

I the undersigned hereby affirm that this document submitted for recording does not contain any personal information.

*[Signature]*  
Signature

Certified Senior Escrow Officer  
Title

09-01-2011  
Date

Assessor Parcel No(s):  
1220-11-001-030 and 1220-11-001-031

RECORDATION REQUESTED BY:  
BANK OF THE WEST, Reno CBO #070, 4950 Kietzke Lane, Reno, NV 89509

WHEN RECORDED MAIL TO:  
BANK OF THE WEST, Documentation Center (South), 1977 Saturn Street, Monterey Park, CA 91755

*184892-01-04*

DOC # 789255  
09/08/2011 02:31PM Deputy: PK  
OFFICIAL RECORD  
Requested By:  
First Centennial - Reno  
Douglas County - NV  
Karen Ellison - Recorder  
Page: 1 of 14 Fee: \$27.00  
BK-911 PG-1314 RPTT: 0.00



FOR RECORDER'S USE ONLY

NOTICE: THIS SUBORDINATION AGREEMENT - LEASE 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.

**SUBORDINATION AGREEMENT - LEASE**

THIS SUBORDINATION AGREEMENT - LEASE dated September 1, 2011, is made and executed among AERVOE INDUSTRIES INCORPORATED ("Lessee"); W. R. TECHNOLOGY PARK, L.L.C. ("Borrower"); and BANK OF THE WEST ("Lender").

**SUBORDINATED LEASE.** Lessee has executed a lease dated January 1, 2007 of the property described herein (the "Subordinated Lease").

**REAL PROPERTY DESCRIPTION.** The Lease covers 1160 Mark Circle, Units A - D, Gardnerville, NV 89410 of the following described real property located in Douglas County, State of Nevada:

See EXHIBIT "A", which is attached to this Subordination and made a part of this Subordination as if fully set forth herein.



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The Real Property or its address is commonly known as \_\_\_\_\_ 1151 AND 1100 MARK CR, GARDNERVILLE, NV 89410. The Real Property tax identification number is \_\_\_\_\_ 1220-11-001-030 and 1220-11-001-031.

**SUPERIOR INDEBTEDNESS.** Lender has extended or has agreed to extend the following described financial accommodations to Borrower, secured by the Real Property (the "Superior Indebtedness"):

**Payment of an indebtedness evidenced by a promissory note dated as of September 1, 2011, executed by Borrower and payable to Lender or its order (herein referred to as the "Note"), and any and all amendments, modifications, extensions or renewals of the Note (whether evidenced by the Note or otherwise); together with the payment of interest on such indebtedness and the payment of all other sums (with interest as therein provided) according to the terms of the Note (and any and all amendments, modifications, extensions, or renewals thereof).**

**LENDER'S LIEN.** The Superior Indebtedness is or will be secured by the Real Property and evidenced by a deed of trust, dated September 1, 2011, from Borrower to Lender (the "Lender's Lien"). As a condition to the granting of the requested financial accommodations, Lender has required that the Lender's Lien be and remain superior to the Subordinated Lease.

**REQUESTED FINANCIAL ACCOMMODATIONS.** Lessee and Borrower each want Lender to provide financial accommodations to Borrower in the form of the Superior Indebtedness. Borrower and Lessee each represent and acknowledge to Lender that Lessee will benefit as a result of these financial accommodations from Lender to Borrower, and Lessee acknowledges receipt of valuable consideration for entering into this Subordination.

**NOW THEREFORE THE PARTIES TO THIS SUBORDINATION HEREBY AGREE AS FOLLOWS:**

**SUBORDINATION.** All of Lessee's right, title, and interest in and to the Subordinated Lease and the Real Property is and shall be subordinated in all respects to Lender's Lien and the Superior Indebtedness, and it is agreed that Lender's Lien shall be and remain, at all times, prior and superior to Lessee's interests in the Subordinated Lease and the Real Property. Lessee also subordinates to Lender's Lien all other Security Interests in the Real Property held by Lessee, whether now existing or hereafter acquired.

**LESSEE'S REPRESENTATIONS AND WARRANTIES.** Lessee hereby represents and warrants to Lender that Lessee has heretofore delivered to Lender a true, correct and complete copy of the Lease, which constitutes the entire agreement between the parties thereto and Lessee further acknowledges that the Lease is in full force and effect and that no default by Lessee or, to Lessee's knowledge, by other party under the terms and provisions of the Lease exists as of the date hereof.

