

A.P.N. 1320-29-402-006  
Escrow No.: DO-1040438-SK  
1040438

RECORDING REQUESTED BY:

AND WHEN RECORDED, MAIL TO:

Meyer, Goergen & Marrs  
7130 Glen Forest Drive, Suite 305  
Richmond, VA 23226

REQUESTED BY

~~Northern Nevada Title Company~~  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

2004 OCT 13 PM 3:13

WERNER CHRISTEN  
RECORDER

\$ 17<sup>00</sup> PAID KY DEPUTY

THIS SPACE FOR RECORDER'S USE ONLY

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR LEASEHOLD INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT, made this 8th day of October, 2004, by Stefka D. Dimitrova and Ivaylo M. Yordanov, owners of the land hereinafter described and hereinafter together referred to as ("Owner"), and Kontessa International, Inc, ("Lessee") lessee, pursuant to a Lease between Owner as lessor and Lessee dated 9-23-04, and BLX Capital, LLC ("Lender"):

WITNESSETH

THAT WHEREAS, Owner has executed a deed of trust, dated 10-8-04, to Northern Nevada Title Company, as trustee, establishing a lien against the following described real property:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

to secure a note in the sum of Six Hundred Thirty Thousand and No/100 Dollars (\$630,000.00) dated 10-8-04 in favor of Beneficiary, which deed of trust will record concurrently herewith on 10-13-04 in Book 1001, Official Records, Page 5142, as Document No. 024571 ("Deed of Trust"); and

WHEREAS, Owner has executed the Lease to create a valid lease agreement between Owner and Lessee; and

WHEREAS, it is a condition precedent to obtaining said loan from Lender that the Deed of Trust shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the Lease; 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 Lease upon the land hereinbefore described; 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 when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the Lease.

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**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 the 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 Lease.
- (2) That Lender would not make its loan above described without this subordination agreement.
- (3) That this agreement shall supersede and cancel those provisions, if any, contained in any and all other agreements, including but not limited to the Lease, or escrow agreements between the parties hereto, with regard to the subordination of the lien, which provisions are inconsistent or contrary to the provisions herein.

Lessee declares, agrees and acknowledges that

- (a) It 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 Lease, if any, 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 paid 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.

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



\_\_\_\_\_  
Stefka D. Dimitrova



\_\_\_\_\_  
Ivaylo M. Yordanov

Kontessa International Inc.

By: 

\_\_\_\_\_  
Stefka D. Dimitrova, Pres.

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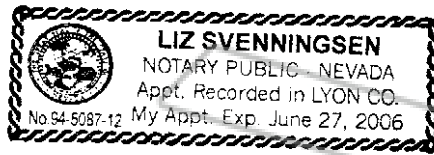
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STATE OF NEVADA )  
 ) ss.  
COUNTY OF CARSON CITY )

On this 9th day of OCT 2004, personally appeared Stefka D. Dimitrova before me a Notary Public in and for CARSON CITY County, State of Nevada, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that she executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

Liz Svenningsen  
NOTARY PUBLIC

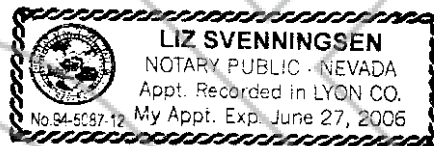


STATE OF NEVADA )  
 ) ss.  
COUNTY OF CARSON CITY )

On this 9th day of OCT 2004, personally appeared Ivaylo M. Yordanov before me a Notary Public in and for CARSON CITY County, State of Nevada, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

WITNESS my hand and official seal.

Liz Svenningsen  
NOTARY PUBLIC

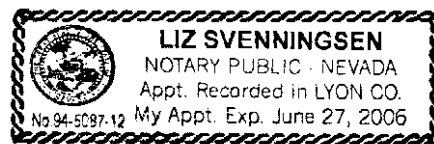


STATE OF NEVADA )  
 ) ss.  
COUNTY OF CARSON CITY )

On this 9th day of OCT, 2004, personally appeared before me a Notary Public in and for CARSON CITY County, State of Nevada, Stefka D. Dimitrova known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that she executed the same freely and voluntarily and for the uses and purposes therein mentioned on behalf of Kontessa International, Inc. as President of the corporation.

WITNESS my hand and official seal.

Liz Svenningsen  
NOTARY PUBLIC



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**EXHIBIT "A"**

All that certain real property situate in the County of Douglas, State of Nevada, described as follows:

A portion of the Southeast  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  of Section 29, Township 13 North, Range 20 East, M.D.B.&M. described as follows:

Beginning at a point North  $10^{\circ}56'$  West 77.59 feet from the Town Monument No. 1 of the town of Minden and located on the East boundary of Fourth Street at Railroad Avenue; thence from a tangent which bears North  $56^{\circ}11'50''$  West curving to the left along the South boundary of the property and the North right of way line of Railroad Avenue, with a radius of 562.28 feet through an angle of  $7^{\circ}13'10''$  a distance of 70.84 feet to a point; thence North  $63^{\circ}25'$  West along said Southerly property line a distance of 65.0 feet to the Southwest corner of said property; thence North  $26^{\circ}35'$  East 56.0 feet to the Northwest corner of said property and 19 feet from the center line of the South leg of the "Y" track of the Virginia & Truckee Railroad; thence South  $63^{\circ}25'$  East along the North property line 65.0 feet to a point; thence from a tangent whose bearing is the last described course curving to the right along the said Northerly property line with a radius of 618.28 feet thru an angle of  $7^{\circ}13'07''$  a distance of 77.90 feet to the Northeast corner of said property; thence South  $33^{\circ}48'10''$  West 56.0 feet to the point of beginning.

NOTE: Legal description previously contained in Document No. 165390, in Book 1087, at Page 4009 recorded on October 29, 1987.

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