

2

\*\*\*THIS DOCUMENT IS SIGNED IN COUNTER PART\*\*\*

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

**Wells Fargo Bank,  
National Association  
Real Estate Group (AU#2961)  
2835 Mitchell Drive, #101  
Walnut Creek, CA 94598  
Attn: Cathy Coghlan  
Loan No. 14680W**

99051330E

**SUBORDINATION AGREEMENT**

**NOTICE:** THIS SUBORDINATION AGREEMENT RESULTS IN YOUR INTEREST IN THE REAL PROPERTY (DESCRIBED BELOW) BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This Subordination Agreement ("Agreement") is made as of July 21, 1999 by and among JOHN C. SERPA, an unmarried man ("Serpa"), J.S. DEVCO LIMITED PARTNERSHIP, a Nevada limited partnership ("J.S. Devco") and DGD DEVELOPMENT LIMITED PARTNERSHIP, a Nevada limited partnership ("DGD") (collectively, "Borrower"), SYNCON HOMES, a Nevada corporation, J.S. DEVCO LIMITED PARTNERSHIP, a Nevada limited partnership ("J.S. DEVCO"), JAMES BAWDEN also known as J.F. BAWDEN, an unmarried man doing business as LANDMARK HOMES & DEVELOPMENT COMPANY ("BAWDEN") (each a "Non-Borrower Trustor" and collectively, the "Non-Borrower Trustors"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association ("Lender").

Recitals

- A. Syncon Homes is the owner of certain real property located in Douglas County, State of Nevada, which is presently encumbered by the Deed of Trust (defined below). As used herein, the term "Property" means that real property, together with all improvements (the "Improvements") located on it.
- B. Lender has established a credit facility in favor of Borrower in the principal amount of \$10,000,000 or so much thereof as may be advanced and outstanding (the "Credit Facility"), as provided in an Amended and Restated Revolving Credit Agreement by and among Borrower, Lender, and the Non-Borrower Trustors dated 3-31, 1998 (as amended from time to time, the "Loan Agreement"). The Credit Facility is evidenced by an amended and restated line of credit note (the "Note") which is secured by, among other things, a deed of trust encumbering the Property (the "Deed of Trust") recorded on January 26, 1999, in the office of the County Recorder of Douglas County, Nevada, as document no. 0459631, official records. The Loan Agreement, the Note, the Deed of Trust, and all other documents and instruments identified in the Loan Agreement as "Loan Documents," including this Agreement, shall be collectively referred to herein as the "Loan Documents."
- C. Pursuant to the terms of the Credit Facility, Borrower and each of the Non-Borrower Trustors has agreed, among other things, to subordinate all of their interests, of whatever nature, in the Property to the lien or charge of the Loan Documents. Borrower and each Non-Borrower Trustor is willing to agree to such subordination and other conditions, all as set forth more fully below.

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THEREFORE, for valuable consideration and to induce Lender to make advances under the Credit Facility in favor of Borrower, Borrower and each of the Non-Borrower Trustors hereby agree for the benefit of Lender as follows:

