

APNs: 1418-00-002-003
1418-27-210-001
1418-00-002-004



WHEN RECORDED MAIL TO:

Cathay Bank
Real Estate Commercial Loan Department
9650 Flair Drive, 7/F
El Monte, California 91731
Attn: Angela Hui, SVP
Loan No. RE-10051678

The undersigned hereby affirms that this document, including any exhibits, submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030)

1035145-3

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 SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT ("Agreement") is made this 20th day of January, 2011, by ESSAM KHASHOGGI, Trustee of the ELK Trust, (u/d/t 12/23/86), owner of the land hereinafter described and hereinafter referred to as "Owner", and WEST ORIENT INVESTMENTS, INC., a California corporation ("West Orient");

RECITALS:

A. Owner, as the trustor, made, executed and delivered that certain Deed of Trust with Assignment of Rents dated November 15, 2003 ("Original Deed of Trust") where in Stewart Title of Nevada Holdings, Inc., a Nevada corporation, is the successor trustee and Dynamic Finance Corporation, a California corporation ("Dynamic"), is the beneficiary, which Original Deed of Trust was recorded on November 17, 2003, in the office of the County Recorder of Douglas County, Nevada, as Document No. 596974, Official Records, and encumbers the real property described therein (the "Property"). The Original Deed of Trust was assigned to Cathay Bank, a California banking corporation ("Cathay"), pursuant to an Assignment of Deed of Trust dated May 24, 2004, recorded June 22, 2004, as Document



No. 616791, of said Official Records, for the purpose of securing the obligations described in that certain Commercial Pledge Agreement for Loan No. RE-10051678, as amended, between Dynamic, Dynamic Holdings Corporation and Cathay. The Original Deed of Trust was amended by a First Amendment to Deed of Trust with Assignment of Rents dated October 27, 2008, and recorded on November 18, 2008, as Document No. 733236, of said Official Records. The Original Deed of Trust was further amended by a Second Amendment to Deed of Trust with Assignment of Rents dated March 12, 2010, and recorded on March 27, 2010 as Document No. 762672 of said Official Records pursuant to a Second Amendment to Loan Agreement dated March 12, 2010, and further amended by a Third Amendment to Deed of Trust with Assignment of Rents dated January 20, 2011 and recorded concurrently herewith pursuant to a Third amendment to Loan Agreement dated January 20, 2011, which together with the Original Loan Agreement dated November 15, 2003, and the First Amendment to Loan Agreement dated October 27, 2008 and the Second Amendment to Loan Agreement dated March 12, 2010, is herein referred to as the "Loan Agreement". Capitalized terms not otherwise defined herein shall have the meanings given to them in the Loan Agreement. Such deed of trust amendments together with the Original Deed of Trust are referred to herein as the "Existing Deed of Trust". (As used herein, "Lender" shall mean Dynamic and Cathay.)

B. The Existing Deed of Trust secures an obligation in the principal amount of \$12,160,000.00.

C. Owner has executed, or is about to execute, a deed of trust securing a note in the principal amount of \$56,000.00 dated January 20, 2011, in favor of West Orient, payable with interest and upon the terms and conditions described therein and in the Loan Agreement, which deed of trust (the "New Deed of Trust") is to be recorded concurrently herewith.

D. It is a condition precedent to the Third Loan Modification that the New Deed of Trust shall, except as otherwise provided herein, unconditionally be and remain at all times a lien or charge upon the Property junior and subordinate to the lien or charge of the Existing Deed of Trust.

E. Lender is willing to enter into the Third Loan Modification provided the New Deed of Trust is a lien or charge upon the Property junior and subordinate to the lien or charge of the Existing Deed of Trust, except as otherwise provided herein, and provided that West Orient will specifically subordinate the lien or charge of the New Deed of Trust to the lien or charge of the Existing Deed of Trust on the terms set forth herein.

F. It is to the mutual benefit of the parties hereto that Lender enter into the ~~Second~~ Loan Modification. West Orient is in agreement that the Existing Deed of Trust shall remain a lien or charge upon the Property which is unconditionally prior and superior to the lien or charge of the New Deed of Trust, except as otherwise provided herein.

