

APN: 1320-33-210-072

When recorded return to:  
Ruby Capital Investments, LLC  
c/o Private Capital Investments  
3201 Danville Blvd., Suite 170  
Alamo, CA 94507

**SIGNED IN COUNTERPART**

1101564 LI

**CONTINUING SUBORDINATION AGREEMENT**

THIS CONTINUING SUBORDINATION AGREEMENT ("**Subordination**") is entered into as of January 29, 2015 (the "**Effective Date**") by RUBY CAPITAL INVESTMENTS, LLC, a Nevada limited liability company ("**First Creditor**"); OPAL INVESTMENTS LLC, a Nevada limited liability company; THE BEN NV TRUST; and ALLURE PEBBLE, LLC, a Nevada limited liability company (collectively, "**Second Creditor**"); and WEALTH STRATEGIES INVESTMENT FUND, LLC, a Nevada limited liability company ("**Third Creditor**"), with respect to the following facts:

A. The Ranch at Gardnerville 1, LLC, a Nevada limited liability company ("**First Borrower**"), as trustor, executed that certain Deed of Trust (the "**First Deed of Trust**") for the benefit of First Creditor, as beneficiary, dated as of September 3, 2013 and recorded in the public records of Douglas County, Nevada (the "**County**") on September 6, 2013, as Document No. 830122 in Book 913, Page 1038, which encumbered certain real property in the County including the parcel commonly known as Assessor's Parcel Number 1320-33-210-072 (the "**Property**"), as more particularly described in the First Deed of Trust, as security for the repayment of the First Lien Debt (defined below).

B. The loan from First Creditor to First Borrower and any other advances, costs, expenses, fees, penalties or indebtedness secured by the First Deed of Trust and any extensions, renewals, modifications, amendments, restatements or substitutions in connection with such loan are collectively referred to in this Subordination as the "**First Lien Debt**."

C. First Borrower and The Ranch at Gardnerville, LLC, a Nevada limited liability company (collectively, the "**Second Borrower**"), as trustor, executed that certain Deed of Trust (the "**Second Deed of Trust**"), for the benefit of Second Creditor, as beneficiary, dated as of May 29, 2014 and recorded in the public records the County on June 3, 2014, as Document No. 843860 in Book 614, Page 393 (and re-recorded on November 10, 2014, as Document No. 2014-852544, and re-recorded on November 14, 2014, as Document No. 2014-852818), which encumbers the Property as well as additional real property, as more particularly described in the Second Deed of Trust, as security for the repayment of the Second Lien Debt (defined below).

D. The loan from Second Creditor to Second Borrower and any other advances, costs, expenses, fees, penalties or indebtedness secured by the Second Deed of Trust and any extensions, renewals, modifications, amendments, restatements or substitutions in connection with such loan are collectively referred to in this Subordination as the "**Second Lien Debt**."

E. First Borrower, as trustor, executed that certain Deed of Trust (the "**Third Deed of Trust**"), for the benefit of Third Creditor, as beneficiary, dated as of August 6, 2014 and recorded in the public records the County on August 6, 2014, as Document No. 847523, which encumbers the Property, as more particularly described in the Third Deed of Trust, as security for the repayment of the Third Lien Debt (defined below).

F. The loan from Third Creditor to First Borrower and any other advances, costs, expenses, fees, penalties or indebtedness secured by the Third Deed of Trust and any extensions, renewals, modifications, amendments, restatements or substitutions in connection with such loan are collectively referred to in this Subordination as the "**Third Lien Debt.**"

G. First Borrower and First Creditor intend to enter into that certain Loan Modification Agreement dated as of the Effective Date ("**First Loan Modification Agreement**"), which amends certain provisions of the First Lien Debt. Pursuant to the First Loan Modification Agreement, First Borrower and First Creditor intend to execute an Amendment to the First Deed of Trust (the "**First Deed of Trust Amendment**") as of the Effective Date, which will amend certain provisions of the First Deed of Trust.