**LESSEE WAIVERS.** Lessee waives any right to require Lender: (A) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any secured by Lender's Lien, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional indebtedness; (C) to resort for payment or to proceed directly or at once against any



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person, including Borrower; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

**LENDER'S RIGHTS.** Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Subordination. In particular, without limitation, Lender may, without notice of any kind to Lessee, (A) make one or more additional secured or unsecured loans to Borrower; (B) repeatedly alter, compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part of it, including increases and decreases of the rate of interest on the Superior Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or guarantors on any terms or manner Lender chooses; (E) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; (F) apply such security and direct the order or manner of sale of the security, as Lender in its discretion may determine; and (G) transfer this Subordination to another party.

**DEFAULT BY BORROWER.** If Borrower becomes insolvent or bankrupt, this Subordination shall remain in full force and effect. In the event of a corporate reorganization or corporate arrangement of Borrower under the provisions of the Bankruptcy Code, as amended, this Subordination shall remain in full force and effect and the court having jurisdiction over the reorganization or arrangement is hereby authorized to preserve such priority and subordination provided under this Subordination in approving any such plan of reorganization or arrangement. Any default by Borrower under the terms of the Subordinated Lease also shall constitute an event of default under the terms of the Superior Indebtedness in favor of Lender.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Subordination:

**Amendments.** This Subordination, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Subordination. No alteration of or amendment to this Subordination shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Subordination, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses,



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(Continued)**

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whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Lessee also will pay any court costs, in addition to all other sums provided by law. Fees and expenses shall include attorneys' fees that Lender, Trustee, or both incur, if either or both are made parties to any action to enjoin foreclosure or to any legal proceeding that Lessee institutes. The fees and expenses are secured by this Subordination and are recoverable from the Property.

**Authority.** The person who signs this Subordination as or on behalf of Lessee represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Lessee's security interests in Lessee's property, if any.

**Caption Headings.** Caption headings in this Subordination are for convenience purposes only and are not to be used to interpret or define the provisions of this Subordination.

**Governing Law.** This Subordination will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Nevada without regard to its conflicts of law provisions. This Subordination has been accepted by Lender in the State of Nevada.

**Choice of Venue.** If there is a lawsuit, Lessee agrees upon Lender's request to submit to the jurisdiction of the courts of Washoe County, State of Nevada.  
(Initial Here DAW )

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Subordination unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Subordination shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Subordination. No prior waiver by Lender, nor any course of dealing between Lender and Lessee, shall constitute a waiver of any of Lender's rights or of any of Lessee's obligations as to any future transactions. Whenever the consent of Lender is required under this Subordination, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Successors.** This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Subordination, and the covenants of Lessee herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

**Waive Jury.** All parties to this Subordination hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings



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when used in this Subordination. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Subordination shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Borrower.** The word "Borrower" means W. R. TECHNOLOGY PARK, L.L.C. and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Lender.** The word "Lender" means BANK OF THE WEST, its successors and assigns.

**Note.** The word "Note" means the Note executed by W. R. TECHNOLOGY PARK, L.L.C. in the principal amount of \$6,407,481.43 dated September 1, 2011, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

**Real Property.** The words "Real Property" mean the real property, interests and rights, as further described in this Subordination.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

**Security Interest.** The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

**EACH PARTY TO THIS SUBORDINATION ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION, AND EACH PARTY AGREES TO ITS TERMS. THIS SUBORDINATION IS DATED SEPTEMBER 1, 2011.**





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**BORROWER:**

W. R. TECHNOLOGY PARK, L.L.C.

By: David A. Williams  
DAVID A. WILLIAMS, Member of W. R. TECHNOLOGY  
PARK, L.L.C.

By: Mark D. Williams  
MARK D. WILLIAMS, Member of W. R. TECHNOLOGY  
PARK, L.L.C.

**LESSEE:**

AERVOE INDUSTRIES INCORPORATED

By: David A. Williams  
Authorized Signer for AERVOE INDUSTRIES  
INCORPORATED

By: Mark D. Williams  
Authorized Signer for AERVOE INDUSTRIES  
INCORPORATED

**LENDER:**

BANK OF THE WEST

x Andrew Backstrom  
ANDREW BACKSTROM, Vice President



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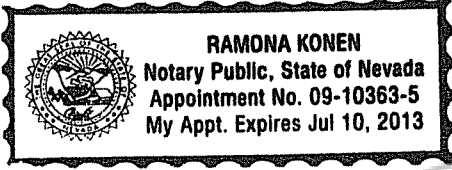
**LIMITED LIABILITY COMPANY ACKNOWLEDGMENT**

STATE OF Nevada

COUNTY OF Douglas

)  
) SS  
)

This instrument was acknowledged before me on Sept. 9, 2011 by DAVID A. WILLIAMS, Member of W. R. TECHNOLOGY PARK, L.L.C. and MARK D. WILLIAMS, Member of W. R. TECHNOLOGY PARK, L.L.C., as designated agents of W. R. TECHNOLOGY PARK, L.L.C..



