

APN: 1320-33-402-002

When Recorded Return To:
Nevada State Development Corp.
6572 S. McCarran Blvd.
Reno, NV 89509
Loan Name: The Parts House
Loan No.: 2019726001

DO1096578TA

DOC # 789317
09/09/2011 01:30PM Deputy: PK
OFFICIAL RECORD
Requested By:
Northern Nevada Title CC
Douglas County - NV
Karen Ellison - Recorder
Page: 1 of 10 Fee: \$48.00
BK-911 PG-1507 RPTT: 0.00



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SUBORDINATION AGREEMENT

THIS AGREEMENT is dated for reference July 21, 2011, and is between R & B Brothers, a Limited Liability Co., a Nevada limited liability company, owner(s) of the land described in the Deeds of Trust referenced below ("Owner"), Wells Fargo Bank, N.A. ("Lender") and the SMALL BUSINESS ADMINISTRATION, an agency duly created under and by virtue of an Act of Congress, having its principal office in Washington, in the District of Columbia, and a Commercial Loan Servicing Center at 801 R Street, Suite 101 Fresno, California 93721 (hereinafter called "SBA").

SBA is the present holder and beneficiary of that/those certain Deed(s) of Trust, dated June 21, 2006, to secure a Note or Notes in the sum of Four Hundred and Thirty-Eight Thousand dollars (\$438,000.00) ("SBA Deed(s) of Trust"). The SBA Deed(s) of Trust was/were recorded on June 30, 2006 as Instrument Number(s) 0678495, Douglas County Official Records.

The Beneficial interest of an unrecorded lease dated May 19, 2006, was assigned to NEVADA STATE DEVELOPMENT CORPORATION by Assignment recorded June 30, 2006, as Document Number 0678499, Official Records of Douglas County, Nevada. Said Assignment was subsequently re-assigned to the SMALL BUSINESS ADMINISTRATION by Assignment recorded June 30, 2006, as Document Number 0678500, Official records of Douglas County, Nevada.

Owner has also executed, or is about to execute, a Deed of Trust securing a Note in a sum not to exceed Four Hundred and Fifty-Five Thousand dollars (\$455,00.00) dated 8/17/11, in favor of Lender ("Lender's Deed of Trust"). Lender's Deed of Trust shall be recorded concurrently herewith.

SUBORDINATING TO A NEW 1ST DEED OF TRUST RECORDING CONCURRENTLY HEREWITH.

09/09/2011 911 1486789316
Lender has requested that the SBA Deed(s) of Trust be subordinated to the Lender's Deed of Trust. SBA is willing to subordinate the lien(s) of the SBA Deed(s) of Trust provided it retains its lien priority with regard to all other legal and equitable interests in the property.

In consideration of the mutual benefits to the parties and to induce Lender to make a loan to Owner, it is hereby agreed as follows:

- (1) Lender's Deed of Trust, and any renewals or extensions thereof, shall be a lien on the property prior to the lien of the SBA Deed of Trust.