H. Second Borrower and Second Creditor intend to enter into that certain Loan Modification Agreement dated as of the Effective Date ("**Second Loan Modification Agreement**"), which amends certain provisions of the Second Lien Debt. Pursuant to the Second Loan Modification Agreement, Second Borrower and Second Creditor intend to execute an Amendment to the Second Deed of Trust (the "**Second Deed of Trust Amendment**") as of the Effective Date, which will amend certain provisions of the Second Deed of Trust.

I. First Creditor and Third Creditor desire to establish their respective rights with respect to the Property and the indebtedness of First Borrower to First Creditor and Third Creditor.

J. Second Creditor and Third Creditor desire to establish their respective rights with respect to the Property and the indebtedness of First Borrower and Second Borrower to Second Creditor and Third Creditor.

Therefore, in consideration of and in order to induce First Creditor to enter into the First Loan Modification Agreement, and in consideration of and in order to induce Second Creditor to enter into the Second Loan Modification Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Consent. Third Creditor consents to the execution of the First Loan Modification Agreement, the First Deed of Trust Amendment, the Second Loan Modification Agreement, and the Second Deed of Trust Amendment.

2. Debt Subordination. Third Creditor hereby confirms that (i) the Third Lien Debt is subordinate to the First Lien Debt and the Second Lien Debt, (ii) the execution of the First Loan Modification Agreement and the Second Loan Modification Agreement, and the execution and recordation of the First Deed of Trust Amendment and the Second Deed of Trust, shall not effect the continuing subordination of the Third Lien Debt to the First Lien Debt and the Second Lien Debt.

3. Lien Subordination. Third Creditor hereby confirms that (i) all right, title and interest of Third Creditor in and to the Property, together with all privileges, hereditaments, easements and appurtenances, all rents, leases, issues and profits, all awards and payments made as the result of the

exercise of the right of eminent domain and all existing and future improvements, if any, granted Third Creditor by the Third Deed of Trust are and shall remain subordinate, junior and inferior and postponed in priority, operation and effect to the First Deed of Trust and the Second Deed of Trust, and (ii) the execution of the First Loan Modification Agreement and the Second Loan Modification Agreement, and the execution and recordation of the First Deed of Trust Amendment and the Second Deed of Trust Amendment, shall not effect the continuing subordination of the Third Deed of Trust to the First Deed of Trust and the Second Deed of Trust.

4. Consideration. Third Creditor acknowledges and agrees that (i) this Subordination is part of the consideration given to First Creditor to enter into the First Loan Modification Agreement, (ii) this Subordination is part of the consideration given to Second Creditor to enter into the Second Loan Modification Agreement, (iii) the execution of the First Loan Modification Agreement, the Second Loan Modification Agreement, the First Deed of Trust Amendment, and the Second Deed of Trust Amendment will result in financial and other benefits to Third Creditor, (iv) First Creditor would not have entered into the First Loan Modification Agreement without the execution of this Subordination, (v) First Creditor will materially alter its position with respect to the enforcement of its remedies with respect to the First Lien Debt in reliance upon the terms of this Subordination, (vi) Second Creditor would not have entered into the Second Loan Modification Agreement without the execution of this Subordination, and (vii) Second Creditor will materially alter its position with respect to the enforcement of its remedies with respect to the Second Lien Debt in reliance upon the terms of this Subordination.

5. Warranties. Third Creditor hereby represents and warrants to First Creditor and Second Creditor that: Third Creditor is a limited liability company which is duly organized, validly existing and in good standing under the laws of the State of Nevada; Third Creditor has full power and authority to execute and deliver, and to perform and observe the provisions of this Subordination; Third Creditor has procured all consents and approvals required under its respective governing documents to execute and deliver, and to perform and observe the provisions of this Subordination; and no registration with, consent or approval to, or other action by, any governmental entity is required for the execution, delivery, performance or enforceability of this Subordination.