Ramona Konen  
(Signature of notarial officer)

Notary Public in and for State of Nevada

(Seal, if any)



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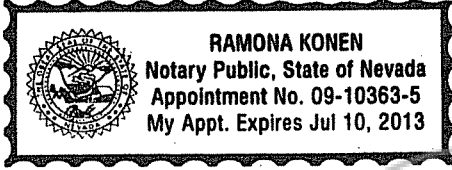
**CORPORATE ACKNOWLEDGMENT**

STATE OF Nevada

COUNTY OF Douglas

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) SS  
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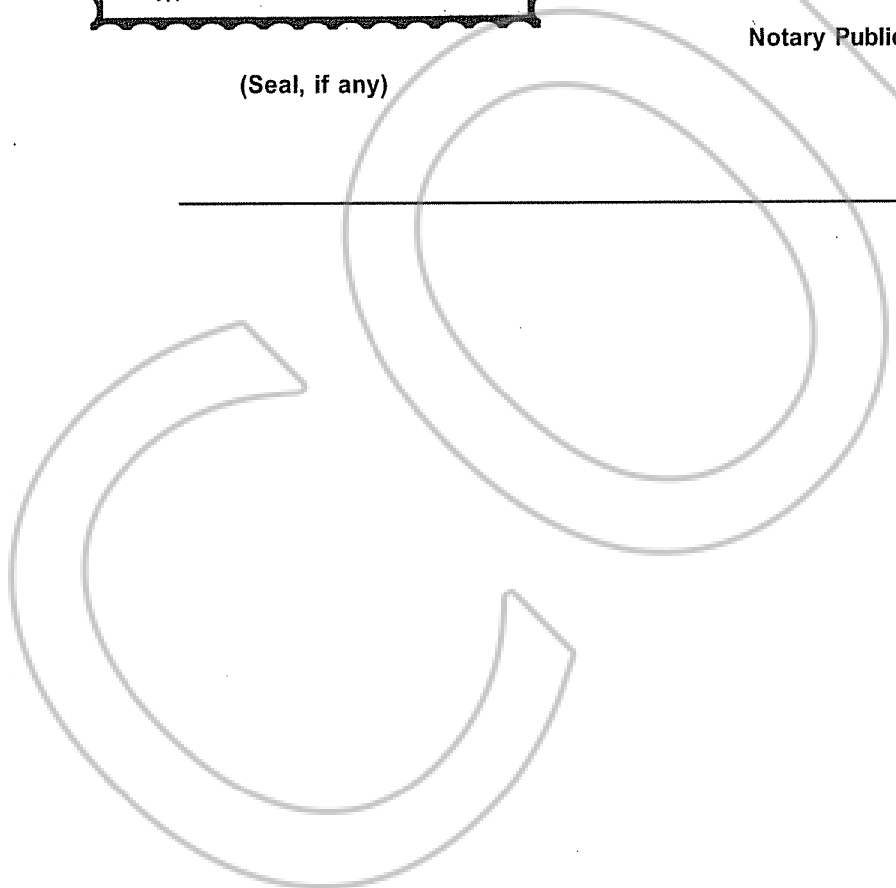
This instrument was acknowledged before me on Sept. 7, 2011 by DAVID A. WILLIAMS  
as designated agent(s) of AERVOE INDUSTRIES INCORPORATED.



Ramona Konen  
(Signature of notarial officer)

Notary Public in and for State of Nevada

(Seal, if any)







**SUBORDINATION AGREEMENT - LEASE**

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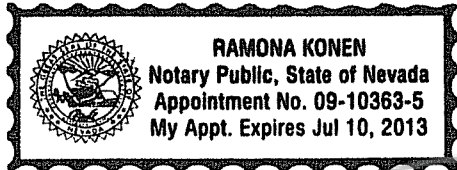
**LENDER ACKNOWLEDGMENT**

STATE OF Nevada

COUNTY OF Douglas

)  
) SS  
)

This instrument was acknowledged before me on Sept 7, 2011 by ANDREW BACKSTROM, Vice President of BANK OF THE WEST, as designated agent of BANK OF THE WEST.



Ramona Konen  
(Signature of notarial officer)

Notary Public in and for State of Nevada

(Seal, if any)



## EXHIBIT "A"

This EXHIBIT "A" is attached to and by this reference is made a part of the Subordination Agreement - Lease, dated September 1, 2011, and executed in connection with a loan or other financial accommodations between BANK OF THE WEST and W. R. TECHNOLOGY PARK, L.L.C.

