

DOUGLAS COUNTY, NV

2016-892784

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KAREN ELLISON, RECORDER

APN: 1318-22-002-001 and 1318-22-002-002

**RECORDING REQUESTED BY
WHEN RECORDED MAIL TO:**

Mosaic Real Estate Credit, LLC
1880 Century Park East, Suite 300
Los Angeles, California 90067
Attn.: Vicky Schiff

(Space Above For Recorder's Use)

**SUBORDINATION AGREEMENT
(EXISTING TO NEW)**

By:

TAHOE SHORES, LLC,
a Nevada limited liability company,

and

PINE BEACH HOLDING PARTNERS, LLC,
a Nevada limited liability company,

collectively, as
the Subordinated Lenders

to and in favor of:

MOSAIC TAHOE BEACH CLUB, LLC,
a Delaware limited liability company,
as Senior Lender

**SUBORDINATION AGREEMENT
(EXISTING TO NEW)**

This **SUBORDINATION AGREEMENT** (this "Agreement"), dated as of December 23, 2016, is made and entered into by **TAHOE SHORES, LLC**, a Nevada limited liability company ("Tahoe Shores"), and **PINE BEACH HOLDING PARTNERS, LLC**, a Nevada limited liability company ("Pine Beach" and collectively with Tahoe Shores, the "Subordinated Lenders" and each, individually, a "Subordinated Lender"), in favor and for the benefit of **MOSAIC TAHOE BEACH CLUB, LLC**, a Delaware limited liability company (together with its successors and/or assigns, "Senior Lender"), for the purpose of to determine the parties' respective rights, remedies, interests and claims with respect to certain debts owing by **BEACH CLUB DEVELOPMENT, LLC**, a Nevada limited liability company (hereinafter sometimes called, "BCD Borrower").

RECITALS

WHEREAS, the Subordinated Lenders and BCD Borrower are parties to those certain documents and instruments described on Schedule 1 attached hereto (such documents and instruments are hereinafter referred to as the "Subordinated Debt Documents"); and

WHEREAS, Senior Lender, on the one hand, and BCD Borrower and Tahoe Beach Club, LLC, a Nevada limited liability company ("TBC Borrower" and together with BCD Borrower, collectively and individually, jointly and severally, "Borrower"), on the other hand are parties to that certain Loan Agreement dated as of even date herewith (as amended, modified, or revised, from time to time, the "Loan Agreement"), pursuant to which Senior Lender has made a loan to Borrower in the principal amount of \$87,000,000.00 (the "Senior Loan"); and

WHEREAS, the Senior Loan is evidenced by, among other things, that certain Promissory Note dated as of the date hereof (as amended, modified, or revised, from time to time, the "Note") executed by Borrower, as maker, and payable to the order of Senior Lender, as holder, in the stated principal amount of the Senior Loan; and

WHEREAS, the Senior Loan is secured by, among other things, (i) that certain Deed of Trust, Security Agreement and Financing Statement dated as of the date hereof (together with amendments, modifications and/or supplements thereto is hereinafter referred to as the "BCD Security Instrument"), given by BCD Borrower, as trustor, to the trustee named therein, for the benefit of Lender, as beneficiary, encumbering that certain real property situated in the County of Douglas, State of Nevada, as is more particularly described on Exhibit A-1 attached hereto and incorporated herein by this reference, together with the buildings, structures and other improvements now or hereafter located thereon (together with the "Property" described in the BCD Security Instrument, the "BCD Property") and granting Lender a first priority lien in the BCD Property; and (ii) that certain Deed of Trust, Security Agreement and Financing Statement dated as of the date hereof (together with amendments, modifications and/or supplements thereto is hereinafter referred to as the "TBC Security Instrument" and collectively with the BCD Security Instrument, the "Security Instrument"), given by TBC Borrower, as trustor, to the trustee named therein, for the benefit of Lender, as beneficiary, encumbering that certain real property situated in the County of Douglas, State of Nevada, as is more particularly described on Exhibit A-2 attached hereto and incorporated herein by this reference, together with the buildings, structures and other improvements now or hereafter located thereon (together with the "Property" described in the TBC Security Instrument, the "TBC Property" and together with the BCD Property, the "Real Property"); and

WHEREAS, as a condition to making the Senior Loan, Senior Lender has required that the Subordinated Lenders enter into this Agreement for the purpose of subordinating the Subordinated

Indebtedness (as hereinafter defined) to the Senior Indebtedness (as hereinafter defined); and

