

RECORDING REQUESTED BY

Bank of America National Trust and Savings Association

AND WHEN RECORDED MAIL TO

BANK OF AMERICA NT & SA
Unit #1738
ATTN: RE Dept.
P.O. Box 6012
Pasadena, CA 91102-6012

Loan No.: 003090099
Reference No.: B202C



Subordination Agreement

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 on July 16, 1999 by BRIAN G. EDMONDS and DIANNE M. EDMONDS

("Owner") as owner of the land hereinafter described and JCP ENTERPRISES, INC.

("Lessee"), as present owner and holder of the leasehold interest or estate ("Leasehold Estate") created by the lease hereinafter described.

WITNESSETH

THAT WHEREAS, BRIAN G. EDMONDS and DIANNE M. EDMONDS

executed a lease ("Lease") dated APRIL 1, 1998, covering real property ("Mortgaged Property") in the County of DOUGLAS, State of Nevada, described as:

PARCEL 1

Lots 2 and 3, in Block B, as set forth on the FINAL MAP FOR SOUTHGATE SERVICE PARK TWO (an Industrial Subdivision), filed for record in the office of the County Recorder of Douglas County, State of Nevada, on April 2, 1992, in Book 492, Page 182, as Document No. 274729.

PARCEL 2

Together with and excepting therefrom a Driveway Easement as set forth in Declaration of Covenants, Conditions and Restrictions, being a Driveway Easement recorder June 25, 1977, in Book 697, Page 5204, as Document No. 415959.
A.P.N. 1220-03-412-018

Commonly known as: 1211 SERVICE DRIVE, GARDNERVILLE, NV 89410 (street address)

in favor of Lessee, for the term and upon the terms and conditions therein set forth, recorded N/A, Official Records of said county; and,

0473662
BK0899PG0211

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$877,000.00 , dated JULY 16, 1999 , in favor of Bank of America National Trust and Savings Association ("Lender") payable with interest and upon the terms and conditions described therein, and which deed of trust is to be recorded concurrently herewith; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Lessee 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 lease above described and to the leasehold estate created thereby.

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 and extensions thereof, shall unconditionally be and remain at all times a lien or charge on the land described therein, prior and superior to the lease above described, to the leasehold estate created thereby and to all rights and privileges of Lessee thereunder and said lease, the leasehold estate created thereby together with all rights and privileges of Lessee thereunder, is hereby subjected, and made subordinate, to the lien or charge of the deed of trust in favor of Lender 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 subjection and subordination of the lease above described and the leasehold estate created thereby together with all rights and privileges of Lessee thereunder 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 lease and the deed of trust hereinbefore specifically described, any prior agreements as to such subjection or subordination, including, but not limited to, those provisions, if any, contained in the lease above described, which provide for the subjection or subordination of said lease and leasehold estate created thereby to a deed or deed of trusts or to a Mortgage or Mortgages.

Lessee declares, agrees and acknowledges that

- (a) Lessee 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;
- (b) 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; and
- (c) Lessee intentionally and unconditionally waives, relinquishes, subjects and subordinates the lease above described, and leasehold estate created thereby together with all rights and privileges of Lessee thereunder in favor of the lien or charge upon said land or the deed of trust in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquishment, subjection 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, subjection, and subordination.

0473662

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

BRIAN G. EDMONDS and DIANNE M. EDMONDS

JCP ENTERPRISES, INC.

By *Dianne Edmonds*
DIANNE EDMONDS, PRESIDENT

By *Brian G. Edmonds*
BRIAN G. EDMONDS

By _____

By *Dianne M. Edmonds*
DIANNE M. EDMONDS

By _____

By _____

By _____

By _____

"Lessee"

"Owner"

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

GENERAL ACKNOWLEDGMENT

State of Nevada

County of DOUGLAS

On JULY 20, 1999 before me, KATHY SWAIN
personally appeared BRIAN G. EDMONDS & DIANNE M. EDMONDS

personally known to me
or
 proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal

Kathy Swain

0473662