### DESCRIPTION OF REAL PROPERTY

All that real property located in Douglas County, State of Nevada, legally described as follows:





**EXHIBIT "A"**

**Parcel No. 1:**

A parcel of land located within a portion of the Northeast one-quarter of the Northeast one-quarter (NENE) of Section 11, Township 12 North, Range 20 East, Mount Diablo Meridian, more particularly described as follows:

Commencing at the Northeast corner of Lot Parcel 2-B-A, as shown on the Parcel Map for David A. Williams recorded June 18, 1993 in the office of Recorder, Douglas County, Nevada, as Document No. 310099; thence along the west line of East Valley Road, South 00°05'24" West, 30.00 feet; thence continuing along said west line of East Valley Road, South 00°08'03" West, 718.54 feet to the Point of Beginning; thence continuing along said west line of East Valley Road, South 00°08'03" West, 604.36 feet to a found 5/8" rebar with plastic cap, PLS 2280; thence North 89°46'46" West, 1277.56 feet to a found 5/8" rebar and tag PLS 1586; thence North 00°28'58" East, 934.71 feet; thence North 89°01'39" East, 409.65 feet; thence along the arc of a curve to the right, non-tangent to the preceding course, having a radius of 287.50 feet; central angle of 134°06'12", arc length of 672.91 feet, and chord bearing and distance of South 66°34'08" East, 529.49 feet; thence South 00°28'58" West, 129.55 feet; thence South 89°40'54" East, 376.76 feet to the Point of Beginning.

EXCEPTING THEREFROM A parcel of land located within a portion of the Northeast one-quarter of the Northeast one-quarter (NENE) of Section 11, Township 12 North, Range 20 East, Mount Diablo Meridian, more particularly described as follows:

Commencing at the Southwest corner of Parcel 2-A, as shown on the Record of Survey to Accompany Lot Line Adjustment for David A. Williams, recorded June 11, 1988 in the office of Recorder, Douglas County, Nevada, as Document No. 179858; thence along the east line of Sawmill Road, North 00°28'58" East, 573.33 feet; thence South 89°31'02" East, 352.11 feet; thence South 00°28'58" West, 93.00 feet; thence South 89°31'02" East, 30.00 feet to the Point of Beginning; thence North 00°24'58" East, 258.33 feet; thence along the arc of a curve to the right having a radius of 227.50 feet, central angle of 180°00'00", and arc length of 714.71 feet; thence South 00°28'58" West, 258.33 feet; thence along the arc of a curve to the right having a radius of 227.50 feet, central angle of 180°00'00" and arc length of 714.71 feet to the Point of Beginning.

APN# 1220-11-001-030

**Parcel 2:**

A parcel of land located within a portion of the Northeast one-quarter of the Northeast one-quarter (NENE) of Section 11, Township 12 North, Range 20 East, Mount Diablo Meridian, more particularly described as follows:

Commencing at the Southwest corner of Parcel 2-A, as shown on the Record of Survey to Accompany Lot Line Adjustment for David A. Williams, recorded June 11, 1988 in the office of Recorder, Douglas County, Nevada, as Document No. 179858; thence along the east line of Sawmill Road, North 00°28'58" East, 573.33 feet; thence South 89°31'02" East, 352.11 feet; thence South 00°28'58" West, 93.00 feet; thence South 89°31'02" East, 30.00 feet to the Point of Beginning; thence North 00°24'58" East, 258.33 feet; thence along the arc of a curve to the right having a radius of 227.50 feet, central angle of 180°00'00", and arc length of 714.71 feet; thence South 00°28'58" West, 258.33 feet; thence along the arc of a curve to the right having a radius of 227.50 feet, central angle of 180°00'00" and arc length of 714.71 feet to the Point of Beginning.