WHEREAS, the Subordinated Lenders desire to enter into this Agreement for the purpose of subordinating the Subordinated Indebtedness to the Senior Indebtedness because (i) each Subordinated Lender owns a direct or indirect beneficial interest in Borrowers or is an affiliate under common ownership and control with Borrowers, (ii) the extension of the Senior Loan to Borrower is of substantial benefit to the Subordinated Lenders, and (iii) the making of the Senior Loan to Borrower is adequate and sufficient consideration for the Subordinated Lenders to subordinate the Subordinated Indebtedness to the Senior Indebtedness pursuant to the terms of this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Senior Lender to grant its consent described above, and to better secure Senior Lender with respect to the foregoing, the parties hereby agree as follows:

1. Subordination and Standby.

a. Indebtedness. Unless and until all Senior Indebtedness has been fully and indefeasibly paid and satisfied in full, the Subordinated Lenders, or either of them, shall not accept or receive, by setoff or in any other manner, from Borrower, or any of its subsidiaries or affiliates, the whole or any part of any sums which may now or hereafter be owing to the Subordinated Lenders, or any of them, with respect to the Subordinated Indebtedness, by Borrower or any of its subsidiaries or affiliates, or any of its or their predecessors, successors or assigns, including, without limitation, a receiver, trustee or debtor in possession (the term "Borrower," as used hereinafter, shall include, as appropriate, all such subsidiaries or affiliates, and any such predecessors, successors or assigns), under or in connection with the Subordinated Indebtedness.

b. Liens and Security Interests. The Subordinated Lenders acknowledge and agree that any and all of the rights, liens and security interests held by either of the Subordinated Lenders in any of the assets or property of Borrower (herein called "Subordinate Liens"), including, without limitation, the Real Property, shall be and hereby are expressly made subject, subordinate, and inferior to each and all of the rights, liens, and security interests of Senior Lender with respect to the Senior Indebtedness in any and all assets and properties of Borrower, including, without limitation, the Real Property, whether now existing or hereafter granted or arising (herein called "Senior Liens"), notwithstanding the date, time, manner or order of the creation, attachment or perfection of such Senior Liens, or any term of the Subordinated Debt Documents or any provision of the federal Bankruptcy Code or the applicable Uniform Commercial Code or any other law, or any other matter whatsoever. Without limitation of the foregoing, but in furtherance thereof:

(i) Except as otherwise provided in this Agreement, the Subordinated Lenders, or either of them, shall not commence, prosecute, or participate in any action, whether private, judicial, equitable, administrative, or otherwise, including, without limitation, any bankruptcy case against Borrower or any of its assets, provided that, as more fully set forth in Section 6 hereof, Subordinated Lenders may file a proof of claim in a bankruptcy or insolvency proceeding involving Borrower, which proof of claim shall expressly indicate the Subordinated Lenders' subordination hereunder;

(ii) Except as otherwise provided in this Agreement, Subordinated Lenders shall have no right to possess any assets of Borrower, enforce any security interests in, foreclose, levy or execute upon, or collect or attach any such assets, whether by private or judicial action or otherwise;

(iii) Subordinated Lenders shall neither take, nor consent to or acquiesce in, the taking of, any action hereafter to set aside, challenge or otherwise dispute the existence or priority of any Senior Lien, including, without limitation, the first priority lien on the Real Property created by the Security Instrument or the creation, attachment, perfection or continuation of any Senior Lien, including, without limitation, the first priority lien on the Real Property created by the Security Instrument;

(iv) Senior Lender shall have no liability to Subordinated Lenders for, and Subordinated Lenders waive any claim, action, right or cause of action which either of them now may otherwise have or hereafter may otherwise acquire against Senior Lender arising out of, any action which Senior Lender takes (or omits to take) in respect of any Senior Liens, including, without limitation, in respect of the taking of possession, custody or control thereof, or the sale, liquidation or other disposition thereof, and including any rights under Sections 9-207, 9-625 or 9-627 of the applicable Uniform Commercial Code;

(v) Senior Lender shall have at all times the sole and exclusive right to determine the timing order or manner in which any assets of Borrower subject to the Senior Liens are made the subject of any exercise by Senior Lender of any rights and remedies; and the Subordinated Lenders waive any and all rights either of them have (or may hereafter acquire) to require any marshalling of any such property or to require that the Senior Lender pursue or exhaust any such rights or remedies in any particular order or manner or at any particular time;

