

WHEN RECORDED RETURN TO:

NEVADA STATE DEVELOPMENT CORPORATION
6572 South McCarran Blvd.
Reno, NV 89509

APN: 1320-05-001-016

ESTOPPEL, CONSENT AND SUBORDINATION AGREEMENT

This Estoppel, Consent and Subordination Agreement (the "Agreement") is made and executed as of the 4th day of October, 2001, by and among NEVADA STATE DEVELOPMENT CORPORATION, a Nevada corporation; ("Lender"); J&M SCHWARTZ, LLC ("Borrower"); J & S FLOORS, INC. ("Sublessor") and TN & ASSOCIATES, INC. ("Sublessee").

RECITALS:

A. Sublessor, as the tenant under that certain Lease with Borrower (the "Lease") dated July 20, 2001, has leased the real property located in Douglas County, State of Nevada, together with the improvements now or hereafter located thereon (the "Property") more particularly described by Exhibit "A" attached hereto and incorporated herein by this reference.

B. Sublessor has executed and entered into a Sublease Agreement with Sublessee (the "Sublease") which relates to a portion of the Property (the "Subleased Property").

C. On the condition that all of Sublessee's rights in the Subleased Property and the Sublease (the "Sublease Rights") be subordinated as provided below, Lender has agreed to make a term mortgage loan (the "Loan") to Borrower in the principal amount of \$352,000.00 to provide term financing for Borrower. In connection with the Loan, Borrower has or will be executing a Promissory Note, Deed of Trust and Security Agreement, and other documents required by Lender to evidence and/or secure Borrower's obligations under the Loan (the "Loan Documents"). Unless otherwise defined in this Agreement, capitalized terms used in this Agreement shall have the meaning set forth in the Loan Documents.

AGREEMENT

IN CONSIDERATION of Lender's making the Loan to Borrower, the mutual covenants and conditions contained herein, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by Lender and Sublessee, the parties hereto do hereby agree as follows:

1. Consent and Representations. Sublessee consents to the assignment ("Assignment") of the Sublease to Lender to secure Borrower's payment of the Loan and Borrower's other obligations under the Loan Documents in accordance with the Assignment. Furthermore, Sublessee does hereby warrant and represent:

(a) The Sublease is a valid and binding obligation of Sublessee; Sublessee is not in default under the Sublease; and Sublessee is not aware of any default by Sublessor under the Sublease;

(b) No amendments, modifications, or alterations have been made to the Sublease;

(c) Neither Sublessee nor Sublessor shall agree to any mutual termination, extension, amendment, modification or renewal of the Sublease without the prior written consent of Lender;

(d) Sublessee shall give Lender prompt written notice of any default by Sublessor under the Sublease which notice shall specify the nature of the default;

(e) Notwithstanding anything to the contrary in the Sublease, should any default under the Sublease occur, Lender shall have sixty (60) days after the receipt of such notice from Sublessee, and at the option of Lender, to cure such default of Sublessor. Or, if the nature of the default is such that it cannot reasonably be cured within such sixty (60) day period, such longer period as is reasonably necessary to cure such default of Sublessor;

(f) All rights of Sublessee to terminate the Sublease as a result of the occurrence of an event of default thereunder are subject to and conditioned upon Sublessee's having first given Lender written notice of and an opportunity to cure such default as specified herein;

(g) No rent has been prepaid under the Sublease at this time; and

(h) Sublessee agrees not to assign, transfer, mortgage or otherwise encumber the Sublease Rights or any interest therein. Sublessee further agrees not to sublet the Subleased Property, or any part thereof, without the prior written consent of Lender and any attempt to do so without such consent shall be void as to Lender.

2. Optional Non-Disturbance and Attornment. In the event the interest of Borrower or Sublessor shall be acquired by Lender or by any other person ("Purchaser") by foreclosure or other proceeding brought to enforce the rights of the holder of the Loan Documents, by deed in lieu of foreclosure, or by any other method, Sublessee agrees that the Sublease may be terminated regardless of the term thereof or, at the option of Purchaser, the Purchaser may succeed to the interest of the Sublessor under the Sublease and Sublessee shall be bound to Purchaser under all of the terms, conditions and covenants of the Sublease for the balance of the term thereof, and any extensions and renewals thereof, with the same force and effect as if Purchaser were the original sublessor under the Sublease and, in the event of the exercise of such option, Sublessee does hereby attorn to Purchaser as its sublessor and Purchaser agrees to accept such attornment which shall be deemed self-operative without the execution of any other instrument provided; however, Purchaser shall not be liable or responsible to Sublessee for any damages sustained by Sublessee by reason of any default or acts of Sublessor prior to the date of such attornment.

3. No Personal Liability. Notwithstanding any of the other provisions hereof, this Agreement is not intended to create and shall not be deemed to create any personal liability on the part of Sublessee for repayment of, or otherwise, in connection with the Loan.

