

A.P.N. # 1318-23-813-024
ESCROW NO. 050302828
RECORDING REQUESTED BY:
STEWART TITLE COMPANY

DOC # 0661761
11/29/2005 10:40 AM Deputy: KLJ

OFFICIAL RECORD
Requested By:
STEWART TITLE OF DOUGLAS
COUNTY

Douglas County - NV
Werner Christen - Recorder

Page: 1 Of 5 Fee: 18.00
BK-1105 PG-11944 RPTT: 0.00



WHEN RECORDED MAIL TO:

NOVASEL & SCHWARTE
3170 HIGHWAY 50, STE. 10
SO. LAKE TAHOE, CA 96150

(Space Above for Recorder's Use Only)

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 November 15, 2005, by BRIAN K. KROLICKI and KELLY KROLICKI, husband and wife, owner of the land hereinafter described and hereinafter referred to as "Owner", and NOVASEL & SCHWARTE INVESTMENTS, INC., dba WESTERN HIGHLAND MORTGAGE COMPANY, 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 November 15, 2005, to Stewart Title of Douglas County, as Trustee, covering:

SEE ATTACHED EXHIBIT "A"

to secure a note in the sum of \$430,000.00, in favor of NOVASEL & SCHWARTE INVESTMENTS, INC., dba WESTERN HIGHLAND MORTGAGE COMPANY, Beneficiary, which deed of trust is to be recorded concurrently herewith; and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$600,000.00, dated October 21, 2005, in favor of CHARLES GEORGE GRIFFITH, Trustee and SUZANNE LACY GRIFFITH, Trustee of THE CHARLES GEORGE AND SUZANNE LACY GRIFFITH REVOCABLE LIVING TRUST, 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 hereinbefore 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 hereinbefore 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 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;
- (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.

continued on next page



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.

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

[Signature]
Owner BRIAN K. KROLICKI

BY: [Signature]
Beneficiary Richard W. Schwarte

[Signature]
Owner KELLY KROLICKI

Beneficiary

Owner

Beneficiary

Owner

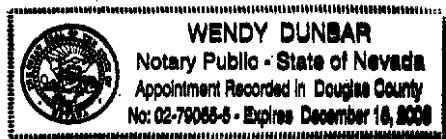
Beneficiary

STATE OF NEVADA }
COUNTY OF Douglas } ss.

DATE: 11.21.05

This instrument was acknowledged before me on 11.21.05
by Brian K. Krolicki + Kelly Krolicki

Signature [Signature]
Notary Public



ALL-PURPOSE ACKNOWLEDGMENT

State of CALIFORNIA

County of EL DORADO

On 11-17-05 before me, Janet Olivo, a Notary Public,
Date

personally appeared Richard W. Schwaite
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), of 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



EXHIBIT "A"

LEGAL DESCRIPTION

ESCROW NO.: 050302828

The land referred to herein is situated in the State of Nevada, County of DOUGLAS described as follows:

(PARCEL 1)

Lot 56, in Block D, as shown on the Official Map of FIRST ADDITION TO KINGSBURY HEIGHTS SUBDIVISION, filed in the Office of the County Recorder of Douglas County, Nevada, on August 26, 1964, In Book 1 of Maps, as Document No. 25944, Douglas County, Records.

Assessors Parcel No. 1318-23-813-024

