

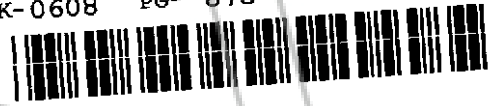
APN Nos. 1418-03-812-001

DOC # **0724465**
06/03/2008 03:49 PM Deputy: GB
OFFICIAL RECORD
Requested By:
STEWART TITLE

WHEN RECORDED MAIL TO:

Karen D. Dennison, Esq.
Hale Lane Peek Dennison
And Howard
5441 Kietzke Lane, 2nd Floor
Reno, Nevada 89511

Douglas County - NV
Werner Christen - Recorder
Page: 1 Of 12 Fee: 25.00
BK-0608 PG- 875 RPTT: 0.00



The undersigned hereby affirms that this document, including any exhibits, submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030)

1008126-02

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 SUBORDINATION AGREEMENT ("Agreement") is made this 23 day of May, 2008, by Nevada Business Investments, LLC, a Nevada limited liability company, owners of the land hereinafter described and hereinafter referred to collectively as "Owner", Paul P. Flynn, as Trustee of the PSF Trust Under Declaration of Trust dated April 9, 1997, present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary", and Larry O. Irvin, Christopher J. Irvin, I-Clad Investments, L.L.C., an Arizona limited liability company, and Marie Nixon, hereinafter collectively referred to as "Lender";

RECITALS:

A. Owner executed a deed of trust (the "Junior Deed of Trust") dated July 30, 2007, to Western Title Company, Inc., a Nevada corporation, as trustee, encumbering all that certain real property (the "Property") situate in Douglas County, State of Nevada, described in Exhibit "A" attached hereto and incorporated herein by reference, to secure a note in the original principal amount of \$2,400,000.00, in favor of Beneficiary, which Junior Deed of Trust was recorded July 31, 2007, as Document No. 0706641, Official Records of Douglas County;

B. In order to induce Lender to lend Owner funds in the principal amount of \$1,100,000.00 (the "Loan"), Owner has executed a promissory note for said principal amount dated May 13, 2008, in favor of Lender (the "Senior Note"), payable with interest and upon the terms and conditions described therein, which note is secured by a deed of trust

encumbering the Property recorded June 3, 2008, as Document No. 724464, Official Records of Douglas County (the "Senior Deed of Trust").

C. It is a condition precedent of the Loan that the Senior Deed of Trust shall unconditionally be and remain at all times a lien or charge upon the Property, prior and superior to the lien or charge of the Junior Deed of Trust.

D. Lender is willing to make the Loan provided the Senior Deed of Trust is a lien or charge upon the Property prior and superior to the lien or charge of the Junior Deed of Trust and provided that Beneficiary will specifically and unconditionally subordinate the lien or charge of the Junior Deed of Trust to the lien or charge of the Senior Deed of Trust.

E. It is to the mutual benefit of the parties hereto that Lender make the Loan to Owner; and Beneficiary is willing that the Senior Deed of Trust shall, when recorded, constitute a lien or charge upon the Property which is unconditionally prior and superior to the lien or charge of the Junior Deed of Trust.

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, it is hereby declared, understood and agreed as follows:

(1) That the Junior Deed of Trust hereby is unconditionally subordinated to the lien or charge of the Senior Deed of Trust securing the 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 Junior Deed of Trust; provided, however, that the renewals and/or extensions referred to above shall not be deemed to include any renewal or extension which expand the rights of Lender to (i) increase the maximum indebtedness beyond that specifically provided in the Senior Note, (ii) increase any interest rate beyond those rights specifically provided in the Senior Note, or (iii) extend any maturity date beyond those rights specifically provided in the Senior Note, unless the prior approval of Beneficiary is obtained, which approval shall not be unreasonably withheld, conditioned, or delayed.

(2) That Lender would not make the Loan without this Agreement.