(vi) Promptly, but not more than three (3) business days, after Subordinated Lenders receive a request therefor from the Senior Lender, it shall execute and deliver to the Senior Lender a release of any Subordinate Lien on any assets of Borrower which, subsequent hereto, shall be made subject to any sale or disposition by the Borrower with the consent of, or at the direction of, Senior Lender, provided that such request includes Senior Lender's certification that: (a) such sale or other disposition is being (or has been) made in accordance with the terms of the Loan Agreement relative thereto or otherwise with the consent of Senior Lender; and (b) the net proceeds derived from any such sale or other disposition of such assets have been (or will be) applied to Senior Debt in accordance with the Loan Agreement. In respect of, and to facilitate, the foregoing, to the extent that Subordinated Lenders, or either of them, should fail or refuse to provide such lien releases within the time period prescribed hereinabove, the Senior Lender shall be empowered (which power is coupled with an interest and is irrevocable for the term of this Agreement), as the Subordinated Lenders' attorney-in-fact, to execute and deliver such lien releases for and on behalf of the Subordinated Lenders in their name, and to bind it accordingly thereby; and

(vii) To the extent that this Agreement or applicable law imposes duties on Senior Lender to exercise remedies in a commercially reasonable manner, it shall not be commercially unreasonable for Senior Lender (i) to fail to incur expenses reasonably deemed significant by it to prepare collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against any account debtors, licensees or other persons obligated on collateral or to remove liens on or any adverse claims against collateral, (iv) to exercise collection remedies against account debtors, licensees and other persons obligated on collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of collateral through publications or media of general circulation, whether or not the collateral is of a specialized

nature, (vi) to contact other persons, whether or not in the same business as Borrower, for expressions of interest in acquiring all or any portion of such collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of collateral, whether or not the collateral is of a specialized nature, (viii) to dispose of collateral by utilizing internet sites that provide for the auction of assets of the types included in the collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, or in bulk, (x) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (xi) to purchase insurance or credit enhancements to insure against risks of loss, collection or disposition of collateral or to provide a guaranteed return from the collection or disposition of collateral, (xii) to the extent deemed appropriate by it, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist it in the collection or disposition of any of the collateral, or (xiii) to take (or omit to take) any other actions which it takes (or omits to take) generally in respect of its exercise of rights and remedies against collateral in any substantially similar secured credit transactions. The purpose of this paragraph is to provide non-exhaustive indications of what actions or omissions by Senior Lender would not be commercially unreasonable in their exercise of rights or remedies against the collateral and that other actions or omissions by the Senior Lender shall not be deemed commercially unreasonable solely on account of not being indicated in this paragraph. Without limitation upon the foregoing, nothing contained in this paragraph shall be construed to grant any rights to Senior Lender or to impose any duties on Senior Lender that would not have been granted or imposed by this Agreement or by applicable law in the absence of this paragraph.

c. Subordination of Security Instrument. The Subordinated Lenders do hereby acknowledge and agree that:

(i) the lien of the Security Instrument, and any and all renewals, modifications, amendments, or extensions of the Security Instrument shall be and remain, at all times, and for so long as all or any portion of the Senior Indebtedness shall remain outstanding, a lien on the Real Property, prior and superior to the lien of the Tahoe Shores Deed of Trust and the lien of the Pine Beach Deed of Trust.

(ii) this Agreement shall be the whole and only agreement with regard to the subordination of the lien of the Tahoe Shores Deed of Trust and the lien of the Pine Beach Deed of Trust to the lien of the Security Instrument and shall supersede any prior agreement as to such subordination including, but not limited to, those provisions, if any, contained in the Tahoe Shores Deed of Trust and/or the Pine Beach Deed of Trust, which provide for the subordination of the lien or charge thereof to another deed or deed of trust or to another mortgage or mortgages.

(iii) Each of them do hereby intentionally waive, relinquish and subordinate the lien of the Tahoe Shores Deed of Trust and/or the lien of the Pine Beach Deed of Trust, as applicable, in favor of the lien upon the Real Property of the Security Instrument in favor of Senior Lender and understand that in reliance upon, and in consideration of this waiver, relinquishment, and subordination the Senior Lender will make a loan to Borrower which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.

d. Definitions. As used in this Agreement:

(i) “Senior Indebtedness”. The term “Senior Indebtedness” shall mean, collectively, all of the obligations of the Borrower under the Loan Agreement and the other Loan Documents, whether for payment or performance, including, without limitation payment or

repayment of principal, premium, interest (including all interest accruing after the initiation of any bankruptcy case, whether or not allowed), fees, expenses, including, attorney fees, indemnities or otherwise.

(ii) “Subordinated Indebtedness”. The term “Subordinated Indebtedness” shall mean, collectively, all indebtedness, liabilities and other obligations of Borrower to the Subordinated Lenders (or either of them), whether the sums represent principal, interest, dividends, costs, attorneys’ fees, charges, or other obligations due or not due, whether incurred directly or indirectly, whether absolute or contingent, and whether now existing or hereafter existing. Without limitation of the foregoing, the term “Subordinated Indebtedness” extends to and includes, particularly, all indebtedness, liabilities and other obligations evidenced by or due in connection with the Subordinated Debt Documents.