6. Continuing Subordination. This Subordination is continuing and shall remain in full force and effect until the First Lien Debt and the Second Lien Debt have been paid in full. Without limiting the generality of the foregoing, this Subordination shall not be diminished or impaired by:

(a) granting First Borrower or Second Borrower any additional credit, or the failure to grant any additional credit to First Borrower or Second Borrower;

(b) any extension, modification, postponement of the time of payment, renewal or refinancing of the First Lien Debt or the Second Lien Debt in whole or in part;

(c) the waiver, compromise, indulgence, settlement, release, termination, modification or amendment of any or all of the First Lien Debt or the Second Lien Debt or amendment or modification of the First Deed of Trust or the Second Deed of Trust;

(d) the release, substitution or exchange of any security held for the payment of the First Lien Debt or the Second Lien Debt (whether with or without consideration), the acceptance of any additional security for the First Lien Debt or the Second Lien Debt, or the availability or claimed availability of any other security, collateral or source of repayment for the First Lien Debt or the Second Lien Debt; or

(e) any failure, omission, delay or neglect in enforcing, asserting or exercising any right, power or remedy under any document or instrument evidencing or securing any of the First Lien Debt or the Second Lien Debt, or at law or in equity.

7. Liability of Creditors.

(a) The rights granted to First Creditor in this Subordination are solely for its protection, and nothing in this Subordination imposes on First Creditor any duties with respect to the Third Lien Debt or any property of Third Creditor or First Borrower.

(b) The rights granted to Second Creditor in this Subordination are solely for its protection, and nothing in this Subordination imposes on Second Creditor any duties with respect to the Third Lien Debt or any property of Third Creditor or Second Borrower.

8. Waiver of Marshaling.

(a) Third Creditor acknowledges and agrees that with respect to the enforcement of the First Deed of Trust, First Creditor shall have the right to determine the order in which any or all of the property encumbered by the First Deed of Trust shall be subjected to the remedies provided in the First Deed of Trust or by applicable law. First Creditor shall have the right to determine the order in which the First Lien Debt is satisfied from the proceeds realized upon the exercise of such remedies. Third Creditor waives all rights to require the marshaling of assets or to require that any of the encumbered property be sold in any particular order or manner in connection with First Creditor's exercise of the remedies provided in the First Deed of Trust or afforded by applicable law.

(b) Third Creditor acknowledges and agrees that with respect to the enforcement of the Second Deed of Trust, Second Creditor shall have the right to determine the order in which any or all of the property encumbered by the Second Deed of Trust shall be subjected to the remedies provided in the Second Deed of Trust or by applicable law. Second Creditor shall have the right to determine the order in which the Second Lien Debt is satisfied from the proceeds realized upon the exercise of such remedies. Third Creditor waives all rights to require the marshaling of assets or to require that any of the encumbered property be sold in any particular order or manner in connection with Second Creditor's exercise of the remedies provided in the Second Deed of Trust or afforded by applicable law.

9. General Provisions.

(a) This Subordination has been negotiated and drafted collectively by the parties and therefore shall not be construed for or against any party. This Subordination may be executed in counterparts, which taken together constitute one and the same Subordination. No amendment may be made to this Subordination unless in writing and signed by the parties.

(b) No right, power or remedy of First Creditor or Second Creditor under this Subordination is intended to be exclusive of any other available right, power or remedy, but each and every such right, power or remedy shall, to the extent permitted by law, be cumulative and in addition to every other right, power or remedy given under this Subordination or existing at law or in equity. The waiver of a breach of any provision in this Subordination shall not be construed as a waiver of any other breach of the same or other provision of this Subordination.

(c) The provisions of this Subordination are solely for the purpose of defining the relative rights of First Creditor, the Second Creditor and the Third Creditor, and shall not impair or

prejudice, as between First Creditor and First Borrower or any other party, or Second Creditor and Second Borrower or any other party, the obligations of First Borrower and Second Borrower or such other party to First Creditor and Second Creditor.

(d) This Subordination shall be binding upon Third Creditor and its successors and assigns, and shall inure to the benefit of First Creditor and Second Creditor and their respective successors and assigns.

