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OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
American AgCredit
2005 APR -5 PM 2:39

EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEES 15⁰⁰

196693

RECORDING REQUESTED BY:
American AgCredit, FLCA

WHEN RECORDED MAIL TO:
American AgCredit, FLCA
PO Box 2088
Elko, NV 89803

Loan Number: 427631300

SUBORDINATION AGREEMENT (UCC)

The undersigned ("Creditor") has a security interest in the property described below ("Collateral") of Luke G. Yoder, and Bonnitta Yoder ("Borrower"):

All water assets, tangible and intangible, now owned or hereafter acquired.

All water storage tanks and all other equipment used or usable in connection with the storage, transport, delivery, carrying, ownership, use or other disposition of water and water related rights, now or at any time hereafter owned or acquired by debtor(s), together with all improvements, replacements, accessions and additions thereto, wherever they may be located.

All inventory, accounts, documents, chattel paper and general intangibles to the extent they constitute water and/or water rights, now owned or hereafter acquired, including but not limited to:

- (1) all water, water rights and entitlements, appurtenant or otherwise, other rights to water and to receive water of every kind or nature, including but not limited to groundwater, rights to remove and extract groundwater, rights with respect to surface water, whether appropriative, riparian or otherwise, water allocation, distribution, delivery or storage rights, now or at any time hereafter owned or acquired by debtor(s);
- (2) all rights to payments arising out of or in any way connected with debtor's sale, exchange, storage, transport, delivery, carrying, ownership, use, nonuse, or other disposition of water and water related rights.

All equipment, now owned or hereafter acquired, including but not limited to:

Two (2) 10 Tower T-L (hydraulic driven) Center Pivots

Lincoln Motor, 75 hp, Model: 40 Amp, Serial No.: U3960212966

Lincoln Motor, 75 hp, Model: 15 hp, Serial No.: 171414

In consideration of, and as an inducement for, the extension of credit by American AgCredit, FLCA ("Lender") to Borrower, Creditor hereby subordinates Creditor's security interest in the Collateral to Lender's security interest therein. Creditor agrees that Lender's security interest shall constitute a valid lien on the Collateral prior and superior to the security interest of Creditor therein, entitling Lender to exercise all rights incidental to its security interest. The priority granted herein is applicable irrespective of the nature of the security interest, or the time or order of filing of financing statement or continuation statements, or the time of giving or the failure to give notice of acquisition or expected acquisition of a security interest; nor is such priority contingent upon or affected by Lender's failure to perfect its security interest in the Collateral, or its delay or failure to enforce the terms of any promissory note, loan agreement or security agreement with Borrower.

Creditor agrees not to collect or enforce its security interest in the Collateral, nor to interfere with Lender's collection or enforcement of its security interest or Lender's exercise of any other rights with respect to the Collateral so long as this agreement shall remain in effect. Creditor agrees to execute any further documents and to do all acts necessary or appropriate to accomplish the purposes of this agreement.

Nothing contained in this agreement is intended to affect or limit, in any way whatsoever, the respective security interests that Creditor and Lender have in the Collateral, insofar as the rights of Borrower and third parties are involved. Creditor and Lender specifically reserve any and all of their respective rights, security interests, and rights to assert security interests as against Borrower and any third parties.

Creditor hereby waives any right to require Lender to marshal any security or Collateral or otherwise to compel Lender to seek recourse against or satisfaction of indebtedness owed to Lender from one source before seeking recourse or satisfaction from the Collateral or any other source.

The priority granted to Lender hereunder shall continue in effect as to all indebtedness of Borrower to Lender, whether now existing or hereafter arising, until such indebtedness, including any extension or renewal thereof, is paid in full and Lender's security interest in the Collateral is terminated and released of record. This agreement shall bind the heirs, successors and assigns of Creditor and shall benefit the successors and assigns of Lender. If this agreement is executed by more than one person or entity, it shall bind them jointly and severally. In any action arising from this agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.

Dated: January 11, 2005

CREDITOR:

USDA Farm Service Agency

Mark R. Williams For

Cathy Yardley
Farm Loan Officer

LENDER:

American AgCredit, FLCA

By: *Kevin R. Canaday*

Kevin R. Canaday
Assistant Vice President

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