- i. **Subordination.** The Loan Documents, and all supplements, amendments, modifications, renewals, replacements and extensions of and to them, shall unconditionally be and remain at all times a lien or charge on the Property prior and superior to all agreements, options, rights of first refusal and all other similar covenants creating any right or interest in the Property, including the right to purchase the Property, in the Borrower or any one or more of the Non-Borrower Trustors, and to all rights and privileges of Borrower and each of the Non-Borrower Trustors under any document creating such right, including, but not limited to, the documents described in Exhibit A attached hereto. All such rights and interests held by Borrower or any one or more of the Non-Borrower Trustors are hereby unconditionally subjected and made subordinate to the lien or charge of the Loan Documents in favor of Lender. Lender has no obligation or duty to, nor has Lender represented that it will, oversee the application of the Credit Facility proceeds upon disbursement by Lender, and any application or use of such proceeds for purposes other than those provided for in the Loan Documents shall not defeat the subordination made in this Agreement, in whole or in part.
- ii. **Integration.** This Agreement integrates all of the terms and conditions of the parties' agreement regarding the subjection and subordination of all of the Borrower's and the Non-Borrower Trustors' agreements, options, rights of first refusal and other similar covenants creating any right or interest in the Property, including the right to purchase the Property, to the lien or charge of the Loan Documents. This Agreement supersedes and cancels all oral negotiations and prior and other writings with respect to such subjection and subordination. This Agreement is intended by the parties as the final expression of the agreement, and as the complete and exclusive statement of the terms agreed to by the parties, with respect to such subordination and subjection. If there is any conflict between the terms, conditions and provisions of this Agreement and those of any other agreement or instrument, including any of the Loan Documents, the terms, conditions and provisions of the Loan Documents shall prevail. This Agreement may not be modified or amended except by a written agreement signed by the parties or their respective successors in interest.
- iii. **Notices.** All notices given under this Agreement shall be in writing and shall be given in accordance with the notice provision set forth in the Loan Agreement.
- iv. **Applicable Law.** This Agreement is governed by the laws of the State of Nevada, without regard to the choice of law rules of that State.
- v. **Severability.** The invalidity or unenforceability of any one or more provisions of this Agreement shall in no way affect any other provision.
- vi. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute and be construed as one and the same instrument.

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**NOTICE:**

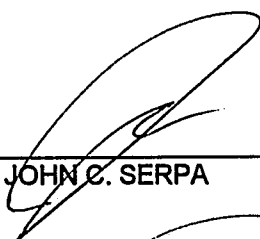
THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH MAY ALLOW A PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR PURPOSES OTHER THAN IMPROVEMENT OF THE REAL PROPERTY.

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT HERETO.

**"BORROWER"**

**"LENDER"**

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
a national banking association

  
\_\_\_\_\_  
JOHN C. SERPA

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

J.S. DEVCO LIMITED PARTNERSHIP,  
a Nevada limited partnership

By: \_\_\_\_\_  
Name: JOHN C. SERPA SR.  
Title: GENERAL PARTNER

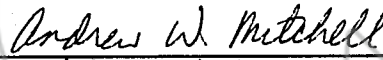
DGD DEVELOPMENT LIMITED PARTNERSHIP,  
a Nevada limited partnership

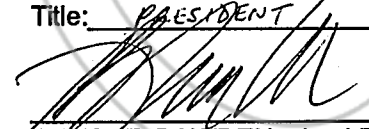
By: SSS Investments, LLC, a Nevada  
limited liability company,  
as general partner

By:   
\_\_\_\_\_  
John C. Serpa, Jr., Manager

**"NON-BORROWER TRUSTOR"**

SYNCON HOMES,  
a Nevada corporation

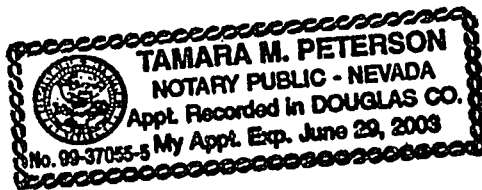
By:   
\_\_\_\_\_  
Name: ANDREW W. MITCHELL  
Title: PRESIDENT

  
\_\_\_\_\_  
JAMES F. BAWDEN, aka J.F. BAWDEN,  
doing business as LANDMARK HOMES &  
DEVELOPMENT, a Nevada Corporation

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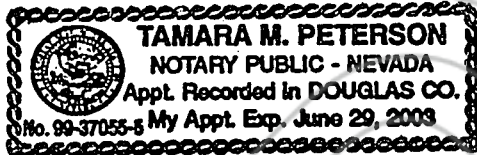
STATE OF NEVADA )  
 )SS:  
COUNTY OF CARSON )



This instrument was acknowledged before me on this 22ND day of July, 1999, by John C. Serpa, an unmarried man.