(e) All matters arising under or relating to this Subordination are governed by the laws of the State of Nevada, without giving effect to its choice-of-law principles. Jurisdiction and venue for any action or proceeding arising under or relating to this Subordination will be exclusively in Clark County, Nevada. In the event of any lawsuit, arbitration, appellate action or other proceeding arising under or relating to this Subordination or the transaction described in this Subordination, the prevailing party is entitled to the payment by the non-prevailing party of all of its actual attorneys' fees and costs incurred in connection with such action. EACH PARTY HERETO HEREBY KNOWINGLY AND VOLUNTARILY WAIVES ANY RIGHT WHICH IT MAY OTHERWISE HAVE AT LAW OR IN EQUITY TO A TRIAL BY JURY IN CONNECTION WITH ANY SUIT OR PROCEEDING AT LAW OR IN EQUITY WHICH RELATES TO THIS SUBORDINATION.

(f) If any provision of this Subordination is determined by a court having jurisdiction to be illegal, invalid or unenforceable under any present or future law, the remainder of this Subordination will not be affected thereby. It is the intention of the parties that if any provision is held to be illegal, invalid or unenforceable, the parties will add in lieu thereof a provision as similar in terms to such provisions as is possible that is legal, valid and enforceable.

(g) Each party acknowledges that it has had the opportunity to obtain the advice of, and have been advised by, legal counsel of its choice in connection with the negotiation of this Subordination, and that such party has executed this Subordination with full understanding of the legal and financial consequences of this Subordination.

(h) This Subordination is the final, complete and integrated statement of the parties' agreement and constitutes the entire and exclusive understanding and agreement between the parties regarding this subject matter. This Subordination supersedes all prior and contemporaneous offers, agreements and understandings that may have been communicated between or executed by the parties.

[signatures on following page]

**RUBY CAPITAL INVESTMENTS, LLC**

By: RC Administrative Trust, Manager

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**OPAL INVESTMENTS LLC**

By: CB Administrative Trust, Manager

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**THE BEN NV TRUST**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ALLURE PEBBLE, LLC**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**WEALTH STRATEGIES INVESTMENT FUND, LLC**

By: Michael Bayliss  
Michael Bayliss, Manager

By: Wealth Strategies by Bayliss & McAninch, Inc., Manager

By: Michael D Bayliss

Print Name: Michael D Bayliss

Title: President



**RUBY CAPITAL INVESTMENTS, LLC**

By: RC Administrative Trust Manager

By: [Signature]

Print Name: ETRA K Nilsson

Title: TRUSTEE

**WEALTH STRATEGIES INVESTMENT  
FUND, LLC**

By: \_\_\_\_\_  
Michael Bayliss, Manager

By: Wealth Strategies by Bayliss & McAninch,  
Inc., Manager

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**OPAL INVESTMENTS LLC**

By: CB Administrative Trust Manager

By: [Signature]

Print Name: ETRA K Nilsson

Title: TRUSTEE

**THE BEN NV TRUST**

By: Nelle Pugstey

Print Name: Nelle Pugstey

Title: Trustee

**ALLURE PEBBLE, LLC**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**RUBY CAPITAL INVESTMENTS, LLC**

By: RC Administrative Trust, Manager

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**OPAL INVESTMENTS LLC**

By: CB Administrative Trust, Manager

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**THE BEN NV TRUST**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ALLURE PEBBLE, LLC**

By: \_\_\_\_\_

Print Name: Seth Or

Title: Mgr

**WEALTH STRATEGIES INVESTMENT FUND, LLC**

By: \_\_\_\_\_

Michael Bayliss, Manager

By: Wealth Strategies by Bayliss & McAninch, Inc., Manager

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_



**CONSENT**

The following parties hereby acknowledge and consent to this Subordination.

**THE RANCH AT GARDNERVILLE 1, LLC**

By: Wealth Strategies by Bayliss & McAninch,  
Inc., Manager

By: Michael D Bayliss

Print Name: Michael D Bayliss

Title: President

**THE RANCH AT GARDNERVILLE, LLC**

By: Wealth Strategies by Bayliss & McAninch,  
Inc., Manager

By: Michael D Bayliss

Print Name: Michael D Bayliss

Title: President

By: Wealth Strategies Development, Inc., Manager

By: Michael D Bayliss

Print Name: Michael D Bayliss

Title: Secretary

By: Wealth Strategies Development, Inc., Manager

By: Michael D Bayliss

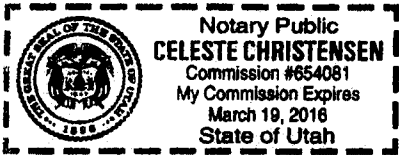
Print Name: Michael D Bayliss

Title: Secretary

[acknowledgements on following pages]

