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FILED FOR RECORDING  
AT THE REQUEST OF

A.P.N.: 003-086-006  
File No: 152-2157540 (MJ)

When Recorded, Mail To:  
Nevada Bank & Trust Company  
P.O. Box 807  
Caliente, NV 89008

First American Title  
2004 OCT 12 PM 1 41

LINCOLN COUNTY RECORDER  
FEE 17.00  
LEGLIE BOUGHEN  
REP. TB

### SUBORDINATION AGREEMENT

File No. **152-2157540 (MJ)**

**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 this **October 7, 2004**, by **Nolan Avery and Teva Avery, husband and wife who acquired title as Nolan Avery, a single man and Teva Williams, a single woman**, owner of the land hereinafter described and hereinafter referred to as "Owner", and **John L. Avery and Lorraine Y. Avery, husband and wife as joint tenants with right of survivorship** present owner and holder of the Deed of Trust and Note first hereinafter described and hereinafter referred to as "Beneficiary",

#### WITNESSETH

THAT WHEREAS, **Nolan Avery, a single man and Teva Williams, a single woman** did on **March 20, 2003**, execute a Deed of Trust to **First American Title Company of Nevada, a Nevada corporation**, as trustee, covering:

**The East Half of Lot 9 and all of Lots 10, 11 and 12, Block 14, in the City of Caliente, as shown upon map thereof recorded October 22, 1904, in Plat Book A, Page 36 in the recorder's office, Lincoln County, Nevada,**

**Together with that portion of Poplar Street as abandoned by the City of Caliente in a Document recorded November 24, 1997 in Book 131, page 484 as file 110160.**

to secure a Note in the sum of **\$800,000.00**, dated **March 20, 2003**, in favor of **John L. Avery and Lorraine Y. Avery, husband and wife as joint tenants with right of survivorship**, which Deed of Trust was recorded **April 1, 2003**, as Instrument No. **119888**, Official Records of said county and is subject and subordinate to the Deed of Trust next hereinafter described; and

WHEREAS, **Nolan Avery, a single man and Teva Williams, a single woman**, did on **March 20, 2003**, execute a Deed of Trust to **First American Title Company of Nevada, a Nevada corporation**, as Trustee, covering said land and securing an indebtedness in the amount of **\$800,000.00**, in favor of **John L. Avery and Lorraine Y. Avery, husband and wife as joint tenants with right of survivorship**, hereinafter referred to as "Lender", which Deed of Trust was recorded **April 1, 2003**, as Instrument No. **119888**, Official Records of said County and provides among other things that it shall also secure additional loans and advances thereafter made upon the terms and conditions set forth; and

WHEREAS, Owner has executed, or is about to execute, a Note in the amount of **\$237,534.12**, dated **October 6, 2004**, in favor of Nevada Bank & Trust, Lender, payable with interest and upon the terms and conditions described therein, which Note evidences an additional loan to be made by Lender to Owner under the terms and conditions described therein, and secured by said Deed of Trust in favor of Lender; 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 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 Deed of Trust or to another mortgage or mortgages.

Beneficiary declares, agrees and acknowledges that


1. 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;
2. 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;
3. 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; and
4. An endorsement has been placed upon the Note secured by 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

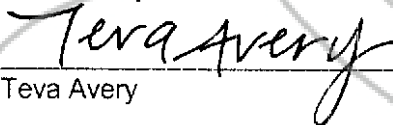
**NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN THE IMPROVEMENT OF THE LAND.**

**(ALL SIGNATURES MUST BE ACKNOWLEDGED)**

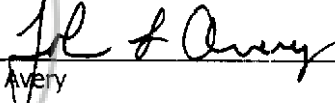
*IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.  
(CLTA SUBORDINATION FORM "C")*

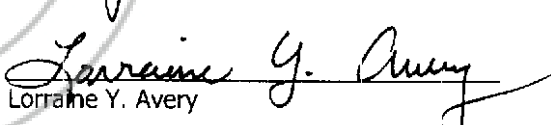
OWNER:

  
\_\_\_\_\_  
Nolan Avery

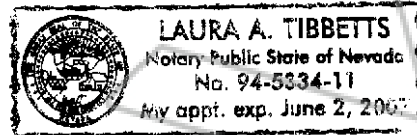
  
\_\_\_\_\_  
Teva Avery

BENEFICIARY:

  
\_\_\_\_\_  
John L. Avery

  
\_\_\_\_\_  
Lorraine Y. Avery

STATE OF NEVADA )  
: ss.  
COUNTY OF LINCOLN )

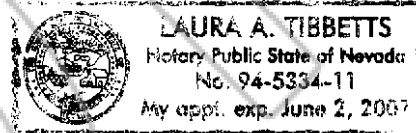


This instrument was acknowledged before me on  
OCTOBER 8, 2004 by  
**Nolan Avery and Teva Avery.**

*Laura A Tibbetts*  
Notary Public

(My commission expires: 6/2/07 )

STATE OF NEVADA )  
: ss.  
COUNTY OF LINCOLN )



This instrument was acknowledged before me on  
OCTOBER 8, 2004 by  
**John L. Avery and Lorraine Y. Avery.**

*Laura A Tibbetts*  
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(My commission expires: 6/2/07 )