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SUBORDINATION OF LEASE AGREEMENT

THIS AGREEMENT is made and entered into this 13th day of October, 1988, by and among. MULREANY ASSOCIATES, a Nevada general partnership, owner of a fee interest in the land hereinafter described and hereinafter referred to as "Owner", and CARSON VALLEY INN, INC., a Nevada corporation, Lessee under the Lease Agreement first hereinafter described and hereinafter referred to as "Lessee".

W I T N E S S E T H:

WHEREAS, Owner owns a fee interest in that certain real property located in Douglas County, Nevada which is particularly described by that certain Exhibit "A" attached hereto and incorporated by reference herein (the "Subject Real Property"); and

WHEREAS, Lessee has an interest in the Subject Real Property, pursuant to that certain Ground Lease Agreement, under date of September 15, 1988 wherein Owner is named as "Lessor" and Lessee is named as "Lessee", a Memorandum of which is recorded concurrently herewith; and

WHEREAS, Owner and Lessee have executed the Carson Valley Inn Construction Term and Revolving Credit Loan Agreement, of even date herewith (the "Loan Agreement"), wherein Owner is named as "Land Company", Lessee is named as "Operating Company" and First Interstate Bank of Nevada, a national banking association is named as "Lender" (hereinafter "Lender"), pursuant to which Lender has agreed to make a Term and Construction Loan, and a Weekend Revolving Line of Credit Loan (hereinafter collectively referred to as the "Loans") to Owner and to Lessee, all according to the terms and conditions set forth therein; and

WHEREAS, the Construction and Term Loan is evidenced by a Construction and Term Note, of even date herewith (the "Construction and Term Note") and the Weekend Revolving Line of Credit Loan is evidenced by a Revolving Credit Note (the "RLC Note"); and

WHEREAS, the Construction and Term Note and the Weekend RLC Note are hereinafter collectively referred to as the "Notes"; and

WHEREAS, Owner and Lessee did execute a Deed of Trust with Assignment of Rents and Security Agreement (the "Deed of Trust"), of even date herewith, in favor of Lender" which is recorded concurrently herewith, as security for the Notes.

WHEREAS, it is a condition precedent to Lender's making the Loans that the Deed of Trust shall unconditionally be and remain at all times a lien or charge upon the real property described on Exhibit A hereto, prior and superior to the Subject Lease; and

WHEREAS, Lender is willing to make the Loans provided that the Deed of Trust is a lien or charge upon the real property described on Exhibit A hereto, prior and superior to the Subject Lease and provided that Lessee will

specifically and unconditionally subordinate the lien or charge of the Subject Lease 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 the Loans to Owner and Lessee; and Lessee is willing that the Deed of Trust shall, when recorded, constitute a lien or charge upon the real property described on Exhibit A hereto, which is unconditionally prior and superior to the lien or charge of the Subject Lease.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other good and valuable considerations, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the Loans above referred to, it is hereby declared, understood and agreed as follows:

(1) That Deed of Trust, in favor of Lender, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge upon the real property described on Exhibit A hereto, and all other collateral described in the Deed of Trust in favor of Lender prior and superior to the lien or charge of the Subject Lease.

(2) That Lender would not make the Loans above described without this Subordination Agreement.

Lessee declares, agrees and acknowledges that:

(a) It consents to and approves (i) all provisions of the Notes and the Deed of Trust, above referred to, and (ii) all agreements, including, but not limited to, the Loan Agreement for the disbursement of the proceeds under the Loans;

(b) It intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the Subject Lease in favor of the lien or charge upon the real property described on Exhibit A hereto of the Deed of Trust, 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 made and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.

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PARCEL 1

A parcel of land in the Town of Minden, North of U.S. Highway 395, and west of Buckeye Lane (Sixth Street), and also being in the South 1/2 of the Southwest 1/4 of Section 29, Township 13 North, Range 20 East, M.D.B. & M., in Douglas County, Nevada, more particularly described as follows:

