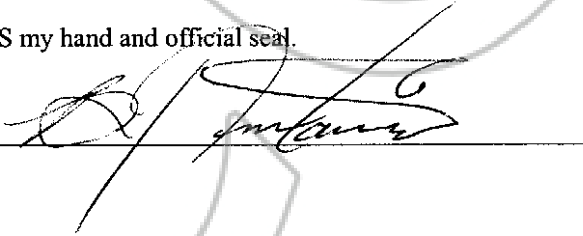
(CLTA SUBORDINATION FORM "D")

STATE OF CALIFORNIA } ss
COUNTY OF Douglas }

On June 28 2004, before me, Beverly Fountaine, a
Notary Public in and for said State, personally appeared Martin L. Gardner,
personally know to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose
name(s) is/are subscribe 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



(This area for official notarial seal)

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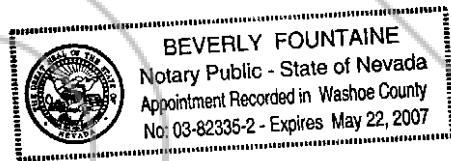
STATE OF CALIFORNIA } ss
COUNTY OF Washoe }

On June 28, 2004, before me, Beverly Fountaine, a Notary Public in and for said State, personally appeared Brian S. Peck, personally know to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribe 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 _____

(This area for official notarial seal)



STATE OF CALIFORNIA } ss
COUNTY OF _____ }

On _____, before me, _____, a Notary Public in and for said State, personally appeared _____, personally know to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribe 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 _____

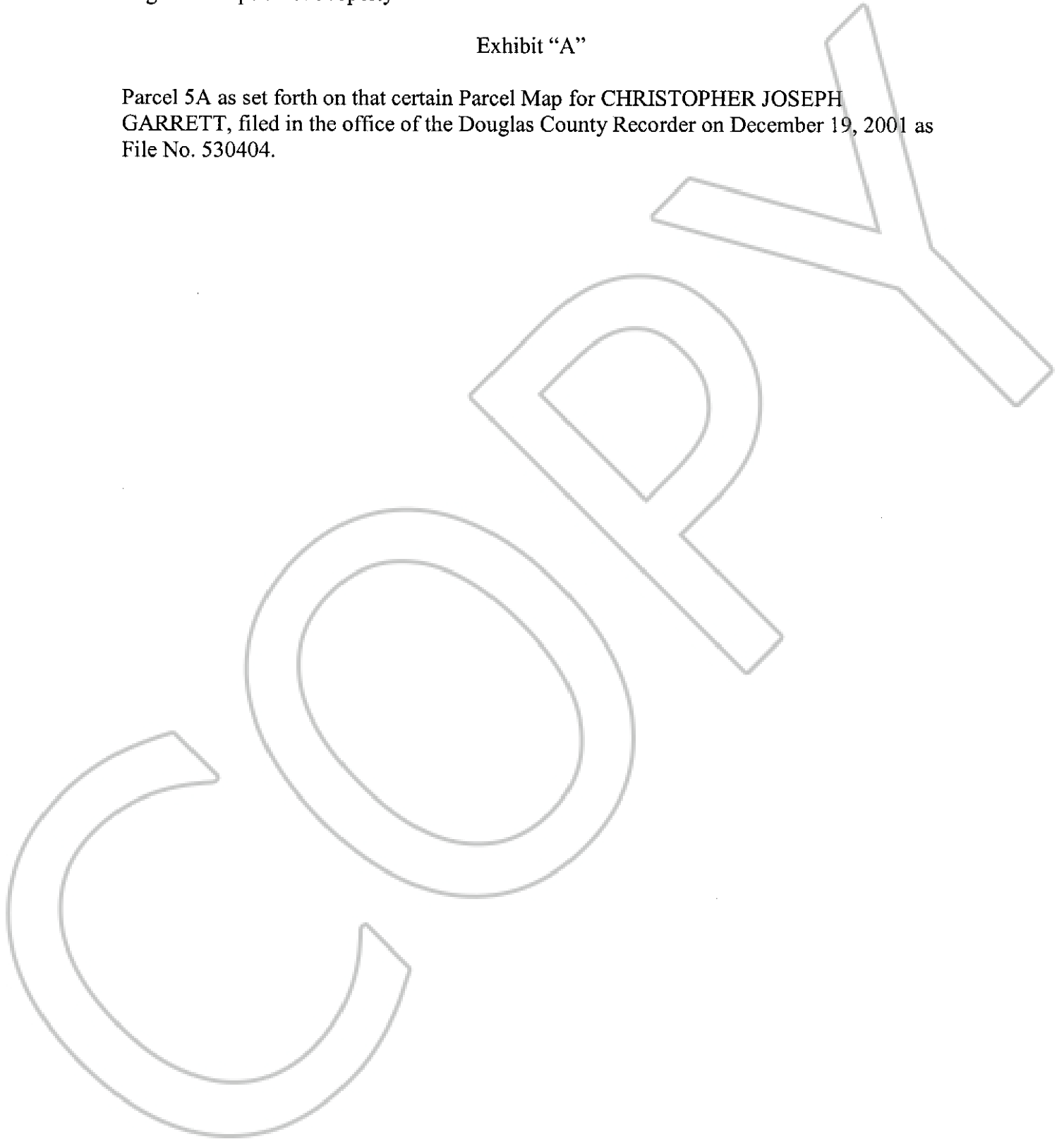
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Legal Description of Property

Exhibit "A"

Parcel 5A as set forth on that certain Parcel Map for CHRISTOPHER JOSEPH GARRETT, filed in the office of the Douglas County Recorder on December 19, 2001 as File No. 530404.



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