(3) That this Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Junior Deed of Trust to the lien or charge of the Senior Deed of Trust and shall supersede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreements as to such subordination, including, but not limited to, those provisions, if any, contained in the Junior Deed of Trust which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages. The parties hereto declare, agree and acknowledge that:

(a) Beneficiary consents to and approves (i) all provisions of the Senior Note and the Senior Deed of Trust, in the forms in which they exist as of the date hereof, and



(ii) the following agreements between Owner and Lender for the disbursement of the proceeds of the Loan, in the forms in which they exist as of the date hereof:

_____;

(b) Lender, in making disbursements pursuant to any such agreement, and otherwise in disbursing the proceeds of the Loan, will utilize reasonable controls, including a construction control account, to ensure that the proceeds of the Loan are utilized for the development and construction of on-site and off-site improvements on the Property;

(c) Beneficiary intentionally and unconditionally subordinates the lien or charge of the Junior Deed of Trust in favor of the lien or charge upon the Property of the Senior Deed of Trust and understands that in reliance upon, and in consideration of, this 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 Lender's reliance upon this subordination;

(d) An endorsement has been placed upon the note secured by the Junior Deed of Trust that the Junior Deed of Trust is subordinate to the lien or charge of the Senior Deed of Trust;

(e) Notwithstanding anything to the contrary provided in the Senior Note and the Senior Deed of Trust, the Senior Deed of Trust shall not secure any future advances other than those subordinate and junior to the lien of the Junior Deed of Trust;

(f) Lender shall deliver to Beneficiary written notice of any default under the Senior Note, Senior Deed of Trust, or the documents associated therewith, contemporaneously with, or promptly after, the delivery of any notice of default to the Borrower or any other person or entity. Prior to any acceleration of the Loan, any exercise of the power of sale under the Senior Deed of Trust or any foreclosure of the Senior Deed of Trust, Lender shall allow Beneficiary thirty (30) days after the later to occur of (i) the expiration of any cure period available to Borrower or (ii) the delivery to Beneficiary of notice of the default, in which to cure the default or cause the default to be cured; provided, however, if the default cannot reasonably be cured within such 30-day period, such cure period afforded to Beneficiary shall be extended for such reasonable additional period (not to exceed 90 days) so long as curative action has been commenced within the initial 30-day period and is diligently prosecuted to completion in the extended cure period. Beneficiary may (but shall not be obligated to) cure or cause to be cured any such default within the cure period afforded to Beneficiary under this subsection, and shall accept any such curative performance. Notwithstanding anything to the contrary provided herein, in no event shall any notice of default be required to be delivered to Beneficiary in connection with any default resulting from the filing by or against Borrower of any insolvency or bankruptcy proceeding; and

(g) This Agreement may be signed in multiple counterparts with the same effect as if all signatories had executed the same instrument.



BK- 0608
PG- 877

**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 PROPERTY.**

**PSF Trust under Declaration of Trust dated
April 9, 1997**

By: _____
Paul P. Flynn, Trustee

"Beneficiary"

**Nevada Business Investments, LLC, a Nevada
limited liability company**

By: _____
Patt Moore, Manager/Member

"Owner"

**I-Clad Investments, L.L.C., an Arizona limited
liability company**

By: _____

Larry O. Irvin

Christopher J. Irvin

Marie Nixon

"Lender"



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PSF Trust under Declaration of Trust dated
April 9, 1997

By: 
Paul P. Flynn, Trustee

"Beneficiary"

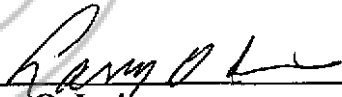
Nevada Business Investments, LLC, a Nevada
limited liability company

By: 
Patt Moore, Manager/Member


"Owner"

I-Clad Investments, L.L.C., an Arizona limited
liability company

By: _____


Larry O. Irvin

Christopher J. Irvin


Marie Nixon

"Lender"



BK- 0608
PG- 879

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 PROPERTY.

PSF Trust under Declaration of Trust dated
April 9, 1997

By: _____
Paul P. Flynn, Trustee

"Beneficiary"

Nevada Business Investments, LLC, a Nevada
limited liability company

By: _____
Patt Moore, Manager/Member

"Owner"

I-Clad Investments, L.L.C., an Arizona limited
liability company

By: _____
_____, _____

Larry O. Irvin

Christopher J. Irvin

Christopher J. Irvin

Marie Nixon

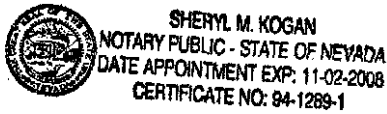
Marie Nixon

"Lender"



STATE OF NEVADA)
) ss.
County of Clark)

This instrument was acknowledged before me on May 30, 2008, by Paul P. Flynn, as Trustee of the PSF Trust Under Declaration of Trust dated April 9, 1997.