4. Subordination to Loan Documents. The Sublease Rights are hereby made subject, subordinate, inferior, and junior to the Loan Documents and to all sums advanced on the security of the Loan Documents, including all sums advanced or costs incurred in connection with the Loan Documents or the Loan. The Sublease Rights are hereby subordinated to the Loan Documents the same and as fully as if the Loan Documents had been executed and delivered (and recorded, where applicable) prior to execution, delivery and filing of the Sublease.

5. Successors. This Agreement is and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; including, without limitation, the United States Small Business Administration, as assignee of Lender.

6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada.

[SIGNATURES CONTAINED ON NEXT PAGE]

LENDER:

NEVADA STATE DEVELOPMENT CORPORATION, a Nevada corporation

By: *Roberta Bennett*
Roberta Bennett, President

BORROWER:

J&M SCHWARTZ, LLC, a Nevada limited liability company

By: *John G. Schwartz*
John G. Schwartz, Member

By: *Maria V. Schwartz*
Maria V. Schwartz, Member

SUBLESSOR:

J & S FLOORS, INC., a Nevada corporation

By: *John G. Schwartz*
John G. Schwartz, President

By: *Maria V. Schwartz*
Maria V. Schwartz, Secretary

SUBLESSEE:

TN & ASSOCIATES, INC.

By: _____
Name: Mark Williams
Its: _____

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on November 2, 2001, by Roberta Bennett, as President of NEVADA STATE DEVELOPMENT CORPORATION.



Stephanie Morris
NOTARY PUBLIC
My Commission Expires: 8/2/03

LENDER:

NEVADA STATE DEVELOPMENT CORPORATION, a Nevada corporation

By: _____
Roberta Bennett, President

BORROWER:

J&M SCHWARTZ, LLC, a Nevada limited liability company

By: _____
John G. Schwartz, Member

By: _____
Maria V. Schwartz, Member

SUBLESSOR:

J & S FLOORS, INC., a Nevada corporation

By: _____
John G. Schwartz, President

SUBLESSEE:

T N & ASSOCIATES, INC.

By: Mark A. Williams
Mark A. Williams, Associate

By: _____
Maria V. Schwartz, Secretary

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on _____, 2001, by Roberta Bennett, as President of NEVADA STATE DEVELOPMENT CORPORATION.

NOTARY PUBLIC
My Commission Expires: _____

STATE OF NEVADA)
) ss.
COUNTY OF DOUGLAS)

This instrument was acknowledged before me on the 4th day of October, 2001, by John G. Schwartz, as President of J & S FLOORS, a Nevada corporation, and as a Member of J&M SCHWARTZ, LLC, a Nevada limited liability company.



Stephanie Morris
Notary Public
My Commission Expires: 8/2/2003

STATE OF NEVADA)
) ss.
COUNTY OF DOUGLAS)

This instrument was acknowledged before me on the 4th day of October, 2001, by Maria V. Schwartz, as Secretary of J & S FLOORS, a Nevada corporation and as a Member of J&M SCHWARTZ, LLC, a Nevada limited liability company.



Stephanie Morris
Notary Public
My Commission Expires: 8/2/03

STATE OF)
) ss.
COUNTY OF)

This instrument was acknowledged before me on the _____ day of _____, 2001, by Mark Williams, as _____ of TN & ASSOCIATES.

Notary Public
My Commission Expires: _____

STATE OF NEVADA)
) ss.
COUNTY OF DOUGLAS)

This instrument was acknowledged before me on the _____ day of _____, 2001, by John G. Schwartz, as President of J & S FLOORS, a Nevada corporation, and as a Member of J&M SCHWARTZ, LLC, a Nevada limited liability company.

Notary Public
My Commission Expires: _____

STATE OF NEVADA)
)ss.
COUNTY OF DOUGLAS)

This instrument was acknowledged before me on the _____ day of _____, 2001, by Maria V. Schwartz, as Secretary of J & S FLOORS, a Nevada corporation and as a Member of J&M SCHWARTZ, LLC, a Nevada limited liability company.

Notary Public
My Commission Expires: _____

STATE OF TENNESSEE)
)ss.
COUNTY OF ANDERSON)

This instrument was acknowledged before me on the 1st day of November, 2001, by Mark Williams, as Associate of T N & ASSOCIATES, INC..