- (2) Lender would not make its loan without this Subordination Agreement.
- (3) Except as expressly provided herein, this agreement shall not operate or be construed to alter the priority of the SBA Deed of Trust with regard to any legal or equitable interest in the property. Owner and Lender shall hold SBA harmless from any impairment of its lien (with regard to any third party) which is occasioned by this subordination.
- (4) All proceeds of Lender's loan, if a refinance, shall be applied to satisfy debt secured by a lien(s) presently superior to the lien of the SBA Deed of Trust, the following described uses, if any, plus customary closing costs. Any other use of proceeds not described herein shall void this agreement.
- (5) SBA's agreement to subordinate its lien interest to that of the Lender is expressly conditioned upon Lender's, Borrower's and Guarantor's execution of this subordination agreement. This Subordination Agreement is null and void if not duly executed by the foregoing parties.
- (6) Compliance with 504 Loan Program Requirements. Lender confirms that the note evidencing the Lender Loan, any lien instruments securing the Lender Loan, and all other documents executed in connection with the Lender Loan ("Lender's Loan Documents") (a) have no open-ended features and allow reasonable future advances only for the costs of collection the obligor is liable for under the Lender's Loan Documents, maintaining collateral, and/or protecting the lien(s) securing the Lender Loan, (b) are not cross-collateralized with any other financing now or hereafter to be provided by Lender, (c) have no early call features, (d) are not payable on demand unless the Lender Loan is in default, (e) have a term that at least equals, and do not require a balloon payment prior to, the term of the previous Third Party Lender Loan unless SBA has approved a shorter term, (f) have a reasonable interest rate that does not, and will not, exceed the maximum interest rate for a Third Party Loan as published by SBA and in effect as of the date of this Agreement, and (g) do not establish a preference in favor of Lender, as compared to CDC and SBA, related to making, servicing, or liquidating the Lender Loan (including but not limited to, with respect to repayment, collateral, guarantees, control, maintenance of a compensating balance, purchase of a certificate of deposit, or acceptance of a separate or companion loan) other than Lender's senior lien position(s) on the Collateral. Lender agrees that if Lender's Loan Documents or any provision therein does not comply with these requirements, then Lender waives its right to enforce any such non-complying document or provision unless Lender has obtained the prior written consent of CDC and/or SBA permitting such enforcement.
- (7) Subordination of Default Charges. "Default Charges" mean any prepayment penalties, fees, or charges incurred in prepaying the Lender Loan, in whole or in part, prior to the stated maturity; any late fees or charges due in connection with the Lender Loan; any escalated, increased, or default interest charged in excess of the rate of interest in Lender's note absent a default, event of default, or other delinquency; and any other default charges, penalties, or fees of any nature whatsoever due because of a default, event of default, or other delinquency in connection with the Lender Loan. Lender



hereby subordinates the collection of any Default Charges to the collection by CDC and/or SBA of the 504 Loan and, to the extent that Lender's Loan Documents secure any Default Charges, Lender hereby subordinates such lien(s) to the lien(s) securing the 504 Loan.

(8) Notice of Default Under the Lender Loan. If any default, event of default or delinquency, upon which Lender intends to take action, occurs under the Lender's Loan Documents, then Lender agrees to give CDC and SBA written notice of such default, event of default or delinquency and the opportunity to cure the default, event of default, or delinquency and bring the Lender Loan current or to purchase Lender's note, provided that the amount to bring the Lender Loan current or to purchase Lender's note will be net of all amounts attributable to Default Charges. Lender further agrees that if Lender receives from CDC or SBA any amounts attributable to Default Charges, then Lender will immediately remit such amounts to SBA. Notice hereunder must be given within thirty (30) days after the default, event of default or delinquency upon which Lender intends to take action and at least sixty (60) days prior to the date of any proposed sale of Collateral and Lender will not sell all or any portion of the Collateral without giving CDC and the SBA such notice. A default in the obligation secured by the Lender's Mortgage may be cured (including purchase of the property at foreclosure sale) by the SBA via cash, certified funds, or a United States Treasury check, at the option of the SBA. Notice under this Agreement shall be deemed to have been given when sent by certified or registered mail, return receipt requested, addressed, as the case may be, to Nevada State Development Corporation at 6572 S. McCarran Blvd. Reno, Nevada 89509, Attention: Servicing, and also to the SBA at 801 R Street, Suite 101 Fresno, California 93721.

(9) Collection and Liquidation. In the event that either the Lender Loan or the 504 Loan is declared in default; Lender, CDC and SBA agree to cooperate in liquidating and/or selling the Collateral. Lender agrees (a) to accept cash, certified funds or a U.S. Treasury check(s) in connection with any purchase of Lender's note or any foreclosure or liquidation bid by CDC or SBA; (b) to provide CDC and SBA with the loan payment status, loan payment history, and an itemized payoff statement of the Lender Loan; (c) to provide CDC and SBA with copies of any appraisals, environmental investigations, or title examinations or searches of the Collateral conducted by or for Lender; and (d) to provide any other information about Borrower or the Lender Loan requested by CDC and/or SBA in writing.

(10) No Implied Third Party Beneficiaries. Except to the extent stated in this Agreement, this Agreement does not modify or affect otherwise any other agreement that either party may have with third parties, including but not limited to, Borrower. This Agreement also does not grant any right, benefit, priority, or interest to any third parties, including but not limited to, Borrower.