COMMENCING at the Northwest corner of the intersection of Buckeye lane and U.S. highway 395 from which the Minden Town Monument bears South $58^{\circ}06'23''$ East 713.05 feet. The Town Monument being located South $89^{\circ}18'25''$ West, 4,649.90 feet from the one-quarter corner common to Sections 30 and 31, Township 13 North Range 20 East, M.D.B. & M., thence running along the Northerly side of U.S. Highway 395, North $63^{\circ}25'$ West, 1,423.40 feet to the Point of Beginning; thence North $26^{\circ}35'$ East 120.00 feet; thence South $63^{\circ}25'$ East 273.00 feet more or less, to the Northwest corner of that certain parcel of land conveyed to GERALD L. BELANGER and wife, in Deed recorded February 5, 1969, in Book 65, Page 38, File No. 43658 of Official Records; thence along the Nothwesterly line of the BELANGER parcel; South $26^{\circ}35'$ West, 120.00 feet to the Southwesterly corner of the BELANGER parcel; thence North $63^{\circ}25'$ West, 273.00 feet, more or less, to the True Point of Beginning.

Assessment Parcel No. 25-170-01

PAGE 1 OF 7

EXHIBIT A

188514
BOOK 1088 PAGE 1743

PARCEL 2

A parcel of land situate in the Town of Minden, Nevada, and being a portion of the southwest 1/4 of Section 29, Township 13 North, Range 20 East, M.D.B. & M., Douglas County, Nevada, being more particularly described as follows:

BEGINNING at a point lying on the Northerly right of way of U.S. Highway 395 being the Southwest corner of a 3.40 acre parcel as shown on the record of survey map filed as Book 980, Page 057, Document No. 48058, within the Official Records of Douglas County, Nevada; thence North $26^{\circ}35'00''$ East, 120 feet to the True Point of Beginning; thence North $26^{\circ}35'00''$ East, 187.77 feet; thence South $63^{\circ}25'00''$ East 585.96 feet; thence South $79^{\circ}00'00''$ West, 307.86 feet, thence North $63^{\circ}25'00''$ West, 342.00 feet to the True Point of Beginning.

Together with a parcel of land as deeded to PATRICK A. MULREANY AND JEAN E. MULREANY, in Deed recorded August 17, 1984 as Document No. 105270 more particularly described as follows:

A parcel of land located within a portion of the Southwest one-quarter of Section 29, Township 13 North, Range 20 East, M.D.B. & M., Douglas County, Nevada being further described as Area "B" as shown on the map filed within the Official Records of Douglas County, Nevada as Document No. 86414 and being more particularly described as follows:

Commencing at a point lying at the intersection of the Northerly right-of-way line of U.S. Highway 395 and the Westerly right-of-way line of 8th Street; thence N. $26^{\circ}35'00''$ E., 154.05 feet along the Westerly right-of-way line of 8th Street; thence N. $79^{\circ}00'00''$ E., 58.44 feet to the POINT OF BEGINNING; thence N. $79^{\circ}00'00''$ E., 96.79 feet; thence S. $26^{\circ}35'00''$ W., 59.04 feet to a point on the Northerly right-of-way line of 8th Street; thence N. $63^{\circ}25'00''$ W., 76.70 feet to the POINT OF BEGINNING.

Excepting therefrom a parcel of land located within a portion of the Southwest one-quarter of Section 29, Township 13 North, Range 20 East, M.D.B. & M., Douglas County, Nevada, being further described as Area "A" as shown on the map filed within the Official Records of Douglas County, Nevada as Document No. 86414 and being more particularly described as follows:

Commencing at a point lying at the intersection of the Northerly right-of-way line of U.S. Highway 395 and the Westerly right-of-way line of 8th Street; thence N. $26^{\circ}35'00''$ E., 154.05 feet along the Westerly right-of-way line of 8th Street; thence N. $79^{\circ}00'00''$ E., 155.23 feet to the POINT OF BEGINNING; thence N. $26^{\circ}35'00''$ E., 59.03 feet; thence S. $63^{\circ}25'00''$ E., 76.71 feet; thence S. $79^{\circ}00'00''$ W., 96.80 feet to the POINT OF BEGINNING.