STATE OF NEVADA Walc )  
 )  
COUNTY OF CLARK Davis )

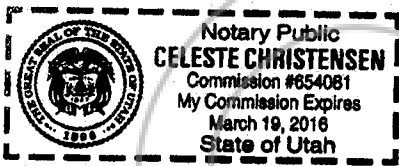
This instrument was acknowledged before me on this 2<sup>nd</sup> day of <sup>February</sup> ~~January~~, 2015 by Ezra K. Wilson as Trustee of RC Administrative Trust, as Manager of Ruby Capital Investments, LLC.



[Signature]  
NOTARY PUBLIC

STATE OF NEVADA Walc )  
 )  
COUNTY OF CLARK Davis )

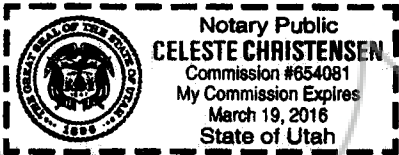
This instrument was acknowledged before me on this 2<sup>nd</sup> day of <sup>February</sup> ~~January~~, 2015 by Ezra K. Wilson as Trustee of CB Administrative Trust, as Manager of Opal Investments LLC.



[Signature]  
NOTARY PUBLIC

STATE OF NEVADA Walc )  
 )  
COUNTY OF CLARK Davis )

This instrument was acknowledged before me on this 2<sup>nd</sup> day of <sup>February</sup> ~~January~~, 2015 by Walter Pugsley as Trustee of The Ben NV Trust.



[Signature]  
NOTARY PUBLIC

STATE OF NEVADA )  
 )  
COUNTY OF CLARK )

This instrument was acknowledged before me on this \_\_\_\_\_ day of January, 2015 by \_\_\_\_\_ as \_\_\_\_\_ of Allure Pebble, LLC.

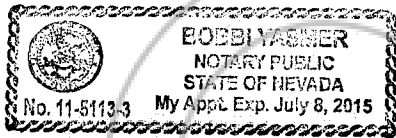
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NOTARY PUBLIC

STATE OF NEVADA )  
 )  
COUNTY OF CARSON CITY )

This instrument was acknowledged before me on this 30 day of January, 2015 by Michael Bayliss as Manager of Wealth Strategies Investment Fund, LLC.

Bobbi Yasmer

\_\_\_\_\_  
NOTARY PUBLIC

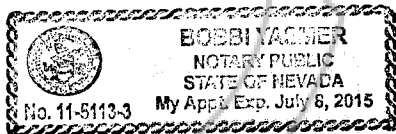


STATE OF NEVADA )  
 )  
COUNTY OF CARSON CITY )

This instrument was acknowledged before me on this 30 day of January, 2015 by Michael D. Bayliss as PRESIDENT of Wealth Strategies by Bayliss & McAninch, Inc., as Manager of Wealth Strategies Investment Fund, LLC.

Bobbi Yasmer

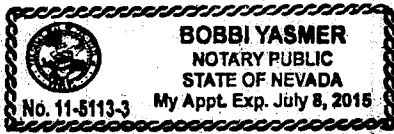
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STATE OF NEVADA )  
COUNTY OF CARSON CITY )

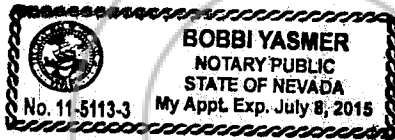
This instrument was acknowledged before me on this 30 day of January, 2015 by Michael D. Bayliss as PRESIDENT of Wealth Strategies by Bayliss & McAninch, Inc., as Manager of The Ranch at Gardnerville, LLC.



Bobbi Yasmer  
NOTARY PUBLIC

STATE OF NEVADA )  
COUNTY OF CARSON CITY )

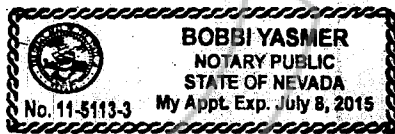
This instrument was acknowledged before me on this 30 day of January, 2015 by Michael D. Bayliss as SECRETARY of Wealth Strategies Development, Inc., as Manager of The Ranch at Gardnerville, LLC.