Karen D. Brown

Notary Public
My Commission Expires: 4-3-05

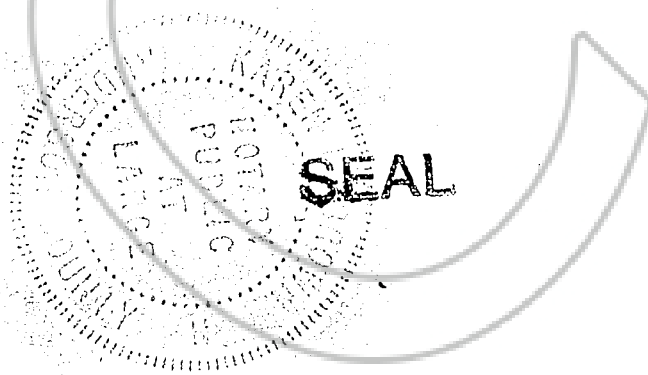


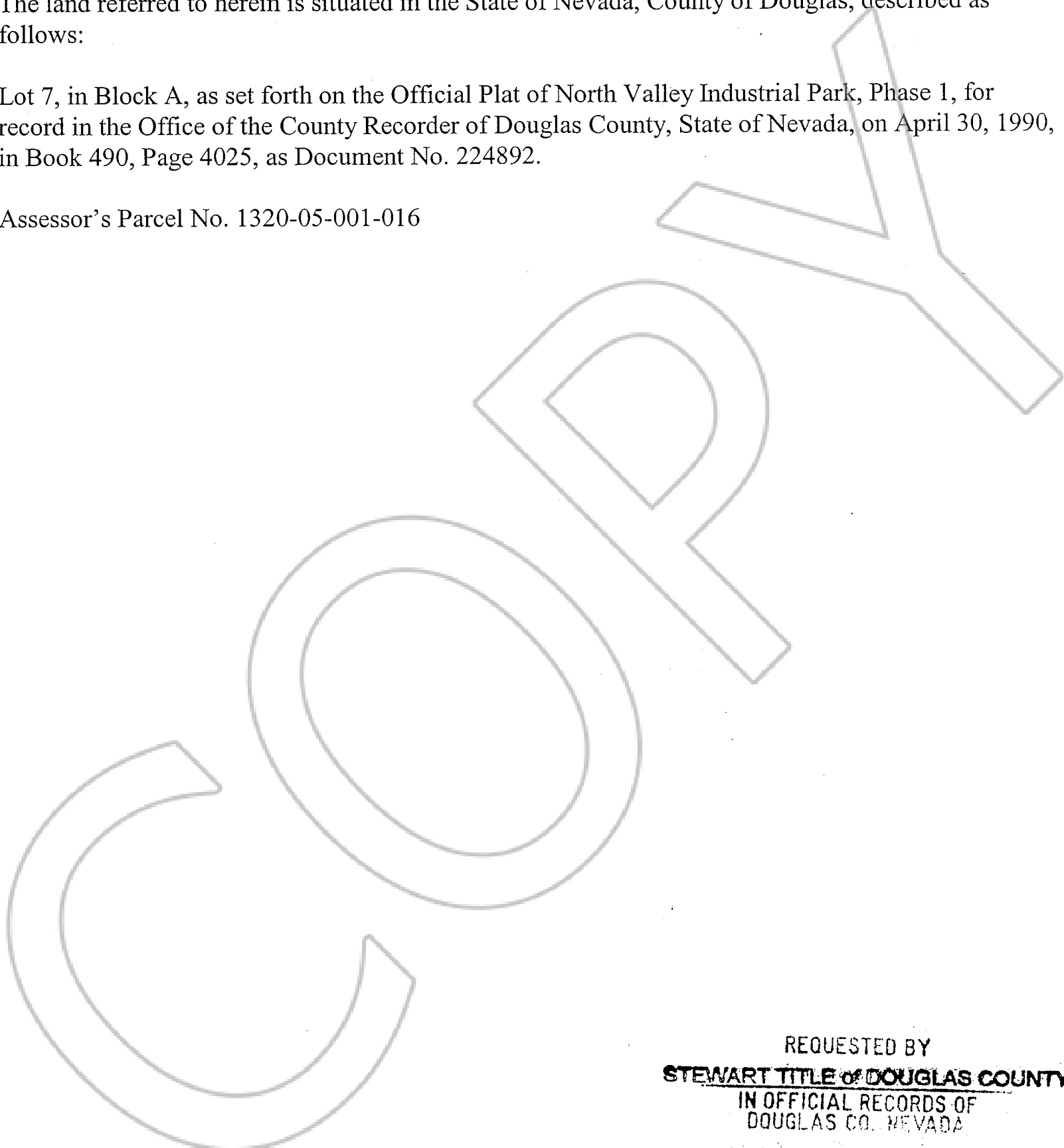
EXHIBIT A

LEGAL DESCRIPTION

The land referred to herein is situated in the State of Nevada, County of Douglas, described as follows:

Lot 7, in Block A, as set forth on the Official Plat of North Valley Industrial Park, Phase 1, for record in the Office of the County Recorder of Douglas County, State of Nevada, on April 30, 1990, in Book 490, Page 4025, as Document No. 224892.

Assessor's Parcel No. 1320-05-001-016



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

2001 NOV -6 PM 3:44

LINDA SLATER
RECORDER

\$21⁰⁰ PAID *kg* DEPUTY

0527123

-6-

BK 1101 PG 1764