Tamara M. Peterson  
Notary Public  
My Commission Expires: 6/29/03

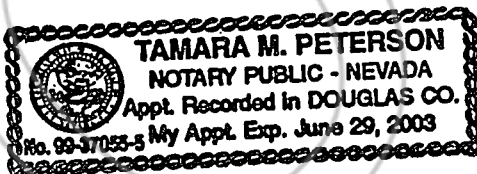
STATE OF NEVADA )  
 )SS:  
COUNTY OF CARSON )



This instrument was acknowledged before me on this 22ND day of July, 1999, by JOHN C. SERPA SR, as GENERAL PARTNER, of J.S. DEVCO LIMITED PARTNERSHIP, a Nevada limited partnership.

Tamara M. Peterson  
Notary Public  
My Commission Expires: 6/29/03

STATE OF NEVADA )  
 )SS:  
COUNTY OF CARSON )



This instrument was acknowledged before me on this 22ND day of July, 1999, by John C. Serpa, Jr., as Manager of SSS Investments, LLC, a Nevada limited liability company, as general partner DGD Development Limited Partnership, a Nevada limited partnership.

Tamara M. Peterson  
Notary Public  
My Commission Expires: 6/29/03

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STATE OF \_\_\_\_\_ )  
 )ss:  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on this \_\_\_\_\_ day of July, 1999, by \_\_\_\_\_, as \_\_\_\_\_ of Wells Fargo Bank, National Association, a national banking association.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

STATE OF NEVADA )  
 )ss:  
COUNTY OF Douglas )

This instrument was acknowledged before me on this 2<sup>nd</sup> day of July, 1999, by Andrew W. Mitchell, as President of Syncon Homes, a Nevada Corporation.

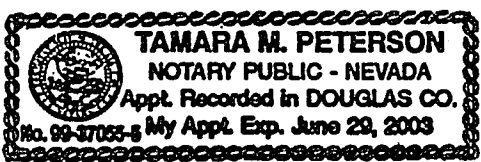
Donna Sue Hawkins  
Notary Public  
My Commission Expires: 6/9/01



STATE OF NEVADA )  
 )ss:  
COUNTY OF CARSON )

This instrument was acknowledged before me on this 2<sup>nd</sup> day of July, 1999, by James F. Bawden, also known as J.F. Bawden, doing business as Landmark Homes & Development, a Nevada corporation.

Tamara M. Peterson  
Notary Public  
My Commission Expires: 6/29/03



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**EXHIBIT A**  
**LIST OF AGREEMENTS, OPTIONS, RIGHTS OF FIRST REFUSAL**  
**AND ANY AND ALL OTHER DOCUMENTS CREATING**  
**ANY RIGHT OR INTEREST IN THE PROPERTY**

1. Agreement dated July 15, 1996 by and between James F. Bawden and John Serpa, dba J.S. DEVCO LIMITED PARTNERSHIP, a Nevada limited partnership.
2. Agreement dated November 20, 1995, between J.S. DEVCO LIMITED PARTNERSHIP, a Nevada limited partnership, as seller and Syncon Homes, a Nevada corporation.

COPY

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**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

Wells Fargo Bank,  
National Association  
Real Estate Group (AU#2961)  
2835 Mitchell Drive, #101  
Walnut Creek, CA 94598  
Attn: Cathy Coghlan  
Loan No. 14688W

99051330E

**SUBORDINATION AGREEMENT**

**NOTICE:** THIS SUBORDINATION AGREEMENT RESULTS IN YOUR INTEREST IN THE REAL PROPERTY (DESCRIBED BELOW) BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This Subordination Agreement ("Agreement") is made as of July \_\_\_\_, 1999 by and among JOHN C. SERPA, an unmarried man ("Serpa"), J.S. DEVCO LIMITED PARTNERSHIP, a Nevada limited partnership ("J.S. Devco") and DGD DEVELOPMENT LIMITED PARTNERSHIP, a Nevada limited partnership ("DGD") (collectively, "Borrower"), SYNCON HOMES, a Nevada corporation, J.S. DEVCO LIMITED PARTNERSHIP, a Nevada limited partnership ("J.S. DEVCO"), JAMES BAWDEN also known as J.F. BAWDEN, an unmarried man doing business as LANDMARK HOMES & DEVELOPMENT COMPANY ("BAWDEN") (each a "Non-Borrower Trustor" and collectively, the "Non-Borrower Trustors"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association ("Lender").

