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SUBORDINATION AGREEMENT

Appollo Financial Group, Inc. (formerly Tellus Group, Inc.)
and D.R.D. Development, Inc. (herein D.R.D.) agree as follows:

THAT CERTAIN Deed of Trust dated December 18, 1979, executed by Donald Balman, a married man and Bruce T. Mulhearn, a married man, as Trustor, to Silver State Title Company, as Trustee, for Tahoe Nevada Properties, as Beneficiary, (the Beneficiary's interest has subsequently been assigned to Appollo Financial Group, Inc., formerly known as Tellus Group, Inc.), recorded January 9, 1980, in Book 180 at Page 402, of Official Records of the County Recorder of Douglas County, State of Nevada given to secure an indebtedness of \$180,000.00, with all other sums secured thereby,

IS HEREBY SUBORDINATED and made subject to a proposed deed of trust to be executed by D.R.D. as trustor to Silver State Title Company as Trustee for Western Plains Service Corporation as beneficiary to secure the payment of a promissory note made by D.R.D. payable in the principal sum of \$4,400,000.00 to said beneficiary on or before twelve (12) months from the date of execution with the right of the maker to extend the maturity date by 180 days upon 30 days notice and the payment of \$44,000.00 to the holder ten (10) days before the original maturity date. Said note will bear interest at a rate which may vary between 15% and 25% per annum calculated on a 360 day year.

This subordination agreement is required to enable D.R.D. to borrow the funds necessary to construct sixty (60) condominiums on Lots 28, 29, 30, 31, 32, 33 and 34 in Tahoe Village Unit No. 2 Third Amended Map filed for record August 14, 1979, as Document No. 3555 Official Records of Douglas County, Nevada.

This subordination is conditioned on the following matters being true and correct:

(a) The deed of trust in favor of which this subordination is made and the loan secured thereby shall be for construction purposes.

(b) This subordination shall be effective only if \$880,000 of the funds from loan so secured are used only to construct condominiums on Lots 30 and 31 as set forth on the Third Amended Map of Tahoe Village Unit No. 2 identified above;


(c) A default on the loan from Western Plains Service Corporation shall also be a default under the deed of trust which is hereby subordinated and identified above.

(d) The loan from Western Plains Service Corporation and any documents executed in connection therewith shall be no longer effective as to the subject property (Lots 30 and 31) upon the payment by Appollo Financial Group, Inc. of no more than \$880,000.00 plus interest and costs. Even though the \$4,400,000 loan is an overall construction loan covering the aforesaid Lots 28, 29, 30, 31, 32, 33 and 34, Lots 30 and 31 shall be released from the lien of that loan as above provided irrespective of any default with respect to Lots 28, 29, 32, 33 or 34.

(e) This subordination is limited to the sum of \$880,000.00 and that sum's proportionate share of any unpaid interest on the loan of \$4,400,000.00 in the event of foreclosure of the deed of trust hereby subordinated to.

In witness whereof the parties have caused this agreement to be executed by their duly authorized officers this 6th day of March, 1981.

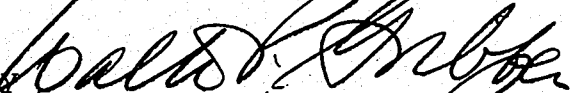
In the Presence of:


DANIEL LAWRENCE

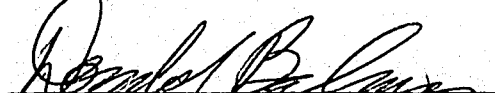
In the Presence of:


DANIEL LAWRENCE

Appollo Financial Group, Inc.

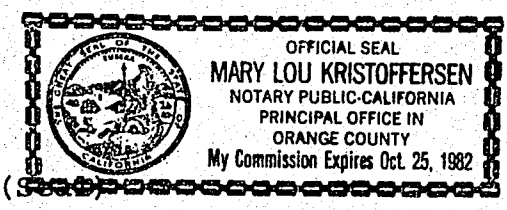
By 
WALTER P. GRIBBEN President

D.R.D. Development, Inc.

By 
DONALD BALMAN

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.

On the 6th day of MARCH, 1981, personally appeared before me WALTER P. CRIBBEN, PRESIDENT, of Appollo Financial Group, Inc., who acknowledged that he executed the foregoing instrument on behalf of the corporation.



Mary Lou Kristoffersen
NOTARY PUBLIC
Mary Lou Kristoffersen

STATE OF SOUTH DAKOTA)
PENNINGTON) ss.

On the 10th day of MARCH, 1981, personally appeared before me DONALD BALMAN, President, of D.R.D. Development, Inc., who acknowledged that he executed the foregoing instrument on behalf of the corporation.

Marion K. Ball
NOTARY PUBLIC
My Commission Expires: 8/4/88



REQUESTED BY
SILVER STATE TITLE CO.
IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA
\$5.00 fee
1981 MAR 17 AM 10:43

MARIE A. RABEL
RECORDER

J. J. [Signature]
dep. LIBER

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