Assessment Parcel No. 25-170-21

PARCEL 3

A parcel of land situate in the Town of Minden, Nevada, and being a portion of the southwest 1/4 of the southwest 1/4 of Section 29, Township 13 North, Range 20 East, M.D.B. & M., and being further described as follows:

Commencing at a point in the northerly right-of-way line of Railroad Avenue, more commonly known as U.S. Highway 395, and the intersection of the centerline of Ninth Street, projected; thence along the northerly right-of-way line of Railroad Avenue, North $63^{\circ}25'00''$ West, 57.00 feet to the True Point of Beginning; thence North $26^{\circ}35'00''$ East, 120.00 feet, thence parallel to said right-of-way line, South $63^{\circ}25'00''$ East, 342 feet; thence North $79^{\circ}00''$ East, 55 feet more or less to the intersection of the westerly right-of-way line of Eighth Street as said right-of-way line is described in Deed recorded January 1, 1981, Book 181, Page 508, Document No. 52451, Official Records of Douglas County, State of Nevada; thence along said westerly right-of-way line, South $26^{\circ}35''$ East 154.36 feet to the northerly right-of-way line of Railroad Avenue; thence along said right-of-way line North $63^{\circ}25''$ West, 385 feet, more or less, to the point of beginning, as said buildings and improvements are excepted in a conveyance from Patrick A. Mulreany to Mulreany Associates, a Nevada Limited Partnership dated May 8, 1984 and recorded May 8, 1984 in Book 584 of Official Records, at Page 612, Douglas County, Nevada as Document No. 100522, and as more specifically described in Deed of Correction recorded August 17, 1984 of Official Records, Douglas County, Nevada as Document No. 105269.

Together with all that portion lying and being in the SW Quarter of Section 29 T13 North, R 20 East, M.D.B. & M., described as follows:

Commencing at the intersection of the Northerly right-of-way line of U.S. Highway 395, also known as Railroad Avenue, and the Westerly right-of-way line of Eighth Street, also being the Southeasterly corner of the Mulreany parcel as shown on that certain record of survey for Patrick A. and Jean E. Mulreany, recorded on September 2, 1983, Book 983, Page 101, Document Number 86414, in the Official Records of Douglas County, Nevada; being the TRUE POINT OF BEGINNING; thence North $26^{\circ}35'$ East a distance of 154.05 feet; thence North $79^{\circ}00'$ East, a distance of 58.44 feet; thence South $63^{\circ}25'$ East, a distance of 32.79 feet; thence South $79^{\circ}00'$ West a distance of 33.04 feet; thence along a tangent curve to the left, having a radius of 110.00 feet, throughout a central angle of $52^{\circ}25'$, an arc length of 100.63 feet; thence South $26^{\circ}35'$ West, a distance of 72.36 feet; thence along a tangent curve to the right, having a radius of 10.00 feet, throughout a central angle of 90° , an arc length of 15.71 feet to the True Point of Beginning.

Assessment Parcel No. 25-170-22

Portion A

A parcel of land situated in the SW. 1/4 of section 29 and a portion of the SE. 1/4 of Section 30, T. 13 N., R. 20 E., M.D.B. & M., Douglas County, Nevada, more particularly described as follows to wit:

BEGINNING at the Northwest corner of 2.00 acre more or less parcel as set forth on that certain Record of Survey for Patrick A. and Jean E. Mulreany, filed for record in the Office of the County recorder of Douglas County, Nevada on the 2nd day of September, 1983, in Book 983 at Page 101, Document No. 86414; said point also bears N 28°02'03" E a distance of 1,221.56 feet from the section corner common to sections 29, 30, 31, and 32; thence S 26°35'00" W, a distance of 187.77 feet; thence N 63°25'00" W a distance of 98.23 feet; thence N 16°53'00" E a distance of 214.60 feet; thence N 63°25'00" W a distance of 86.00 feet; thence S 16°53'00" W a distance of 214.60 feet; thence N 63°25'00" W a distance of 368.97 feet; thence S 00°03'20" W a distance of 139.71 feet to the Northeasterly right of way line of US HWY 395; thence N 63°25'00" W along the Northeasterly right of way line of US HWY 395 a distance of 45.20 feet; thence N 05°41'00" E a distance of 412.40 feet to the section line common to sections 29 and 30; thence N 00°03'20" E along the section line common to sections 29 and 30 a distance of 57.04 feet; thence S 72°39'07" E a distance of 449.37 feet; thence S 62°50'16" E a distance of 265.06 feet; thence S 26°35'00" W a distance of 192.97 feet returning to THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCEL OF LAND:

EXCEPTING THEREFROM a parcel of land located within a portion of the Southwest one-quarter (SW1/4) of Section 29, Township 13 North, Range 20 East, Mount Diablo Baseline and Meridian, Douglas County, Nevada, described as follows:

Commencing at the Northwest corner of the 2.000 acre more or less parcel as set forth on that certain Record of Survey for Patrick A. and Jean E. Mulreany, that was filed for record in the Office of the County Recorder of Douglas County, Nevada, on the 2nd day of September, 1983, in Book 983, at Page 101, under Document No. 86414, thence North 26°35'00" East, 192.97 feet, thence North 62°50'16" West, 265.06 feet, thence North 72°39'07" West, 8.06 feet, to the POINT OF BEGINNING; thence continuing North 72°39'07" West, 439.37 feet; thence South 00°16'26" West, 56.63 feet; thence South 05°54'44" West, 412.40 feet to the Northerly right-of-way line of U.S. 395 (Railroad Avenue); thence South 63°25'00" East, 188.00 feet along the Northerly right-of-way line of U.S. 395; thence North 26°35'00" East, 125.00 feet; thence South 63°25'00" East, 75.00 feet; thence North 26°35'00" East, 382.12 feet to the POINT OF BEGINNING.

EXCEPTING THEREFROM that portion deeded to Mulreany Associates, a limited partnership, by instrument recorded April 29, 1985, in Book 485 of Official Records, at page 2305, Douglas County, Nevada, as Document No. 116605, more particularly described as follows:

A parcel of land located in the SW 1/4 of the SW 1/4 of Section 29, Township 13 North, Range 20 East, M.D.B. & M., situated on the Northerly side of U.S. Highway 395 and west of the westerly line of 10th Street extended across the highway, in Douglas County, Nevada, more particularly described as follows:

Beginning at the intersection of the Northerly right of way line of U.S. Highway 395 and the extension of the Westerly line of 10th Street in Minden, from which the Southeast corner of Section 30, Township 13 North, Range 20 East, M.D. B. & M., bears $7^{\circ}20'31''$ West, 962.14 feet; thence along the highway North $63^{\circ}25'00''$ West, 188.00 feet; thence North $5^{\circ}37'32''$ East, 133.85 feet; thence South $63^{\circ}25'00''$ East, 235.88 feet; thence South $26^{\circ}35'00''$ West, 125.00 feet to the Point of Beginning.

EXCEPTING THEREFROM that portion that lies within the above described Parcel and was Deeded to HENRY SEEMAN, et al, in Deed recorded February 11, 1971, in Book 83, Page 593, Document No. 51865, Official Records of Douglas County, State of Nevada, described as follows:

That certain irregular Parcel of land situate, lying and being in the east 1/2 of the Southeast 1/4 of Section 30, Township 13 North, Range 20 East, M.D.B. & M., Westerly of the Town of Minden, in Douglas County, Nevada, more particularly described as follows, to wit:

Beginning at a concrete monument which is 30 feet Northeasterly, measured at right angles, from the Surveyed centerline of Nevada State Highway Route 3 (U.S. 395), and along the Northerly extension of the Westerly side of Tenth Street of said Town of Minden; said concrete monument further described as bearing North $7^{\circ}20'$ East, a distance of 962.2 feet from the Southeast corner of said Section 30; thence North $63^{\circ}25'$ West, along the Northeasterly right of way line for said highway a distance of 142.8 feet to the true point of beginning; thence North $63^{\circ}25'$ West, along the Northeasterly Highway right of way line, a distance of 45.2 feet to a point near a fence corner; thence Notherly and Easterly along a fence line a distance of 412.4 feet, more or less, to a point; thence South a distance of 430.6 feet to the True Point of Beginning.

Beginning at a concrete monument which is 30 feet Northeasterly, measured at right angles, from the Surveyed centerline of Nevada State Highway Route 3 (U.S. 395), and along the Northerly extension of the westerly side of Tenth Street of said Town of Minden; said concrete monument further described as bearing North $7^{\circ}20'$ East, a distance of 962.2 feet from the Southeast corner of said Section 30; thence North $63^{\circ}25'$ West, along the Northeasterly right of way line for said highway a distance of 142.8 feet to the true point of beginning; thence North $63^{\circ}25'$ West, along the Northeasterly Highway right of way line, a distance of 45.2 feet to a point near a fence corner; thence Notherly and Easterly along a fence line a distance of 412.4 feet, more or less, to a point; thence South a distance of 430.6 feet to the True Point of Beginning.

