

APN: 1320-23-002-035

**Recording Requested By and
When Recorded Mail to:**

Grandview Douglas, LLC
1920 Standiford Avenue, Suite 1
Modesto, California 95330

Order No. 1101538-WD

Doc Number: **0847553**

08/07/2014 11:29 AM

OFFICIAL RECORDS

Requested By:

NORTHERN NEVADA TITLE COMPANY

DOUGLAS COUNTY RECORDERS
Karen Ellison - Recorder

Page: 1 of 10

Fee: \$ 23.00

Bk: 0814 Pg: 1329



Deputy: sd

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)

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 27th day of June, 2014, by **Seward Homes, Inc.**, a Nevada corporation, owner of the land hereinafter described and hereinafter referred to as "Owner", **Grandview Douglas, LLC**, a Nevada limited liability company, and **TH Enterprises, LLC**, a Colorado limited liability company, collectively the present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary", and **Western Highland Fund II, LLC**, hereinafter collectively referred to as "Lender";

RECITALS:

A. Owner executed a deed of trust dated November 25, 2013, to First American Title Insurance Corporation, a California 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 **\$67,425.00**, in favor of Beneficiary, which Junior Deed of Trust was recorded November 27, 2013, as Document No. 834691, Official Records of Douglas County (as amended, the "Junior Deed of Trust");

B. In order to induce Lender to lend Owner funds in the principal amount of **\$340,000.00** (the "Loan"), Owner has executed a promissory note for said principal amount dated July 7, 2014, 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 _____, 2014, as Document No. _____, 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 the amount of \$340,000.00, (ii) increase any interest rate beyond the rate of 10.000% per annum, or (iii) extend any maturity date beyond August 1, 2017, 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 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) 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;

(e) 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 Lender 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

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

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.

SEWARD HOMES, INC.,
a Nevada corporation

By: [Signature]
Name: Tom Seward
Title: President

By: [Signature]
Name: Kristine Seward
Title: Secretary

GRANDVIEW DOUGLAS, LLC,
a Nevada limited liability company

By: [Signature]
Name: Mark A. Trinta
Title: Secretary

TH ENTERPRISES, LLC,
a Colorado limited liability company

By: _____
Name: _____
Title: _____

WESTERN HIGHLAND FUND II, LLC

By: _____
Name: _____
Title: _____

[The remainder of this page is intentionally blank; and notary blocks are set forth below.]

SEWARD HOMES, INC.,
a Nevada corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

TH ENTERPRISES, LLC,
a Colorado limited liability company

By: _____
Name: _____
Title: _____

GRANDVIEW DOUGLAS, LLC,
a Nevada limited liability company

By: *Mark A. Trinta*
Name: MARK A. TRINTA
Title: SECRETARY

WESTERN HIGHLAND FUND II, LLC

By: *Kelly Kroticki*
Name: Kelly Kroticki
Title: Manager

[The remainder of this page is intentionally blank; and notary blocks are set forth below.]

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

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SEWARD HOMES, INC.,
a Nevada corporation

GRANDVIEW DOUGLAS, LLC,
a Nevada limited liability company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

TH ENTERPRISES, LLC,
a Colorado limited liability company

WESTERN HIGHLAND FUND II, LLC

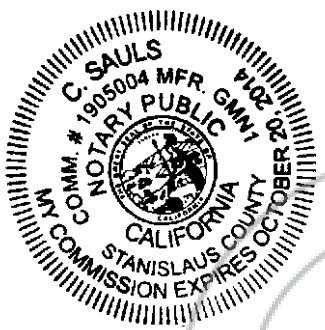
By: William L. Hancock
Name: William L. Hancock
Title: Manager

By: _____
Name: _____
Title: _____

[The remainder of this page is intentionally blank; and notary blocks are set forth below.]

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT
CIVIL CODE § 1189

State of California }
County of Stanislaus }
On June 27, 2014 before me, C. Sauls, Notary Public
Date Name and Title of the Officer
personally appeared Mark A Trinta, Secretary
Name(s) of Signer(s)



Place Notary Seal Above

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: [Signature]
Signature of Notary Public

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Subordination Agmt Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

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

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

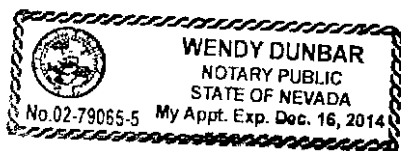
Signer Is Representing: _____

Signer Is Representing: _____

STATE OF Nevada)

COUNTY OF Douglas)

This instrument was acknowledged before me on 7.31.14, 2014, by Tony Seward as President of Seward Homes, Inc., a Nevada corporation.

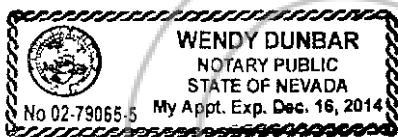


[Signature]
Notary Public
My Commission Expires: 12.16.14

STATE OF Nevada)

COUNTY OF Douglas)

This instrument was acknowledged before me on 7.31.14, 2014, by Kristine Seward as Secretary of Seward Homes, Inc., a Nevada corporation.



[Signature]
Notary Public
My Commission Expires: 12.16.14

**Exhibit "A"
Legal Description**

That certain real property situate in the County of Douglas, State of Nevada, more particularly described as follows:

PARCEL 1:

LOT 20, AS SHOWN ON THE MAP (PD 99-12-01) GRAND VIEW ESTATES, PHASE 1, FILED IN THE OFFICE OF THE DOUGLAS COUNTY RECORDER ON JANUARY 6, 2003, FILE NO. 562908.

PARCEL 2:

A NON-EXCLUSIVE STORMWATER DRAINAGE EASEMENT AS SET FORTH IN GRANT OF STORMWATER DRAINAGE EASEMENT AND MAINTENANCE AGREEMENT DATED JUNE 27, 2011, RECORDED JULY 22, 2011 AS INSTRUMENT NO. 786781 OF OFFICIAL RECORDS.