(11) Successors and Assigns. This Agreement shall inure to the benefit of and bind the respective parties to this Agreement and their respective heirs, successors and assigns, including any party acquiring the Lender Loan or Lender's Loan Documents by sale, assignment, or other transfer.



(12) Federal Law. When SBA is the holder of the note evidencing the 504 Loan, this Agreement and all documents evidencing or securing the 504 Loan will be construed in accordance with federal law. CDC or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax, or liability. No Borrower or guarantor of the 504 Loan may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to the 504 Loan.

(13) Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, and all of which together constitute one and the same instrument.

R & B Brothers, a Limited Liability Co., a Nevada limited liability company

Robert H. Simpson
By: Robert H. Simpson, Member

J. Bruce Simpson
By: J. Bruce Simpson, Member

Wells Fargo Bank, N.A.

Richard B. Chambers
By: RICHARD B. CHAMBERS

U.S. Small Business Administration

Olivia Freedo
By: OLIVIA FREEDO



The undersigned Guarantor(s)/Borrower(s) hereby consent to all terms above and acknowledge their liability for the above referenced SBA loan is in no manner diminished by this agreement.

R. Wilson & Sons, Inc., a Nevada corporation

Robert H. Simpson
By: Robert H. Simpson, President

J. Bruce Simpson
By: J. Bruce Simpson, Secretary

B & R Brothers, a Nevada limited liability company

Robert H. Simpson
By: Robert H. Simpson, Manager

J. Bruce Simpson
By: J. Bruce Simpson, Manager



Robert H. Simpson

Robert H. Simpson
Robert H. Simpson

J. Bruce Simpson

J. Bruce Simpson
J. Bruce Simpson

Anna M. Simpson

Anna M. Simpson
Anna M. Simpson

Betty S. Simpson

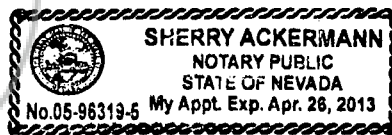
Betty S. Simpson
Betty S. Simpson

(All signatures must be acknowledged)

State of Nevada
County of Douglas

On 9-6-2011 before me, Sherry Ackermann, a Notary Public, personally appeared Robert H. Simpson, managing member of R & B Brothers, a Limited Liability Co., a Nevada limited liability company, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

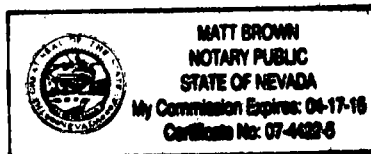
Signature Sherry Ackermann



State of Nevada
County of Lyon

On 8/25/2011 before me, Matt Brown, a Notary Public, personally appeared, J. Bruce Simpson, managing member of R & B Brothers, a Limited Liability Co., a Nevada limited liability company, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

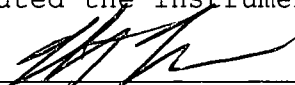
Signature Matt Brown

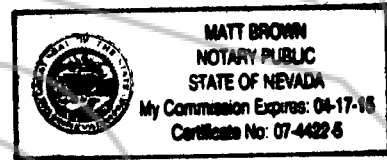




State of Nevada
County of Lyon

On 8/25/2011 before me, Matt Brown, a Notary Public, personally appeared Deety S. Simpson, Wells Fargo Bank, N.A., personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

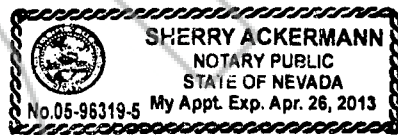
Signature 



State of Nevada
County of Douglas

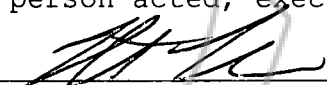
On 9-6-2011 before me, Sherry Ackermann, a Notary Public, personally appeared, Robert H. Simpson, President of R. Wilson & Sons, Inc., a Nevada corporation, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

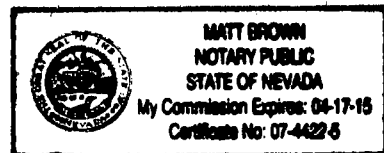
Signature 



State of Nevada
County of Lyon

On 8/25/2011 before me, Matt Brown, a Notary Public, personally appeared J. Bruce Simpson, Secretary of R. Wilson & Sons, Inc., a Nevada corporation, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