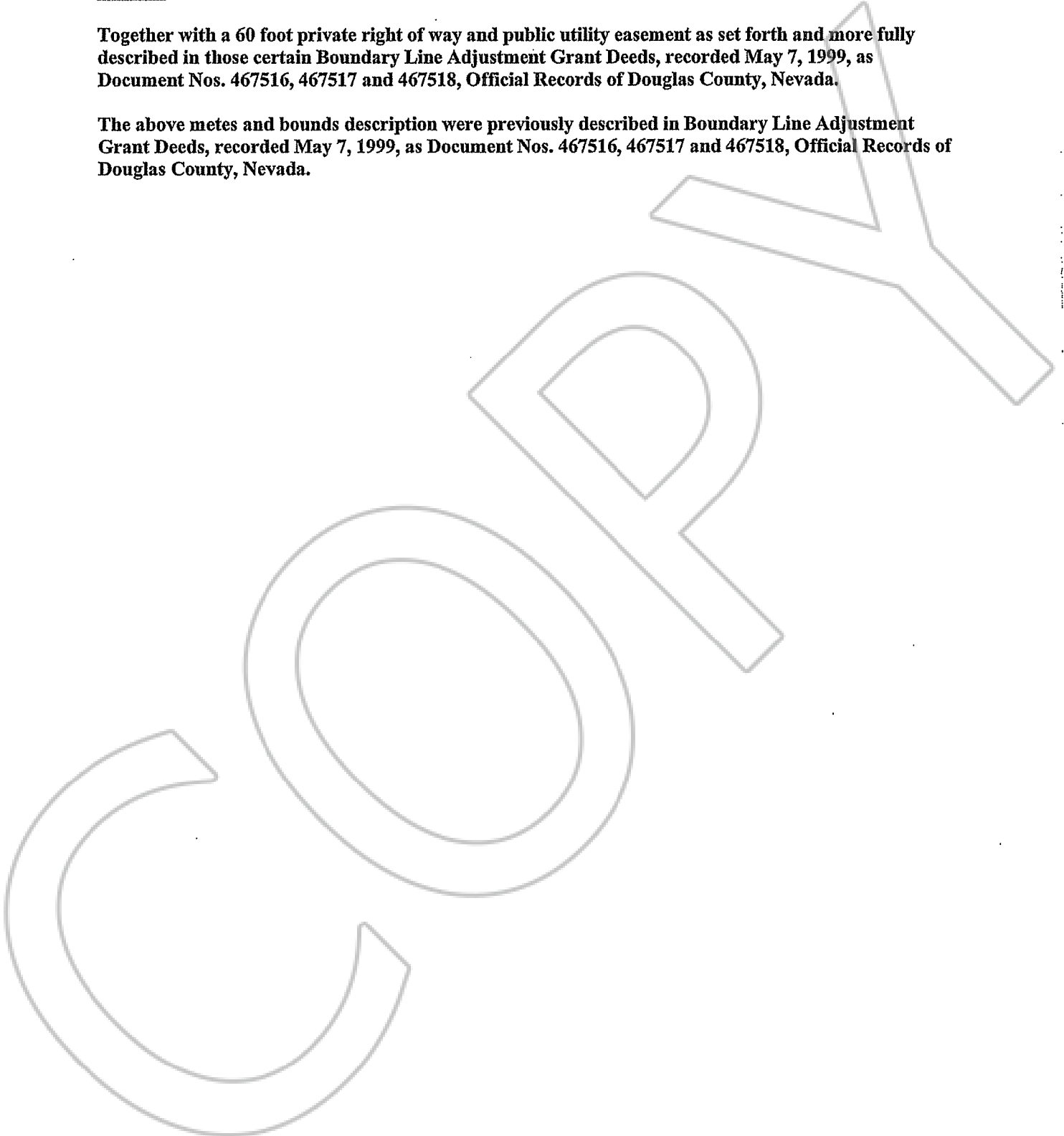
APN# 1220-11-001-031



**Parcel 3:**

**Together with a 60 foot private right of way and public utility easement as set forth and more fully described in those certain Boundary Line Adjustment Grant Deeds, recorded May 7, 1999, as Document Nos. 467516, 467517 and 467518, Official Records of Douglas County, Nevada.**

**The above metes and bounds description were previously described in Boundary Line Adjustment Grant Deeds, recorded May 7, 1999, as Document Nos. 467516, 467517 and 467518, Official Records of Douglas County, Nevada.**





**EXHIBIT "A"**  
**(Continued)**

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THIS EXHIBIT "A" IS EXECUTED ON SEPTEMBER 1, 2011.

BORROWER:

W. R. TECHNOLOGY PARK, L.L.C.

By: David A. Williams  
DAVID A. WILLIAMS, Member of W. R. TECHNOLOGY  
PARK, L.L.C.

By: Mark D. Williams  
MARK D. WILLIAMS, Member of W. R. TECHNOLOGY  
PARK, L.L.C.

LESSEE:

AERVOE INDUSTRIES INCORPORATED

By: David A. Williams  
Authorized Signer for AERVOE INDUSTRIES  
INCORPORATED

By: Mark D. Williams  
Authorized Signer for AERVOE INDUSTRIES  
INCORPORATED



Loan No: 0000000018

**EXHIBIT "A"**  
**(Continued)**

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LENDER:

BANK OF THE WEST

x   
ANDREW BACKSTROM, Vice President