Recitals

- A. Syncon Homes is the owner of certain real property located in Douglas County, State of Nevada, which is presently encumbered by the Deed of Trust (defined below). As used herein, the term "Property" means that real property, together with all improvements (the "Improvements") located on it.
- B. Lender has established a credit facility in favor of Borrower in the principal amount of \$10,000,000 or so much thereof as may be advanced and outstanding (the "Credit Facility"), as provided in an Amended and Restated Revolving Credit Agreement by and among Borrower, Lender, and the Non-Borrower Trustors dated \_\_\_\_\_, 1998 (as amended from time to time, the "Loan Agreement"). The Credit Facility is evidenced by an amended and restated line of credit note (the "Note") which is secured by, among other things, a deed of trust encumbering the Property (the "Deed of Trust") recorded on January 26, 1999, in the office of the County Recorder of Douglas County, Nevada, as document no. 0459631, official records. The Loan Agreement, the Note, the Deed of Trust, and all other documents and instruments identified in the Loan Agreement as "Loan Documents," including this Agreement, shall be collectively referred to herein as the "Loan Documents."
- C. Pursuant to the terms of the Credit Facility, Borrower and each of the Non-Borrower Trustors has agreed, among other things, to subordinate all of their interests, of whatever nature, in the Property to the lien or charge of the Loan Documents. Borrower and each Non-Borrower Trustor is willing to agree to such subordination and other conditions, all as set forth more fully below.

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**THEREFORE**, for valuable consideration and to induce Lender to make advances under the Credit Facility in favor of Borrower, Borrower and each of the Non-Borrower Trustors hereby agree for the benefit of Lender as follows:

1. **Subordination.** The Loan Documents, and all supplements, amendments, modifications, renewals, replacements and extensions of and to them, shall unconditionally be and remain at all times a lien or charge on the Property prior and superior to all agreements, options, rights of first refusal and all other similar covenants creating any right or interest in the Property, including the right to purchase the Property, in the Borrower or any one or more of the Non-Borrower Trustors, and to all rights and privileges of Borrower and each of the Non-Borrower Trustors under any document creating such right, including, but not limited to, the documents described in Exhibit A attached hereto. All such rights and interests held by Borrower or any one or more of the Non-Borrower Trustors are hereby unconditionally subjected and made subordinate to the lien or charge of the Loan Documents in favor of Lender. Lender has no obligation or duty to, nor has Lender represented that it will, oversee the application of the Credit Facility proceeds upon disbursement by Lender, and any application or use of such proceeds for purposes other than those provided for in the Loan Documents shall not defeat the subordination made in this Agreement, in whole or in part.
2. **Integration.** This Agreement integrates all of the terms and conditions of the parties' agreement regarding the subjection and subordination of all of the Borrower's and the Non-Borrower Trustors' agreements, options, rights of first refusal and other similar covenants creating any right or interest in the Property, including the right to purchase the Property, to the lien or charge of the Loan Documents. This Agreement supersedes and cancels all oral negotiations and prior and other writings with respect to such subjection and subordination. This Agreement is intended by the parties as the final expression of the agreement, and as the complete and exclusive statement of the terms agreed to by the parties, with respect to such subordination and subjection. If there is any conflict between the terms, conditions and provisions of this Agreement and those of any other agreement or instrument, including any of the Loan Documents, the terms, conditions and provisions of the Loan Documents shall prevail. This Agreement may not be modified or amended except by a written agreement signed by the parties or their respective successors in interest.
3. **Notices.** All notices given under this Agreement shall be in writing and shall be given in accordance with the notice provision set forth in the Loan Agreement.
4. **Applicable Law.** This Agreement is governed by the laws of the State of Nevada, without regard to the choice of law rules of that State.
5. **Severability.** The invalidity or unenforceability of any one or more provisions of this Agreement shall in no way affect any other provision.
6. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute and be construed as one and the same instrument.