Bobbi Yasmer  
NOTARY PUBLIC

STATE OF NEVADA )  
COUNTY OF CARSON CITY )

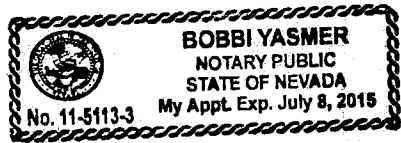
This instrument was acknowledged before me on this 30 day of January, 2015 by Michael D. Bayliss as PRESIDENT of Wealth Strategies by Bayliss & McAninch, Inc., as Manager of The Ranch at Gardnerville 1, LLC.



Bobbi Yasmer  
NOTARY PUBLIC

STATE OF NEVADA )  
COUNTY OF Carson City )

This instrument was acknowledged before me on this 30 day of January, 2015 by Michael Bayliss as SECRETARY of Wealth Strategies Development, Inc., as Manager of The Ranch at Gardnerville 1, LLC.



Bobbi Yasmer  
NOTARY PUBLIC

COPY

## EXHIBIT "A"

### PARCEL 1

A parcel of land located within a portion of the South one-half (s1/2) of Section 29, Township 13 North, Range 20 East, Mount Diablo Meridian, more particularly described as follows:

Commencing at the center of Section 29, T.13N., R.20E., M.D.M., a found 5/8" rebar with plastic cap, PLS 11172 as shown on the Record of Survey to Support a Boundary Line Adjustment for Park Cattle Co. recorded September 28, 2004 in the office of the Recorder, Douglas County, Nevada as Document No. 625243, the POINT OF BEGINNING;

thence along the North line of the Southeast one-quarter of said Section 29, South 89°23'21" East, 1693.57 feet; thence South 00°20'20" West, 1690.72 feet to the Northeast corner of Lot 42 as shown on the Second Amended Record of Survey for John B. Anderson recorded June 4, 1981 in said office of Recorder as Document No. 56926, a found 5/8" rebar with cap, RLS 2280; thence along the North line of said Lot 42, North 88°45'34" West, 1728.80 feet to the Northwest corner of said Lot 42; thence along an existing fence as described in the Deed between Grace M. Dangberg and Henry F. and Edith Hazel Seeman recorded March 17, 1947 in said office of Recorder in Book Y of Deeds, at Page 145, North 00°56'42" East, 1457.48 feet to a point on the Southerly right-of-way of Buckeye Road as described in Grant Deeds for Public Roadway recorded April 13, 1998 in said office of Recorder in Book 498, at Page 1993 and as recorded December 3, 1998 in Book 1298, at Page 826; thence along said right-of-way of Buckeye Road, the following courses:

Along the arc of a non-tangent curve to the right having a radius of 690.00 feet, central angle of 30°22'50", arc length of 365.86 feet, and chord bearing and distance of North 65°37'05" East, 361.59 feet; North 80°48'30" East, 117.90 feet; North 89°29'43" West, 425.92 feet; thence North 01°26'19" East, 42.20 feet to the POINT OF BEGINNING.

Reference is made to Record of Survey to Support a Boundary Line Adjustment for Alton A. & Suan L. Anker and Park Cattle Co., filed for record in the office of the Douglas County Recorder on June 28, 2006 in Book 0606, Page 9503 as Document No. 678199.

Note: Legal description previously contained in Document No. 679108, recorded July 7, 2006 in Book 706, Page 2210, Official Records of Douglas County, State of Nevada.

Assessor's Parcel No. 1320-29-000-008

### PARCEL 2

Remainder Parcel as shown on FINAL MAP PLANNED UNIT DEVELOPMENT PD 04-008 THE RANCH AT GARDNERVILLE PHASE IIA-1, recorded in the office of the Douglas County Recorder, State of Nevada on June 18, 2013 in Book 613 at Page 4667 as Document No. 825569, Official Records.

Assessor's Parcel No. 1320-33-210-072