

A.R.N. # 1220-01-002-065

ESCROW NO. 040101254

RECORDING REQUESTED BY:  
STEWART TITLE COMPANY

WHEN RECORDED MAIL TO:  
STERLING RANCH ESTATES, LLC.  
3640 GIRD ROAD  
FALLBROOK, CA. 92028

REQUESTED BY  
**Stewart Title of Douglas County**  
IN OFFICIAL RECORDS OF  
DOUGLAS COUNTY, NEVADA

2004 APR 28 PM 3:35

WERNER CHRISTEN  
RECORDER

18<sup>00</sup> PAID. KJ DEPUTY

(Space Above for Recorder's Use Only)

## 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.**

ASHER ABRAVANEL, A MARRIED MAN AS HIS SOLE AND SEPARATE PROPERTY AND JON C. MUSTACCHIO AND LISA JILL MUSTACCHIO, HUSBAND AND WIFE AS JOINT TENANTS, owner of the land hereinafter described and hereinafter referred to as "Owner", and STERLING RANCH ESTATES, LLC., a Nevada Limited Liability Company present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary".

THIS DOCUMENT BEING EXECUTED  
IN COUNTERPART AND TO BE WITNESSETH  
RECORDED AS ONE DOCUMENT

THAT WHEREAS, ASHER ABRAVANEL, A MARRIED MAN AS HIS SOLE AND SEPARATE PROPERTY AND JON C. MUSTACCHIO AND LISA JILL MUSTACCHIO, HUSBAND AND WIFE AS JOINT TENANTS did execute a deed of trust, dated January 26, 2004 to Stewart Title of Douglas County, a California Corporation, as Trustee, covering:

SEE ATTACHED EXHIBIT "A"

to secure a note in the sum of \$109,900.00, in favor of STERLING RANCH ESTATES, LLC., a Nevada Limited Liability Company which deed of trust was recorded February 4, 2004, in Book 0204, Page 1703-1708, Instrument No. 603787, Official Records of said county; and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$360,000.00, dated April 8, 2004, in favor of STERLING RANCH ESTATES, LLC, A NEVADA LIMITED LIABILITY COMPANY, hereinafter referred to as "Lender", payable with interest and upon the terms and conditions described therein, which deed of trust is to be recorded concurrently herewith; and

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WHEREAS, it is a condition precedent to obtaining said loan that said deed of trust last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the deed of trust first above mentioned; and

WHEREAS, lender is willing to make said loan provided the deed of trust securing the same is a lien or charge upon the above described property prior and superior to the lien or charge of the deed of trust first above mentioned and provided that Beneficiary will specifically and unconditionally subordinate the lien or charge of the deed of trust first above mentioned 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 such loan to Owner; and Beneficiary 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 lien or charge of the deed of trust first above mentioned.

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 or extensions thereof shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the deed of trust first above 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 subordination of the lien or charge of the deed of trust first above mentioned 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 deeds of trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited to, those provisions, if any, contained in the deed of trust first above mentioned, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

Beneficiary declares, agrees and acknowledges that

- (a) He 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;
- (c) He intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the deed of trust first above mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender 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 and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination;
- (d) An endorsement has been placed upon the note secured by the deed of trust first above mentioned that said deed of trust has by this instrument been subordinated to the lien or charge of the deed of trust in favor of Lender above referred to.

continued on next page

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

BLUE SKY DEVELOPMENT GROUP, LLC  
A NEVADA LIMITED LIABILITY COMPANY

STERLING RANCH ESTATES, LLC  
A NEVADA LIMITED LIABILITY COMPANY

*Asher Agravanel*  
Owner ASHER ABRAVANEL/MEMBER

Beneficiary RONALD R. SHARP/MANAGER  
MEMBER

*Jon Muscaccio*  
Owner JON MUSCACCHIO/ MEMBER

Beneficiary

*Lisa Jill Mustacchio*  
Owner LISA JILL MUSTACCHIO/  
member

Beneficiary

Owner


Beneficiary

STATE OF NV }  
COUNTY OF Douglas } ss.

DATE: 4/26/04

This instrument was acknowledged before me on 4/26/04  
by Asher Agravanel and  
Jon Mustacchio and Lisa Jill Mustacchio

Signature *Suzanne Cheechov*  
Notary Public

 SUZANNE CHEECHOV  
NOTARY PUBLIC  
STATE OF NEVADA  
Appt. Recorded in Douglas County  
My Appt. Expires June 25, 2007  
No: 09-SC458-5

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**EXHIBIT "A"  
LEGAL DESCRIPTION**

Order No.: 040101254

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

Being a portion of the Southwest 1/4 of Section 1, Township  
12 North, Range 20 East further described as follows:

Lot 3, in Block B, as set forth on the Final Map #PD01-19  
for STERLING RANCH ESTATES, A PLANNED UNIT DEVELOPMENT,  
filed for record in the Office of the County Recorder of  
Douglas County, State of Nevada, September 17, 2002, Book  
0902, Page 5372, as Document No. 552347, and by Certificate  
of Amendment recorded March 26, 2003, Book 0303, Page  
12541, as Document No. 571358.

ASSESSORS PARCEL NUMBER: 1220-01-002-065

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