Signature 

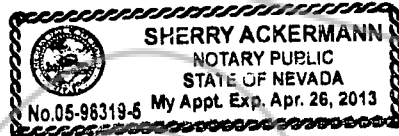




State of Nevada
County of Douglas

On 9-6-2011 before me, Sherry Ackermann, a Notary Public, personally appeared, Robert H. Simpson, managing member of B & R Brothers, a Nevada limited liability company, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

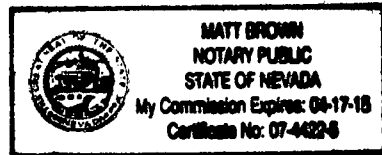
Signature [Handwritten Signature]



State of Nevada
County of Lyon

On 8/25/2011 before me, Matt Brown, a Notary Public, personally appeared J. Bruce Simpson, managing member of B & R Brothers, a Nevada limited liability company, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

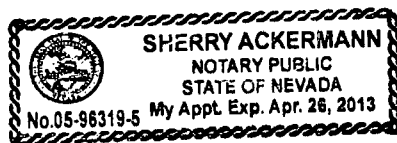
Signature [Handwritten Signature]



State of Nevada
County of Douglas

On 9-6-2011 before me, Sherry Ackermann, a Notary Public, personally appeared Robert H. Simpson, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

Signature [Handwritten Signature]

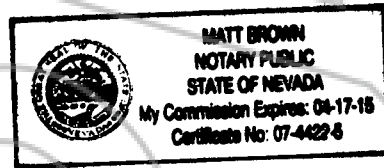




State of Nevada
County of Lyon

On 8/25/2011 before me, Matt Brown, a Notary Public, personally appeared J. Bruce Simpson, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

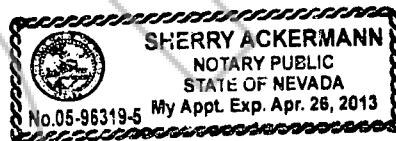
Signature [Handwritten Signature]



State of Nevada
County of Douglas

On 9-6-2011 before me, Sherry Ackermann, a Notary Public, personally appeared Anna M. Simpson, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

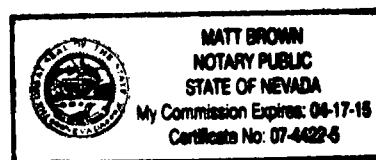
Signature [Handwritten Signature]



State of Nevada
County of Lyon

On 8/25/2011 before me, Matt Brown, a Notary Public, personally appeared Betty S. Simpson, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

Signature [Handwritten Signature]





CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of FRESNO

On JUL 13 2011 before me, Sandra Winters, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Olivia Fraijo
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Sandra Winters
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document SUBORDINATION AGREEMENT

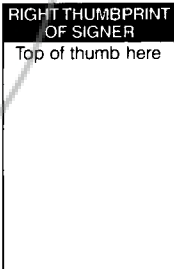
Title or Type of Document: _____

Document Date: JUL 12 2011 Number of Pages: 9

Signer(s) Other Than Named Above: N/A #2019726001

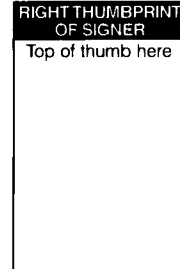
Capacity(ies) Claimed by Signer(s)

- Signer's Name: Olivia Fraijo
- Individual
 - Corporate Officer — Title(s): _____
 - Partner — Limited General
 - Attorney in Fact
 - Trustee
 - Guardian or Conservator
 - Other: _____



Signer Is Representing: SBA

- Signer's Name: _____
- Individual
 - Corporate Officer — Title(s): _____
 - Partner — Limited General
 - Attorney in Fact
 - Trustee
 - Guardian or Conservator
 - Other: _____



Signer Is Representing: _____



State of Nevada)
County of Douglas)

On 8/30/11 before me, J. Mayo, Notary Public, personally appeared
Richard B. Chambers

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature J. Mayo (Seal)