Portion C

A parcel of land located within a portion of the southwest one-quarter (SW 1/4) of Section 29, Township 13 North, Range 20 East, Mount Diablo Base Line and Meridian, Douglas County, Nevada, described as follows:

Commencing at the Northwest corner of the 2.000 acre more or less parcel as set forth on that certain Record of Survey for Patrick A. and Jean E. Mulreany, that was filed for record in the Office of the County Recorder of Douglas County, Nevada, on the 2nd day of September, 1983, in Book 983, at Page 101, under Document No. 86414, thence North $26^{\circ}35'00''$ East, 192.97 feet, thence South $63^{\circ}25'00''$ East, 720.06 feet, thence South $32^{\circ}38'00''$ West, 98.28 feet, thence North $63^{\circ}25'00''$ West, 47.70 feet, thence South $26^{\circ}35'00''$ West, 36.71 feet, thence South $79^{\circ}00'00''$ West, 95.96 feet, thence North $63^{\circ}25'00''$ West, 585.96 feet, to the Point of Beginning.

Assessment Parcel No. 25-170-24

PARCEL 5

Being all that certain lot or parcel of land lying in the SW 1/4 of Section 29, T. 13 N., R. 20 E., M.D.B.&M., on the Northerly side of the Virginia and Truckee Railroad spur (bearing N. 63°25' W.), Douglas County, Nevada, and more particularly described by metes and bounds as follows, to-wit:

Beginning at a point at the Southeast corner of the parcel 45 feet from the center line of the said Virginia and Truckee Railroad spur, said point of beginning being described as bearing N. 57°47'40" W. 1899.13 feet from the Town Monument (No. 1) to the Town of Minden, said point of beginning being further described as bearing N. 72°33' E. 3189.40 feet from the one-quarter corner common to Sections 30 and 31, beginning N. 63°25' W. parallel to the railroad spur 86.00 feet to a point; thence N. 16°53' E. 214.60 feet to a point; thence S. 63°25' E., 86.00 feet to a point on the fence line at the Northeast corner of the parcel thence S. 16°53' W. along said fence line 214.60 feet to the point of beginning.

Assessment Parcel No. 25-170-25

PARCEL 6

A parcel of land located within a portion of the Southwest one-quarter (SW 1/4) of Section 29, Township 13 North, Range 20 East, Mount Diablo Baseline and Meridian, Douglas County, Nevada, described as follows:

Commencing at the Center one-quarter (C 1/4) corner of said Section 29 as set forth on that certain Record of Survey for Bently Nevada Corp., that was filed for record in the Office of the County Recorder of Douglas County, Nevada, on the 23rd day of December, 1985, in Book 1285, at Page 1984, under Document No. 128591, thence South 28°31'06" West, 1786.92 feet to the Westerly right-of-way line of BUCKEYE ROAD; thence North 44°22'00" West 406.00 feet; thence North 69°06'21" West, 581.42 feet to the POINT OF BEGINNING; thence continuing North 69°06'21" West, 1,031.07 feet; thence South 00°16'20" West, 427.69 feet; thence South 72°39'07" East, 447.43 feet; thence South 62°50'16" East, 265.06 feet; thence South 63°25'00" East, 129.75 feet; thence North 26°35'00" East, 416.47 feet; to the POINT OF BEGINNING.

Assessment parcel No. 25-040-10

EXCEPTING THEREFROM all buildings and improvements as conveyed in a deed from Mulreany Associates, a Nevada General Partnership to Carson Valley Inn Inc., a Nevada corporation dated October 13, 1988 and recorded October 14, 1988 in Book 1088 of Official Records, Douglas County, Nevada at Page 1677 and as Document No. 188510. Including any easements appurtenant thereto. And further excepting all right, title and interest as conveyed in a deed from Patrick A. Mulreany and Jean E. Mulreany to Carson Valley Inn, Inc. a Nevada corporation, dated October 13, 1988 and recorded October 14, 1988 in Book 1088 of Official Records Douglas County, Nevada at Page 1675 and as Document No. 188509.

COPY

REQUEST BY
STEWART TITLE OF DOUGLAS COUNTY
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

'88 OCT 14 P1:26

SUZANNE BEAUDREAU
RECORDER

\$15.00 PAID *SH* DEPUTY

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BOOK **1088** PAGE **1750**