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IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT HERETO.

**"BORROWER"**

**"LENDER"**

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
a national banking association

\_\_\_\_\_  
JOHN C. SERPA

By: Kevin D. Williams  
Name: Kevin D. Williams  
Title: Vice President

J.S. DEVCO LIMITED PARTNERSHIP,  
a Nevada limited partnership

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DGD DEVELOPMENT LIMITED PARTNERSHIP,  
a Nevada limited partnership

By: SSS Investments, LLC, a Nevada  
limited liability company,  
as general partner

By: \_\_\_\_\_  
John C. Serpa, Jr., Manager

**"NON-BORROWER TRUSTOR"**

SYNCON HOMES,  
a Nevada corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
JAMES F. BAWDEN, aka J.F. BAWDEN,  
doing business as LANDMARK HOMES &  
DEVELOPMENT, a Nevada Corporation

0473090

BK0799PG4039

STATE OF NEVADA )  
 )ss:  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on this \_\_\_\_\_ day of July, 1999, by John C. Serpa, an unmarried man.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

STATE OF NEVADA )  
 )ss:  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on this \_\_\_\_\_ day of July, 1999, by \_\_\_\_\_, as \_\_\_\_\_, of J.S. DEVCO LIMITED PARTNERSHIP, a Nevada limited partnership.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

STATE OF NEVADA )  
 )ss:  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on this \_\_\_\_\_ day of July, 1999, by John C. Serpa, Jr., as Manager of SSS Investments, LLC, a Nevada limited liability company, as general partner DGD Development Limited Partnership, a Nevada limited partnership.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

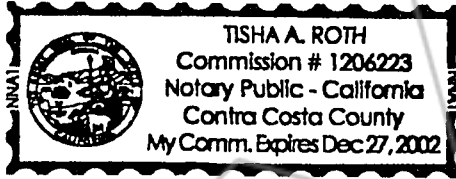
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STATE OF California  
COUNTY OF Contra Costa ) ss:

This instrument was acknowledged before me on this 21<sup>st</sup> day of July, 1999, by Kevin D. Williams, as Vice President of Wells Fargo Bank, National Association, a national banking association.

Tisha A Roth  
Notary Public  
My Commission Expires: DEC 27, 2002



STATE OF NEVADA )  
COUNTY OF \_\_\_\_\_ ) ss:

This instrument was acknowledged before me on this \_\_\_\_\_ day of July, 1999, by \_\_\_\_\_, as \_\_\_\_\_ of Syncon Homes, a Nevada Corporation.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

STATE OF NEVADA )  
COUNTY OF \_\_\_\_\_ ) ss:

This instrument was acknowledged before me on this \_\_\_\_\_ day of July, 1999, by James F. Bawden, also known as J.F. Bawden, doing business as Landmark Homes & Development, a Nevada corporation.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

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BK0799PG4041

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2. Agreement dated November 20, 1995, between J.S. DEVCO LIMITED PARTNERSHIP, a Nevada limited partnership, as seller and Syncon Homes, a Nevada corporation.

COPY

04002450004 (Deer Run)  
::CDMA\PCDDCS\HLRNODOCS\1784881

REQUESTED BY  
**STEWART TITLE of DOUGLAS COUNTY**  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

July 21, 1999

'99 JUL 23 P12:00

LINDA SLATER  
RECORDER  
\$18 PAID *KJ* DEPUTY

0473090

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