THIRD



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 enter into the ~~Second~~ Loan Modification, it is hereby declared, understood and agreed as follows: THIRD

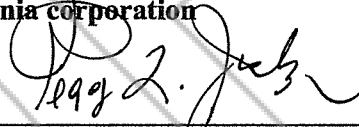
(1) Except as provided in the Loan Agreement, the New Deed of Trust hereby is unconditionally subordinated to the lien or charge of the Existing Deed of Trust securing the note in favor of Lender, and any renewals or extensions thereof, and shall unconditionally be and remain at all times a lien or charge on the Property, prior and superior to the lien or charge of the New Deed of Trust. The Loan Agreement provides that West Orient Note shall be fully paid from the proceeds of the sale by Owner of one or both of the two properties described in the Loan Agreement in the order of priority described therein prior to the full payment of the loan secured by the Existing Deed of Trust.

(2) Lender would not enter into the Third Loan Modification without this Agreement.

(3) This Subordination Agreement and the Loan Agreement shall be the only agreements with regard to the subordination of the lien or charge of the New Deed of Trust to the lien or charge of the Existing Deed of Trust.

West Orient:

**WEST ORIENT INVESTMENTS, INC., a
California corporation**

By: 

Name: Peggy L. Joslyn

Title: President

SEE ATTACHED CERTIFICATE

Owner:

**ESSAM KHASHOGGI, Trustee of the ELK
Trust, (u/d/t 12/23/86)**



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 enter into the ~~Second~~ Loan Modification, it is hereby declared, understood and agreed as follows: THIRD

(1) Except as provided in the Loan Agreement, the New Deed of Trust hereby is unconditionally subordinated to the lien or charge of the Existing Deed of Trust securing the note in favor of Lender, and any renewals or extensions thereof, and shall unconditionally be and remain at all times a lien or charge on the Property, prior and superior to the lien or charge of the New Deed of Trust. The Loan Agreement provides that West Orient Note shall be fully paid from the proceeds of the sale by Owner of one or both of the two properties described in the Loan Agreement in the order of priority described therein prior to the full payment of the loan secured by the Existing Deed of Trust.

(2) Lender would not enter into the Third Loan Modification without this Agreement.

(3) This Subordination Agreement and the Loan Agreement shall be the only agreements with regard to the subordination of the lien or charge of the New Deed of Trust to the lien or charge of the Existing Deed of Trust.

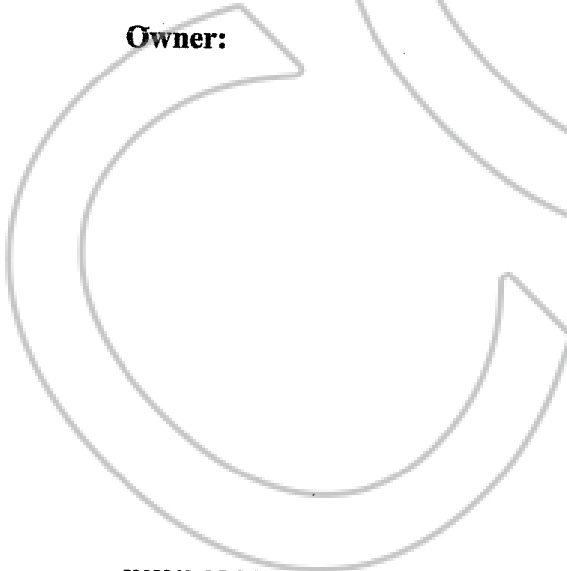
West Orient:

**WEST ORIENT INVESTMENTS, INC., a
California corporation**

By: _____
Name: _____
Title: _____

**ESSAM KHASHOGGI, Trustee of the ELK
Trust, (w/d/t 12/23/86)**

Owner:





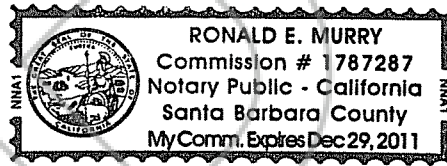
STATE OF CALIFORNIA }
COUNTY OF Santa Barbara }

On January 21, 2011, before me, Ronald E. Murry, a notary public, personally appeared Essam Khashoggi, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is are subscribed to the within instrument and acknowledge 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 entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

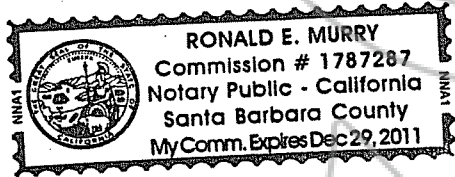
Signature Ronald E. Murry
(This area for official notaries seal)



STATE OF CA)
County of Santa Barbara) ss.

This instrument was acknowledged before me on January 21, 2011, by ESSAM KHASHOGGI, Trustee of the ELK Trust, (u/d/t 12/23/86).

Ronald E. Murry
Notary Public
My Commission Expires: 12/29/2011



6