Sheryl M. Kogan
Notary Public
My Commission Expires: 11/2/08

STATE OF NEVADA)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 2008, by Patt Moore as Manager/Member of Nevada Business Investments, LLC, a Nevada limited liability company.

Notary Public
My Commission Expires: _____

STATE OF _____)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 2008, by _____ as _____ of I-Clad Investments, L.L.C., an Arizona limited liability company.

Notary Public
My Commission Expires: _____

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06/03/2008

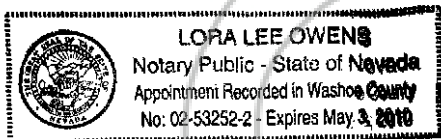
STATE OF NEVADA)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 2008, by Paul P. Flynn, as Trustee of the PSF Trust Under Declaration of Trust dated April 9, 1997.

Notary Public
My Commission Expires: _____

STATE OF NEVADA)
) ss.
County of Washoe)

This instrument was acknowledged before me on May 27, 2008, by Patt Moore as Manager/Member of Nevada Business Investments, LLC, a Nevada limited liability company.




Lora Lee Owens
Notary Public
My Commission Expires: 5/3/10

STATE OF _____)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 2008, by _____ as _____ of I-Clad Investments, L.L.C., an Arizona limited liability company.

Notary Public
My Commission Expires: _____


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06/03/2008

STATE OF NEVADA)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 2008, by Paul P. Flynn, as Trustee of the PSF Trust Under Declaration of Trust dated April 9, 1997.

Notary Public
My Commission Expires: _____

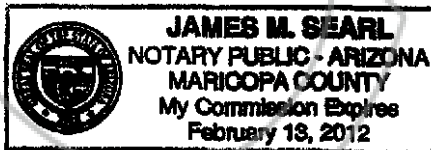
STATE OF NEVADA)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 2008, by Patt Moore as Manager/Member of Nevada Business Investments, LLC, a Nevada limited liability company.

Notary Public
My Commission Expires: _____

STATE OF Arizona)
) ss.
County of Maricopa)

This instrument was acknowledged before me on May 28, 2008, by Carol Fehring Irvin as Managing Member of I-Clad Investments, L.L.C., an Arizona limited liability company.



[Signature]
Notary Public
My Commission Expires: 02/13/2012

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PG- 883
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STATE OF Nevada)
) ss.
County of Washoe)

This instrument was acknowledged before me on May 27, 2008, by Larry O. Irvin.



Lora Lee Owens
Notary Public
My Commission Expires: 5/3/10

STATE OF _____)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 2008, by Christopher J. Irvin.

Notary Public
My Commission Expires: _____

STATE OF Nevada)
) ss.
County of Washoe)

This instrument was acknowledged before me on May 23, 2008, by Marie Nixon.



Lora Lee Owens
Notary Public
My Commission Expires: 5/3/10



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PG- 884
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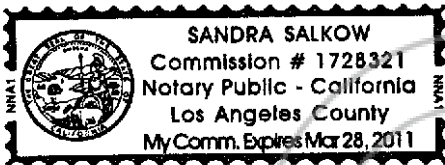
STATE OF _____)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 2008, by Larry O. Irvin.

Notary Public
My Commission Expires: _____

STATE OF California)
) ss.
County of Los Angeles)

This instrument was acknowledged before me on May 29, 2008, by Christopher J. Irvin.



Sandra Salkow
Notary Public
My Commission Expires: 3/28/11

STATE OF _____)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 2008, by Marie Nixon.

Notary Public
My Commission Expires: _____



EXHIBIT "A"

Lot 10, in Block A, of GLENBROOK UNIT 3, (3-A) as shown on the map Glenbrook Unit No. 3, filed in the office of the County Recorder of Douglas County, Nevada on June 13, 1980 as Instrument No. 45299, in Book 680 of Maps, at page 1269, and Certificate of Amendment recorded March 3, 1981, in Book 381 of Official Records at page 117, Douglas County, Nevada.

Reference is made to Record of Surveys recorded as Document Numbers 245941 and 265676.

APNs 1418-03-812-001



(One Inch Margin on all sides of Document for Recorder's Use only)

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