2. Payment Standstill. Borrower shall not pay and Subordinated Lenders shall not accept any payments in connection with the Subordinated Debt Documents, including, without limitation, payments of principal and/or accrued interest, unless and until the Senior Indebtedness has been indefeasibly repaid in full.

3. Modifications of Indebtedness.

a. Senior Indebtedness. Subordinated Lenders acknowledges and agrees that Senior Lender shall have the right, without giving notice to or obtaining the consent of Subordinated Lenders, to amend, supplement or modify the Senior Indebtedness, including, without limitation, any extensions of time of payments (even if such shortening causes any Senior Indebtedness to be due on demand or otherwise), any revision of any amortization schedule with respect thereto, and any increase in the amount of the Senior Indebtedness; and the obligations of Subordinated Lenders hereunder shall not be affected by any of the foregoing amendments, supplements or modifications.

b. Subordinated Indebtedness. Subordinated Lenders understands and agrees that no Subordinated Indebtedness may be created hereafter; and no document, instrument or agreement evidencing all or any part of any Subordinated Indebtedness created on or prior to the date hereof, including, particularly, the Subordinated Debt Documents, may be modified or amended without Senior Lender’s prior written consent, which consent may be given or withheld in Senior Lender’s sole and absolute discretion.

4. Subordinated Indebtedness Owed Only to Subordinated Lenders.

a. Each of the Subordinated Lenders warrants and represents that it has not previously assigned any interest in the Subordinated Indebtedness (other than the assignment from Pine Beach to Astra), that no other party owns an interest in such Subordinated Lender’s Subordinated Indebtedness (as reflected on **Schedule 1** hereto), whether as joint holders, participants or otherwise, and that the entirety of such Subordinated Lender’s Subordinated Indebtedness is owing only to an entity that is a Subordinated Lender hereunder.

b. Each of the Subordinated Lenders covenants and agrees that the entirety of such Subordinated Lender’s Subordinated Indebtedness shall continue to be owing only to it; provided that Subordinated Lenders may assign some or all of its interest in the Subordinated Indebtedness after the assignee has executed and delivered to Senior Lender an agreement subordinating, in the manner set forth herein, all rights, remedies and interests with respect to the assigned Subordinated Indebtedness.

c. Each of the Subordinated Lenders further warrants and represents that the only indebtedness owing by Borrower to it is the Subordinated Indebtedness; that to the best of its knowledge as of the date hereof, there is no default or breach with respect to any of such indebtedness; and, specifically, that nothing herein contained and nothing contained in any other document, instrument or agreement with or in favor of Senior Lender constitutes a default or breach with respect to any of such indebtedness.

5. Payments Received by Subordinated Lenders. Until such time as the Senior Indebtedness has been indefeasibly repaid in full, if any payment, distribution or any collateral proceeds thereof is received by Subordinated Lenders, or either of them, from Borrower with respect to the Subordinated Indebtedness prior to the indefeasible payment in full and satisfaction of all the Senior Indebtedness, Subordinated Lenders shall receive and hold the same in trust as trustee for the benefit of Senior Lender and shall forthwith deliver such assets to Senior Lender in precisely the form received (except for the endorsement or assignment by Subordinated Lenders where necessary), for application on any of the Senior Indebtedness, due or not due. In the event of the failure of Subordinated Lenders to make any such endorsement or assignment to Senior Lender, Senior Lender and any of its officers or agents are hereby irrevocably authorized to make such endorsement or assignment.

6. Claims in Bankruptcy. In the event of any bankruptcy, assignment for the benefit of creditors or similar proceedings by or against Borrower, Subordinated Lenders hereby designates and appoints Senior Lender as its attorney-in-fact, in the place and stead of Subordinated Lenders, to file any and all claims which Subordinated Lenders may have against Borrower in accordance with the terms of this Agreement, and to direct the debtor in possession or trustee in bankruptcy, as appropriate, to pay over to Senior Lender all amounts due to Subordinated Lenders on account of the Subordinated Indebtedness for distribution to the Subordinated Lenders after allowed distribution to the Senior Lender.

7. Post-Petition Financing; Liens. In the event of any bankruptcy case against Borrower or any of the assets of Borrower, Subordinated Lenders hereby expressly consents to the granting by Borrower to Senior Lender of senior liens and priorities in connection with any post-petition financing of Borrower by Senior Lender.

8. Legend. Any instrument at any time evidencing any Subordinated Indebtedness (herein, a "Subordinated Instrument"), including, without limitation, the Subordinated Debt Documents, will be forthwith inscribed with a provision conspicuously indicating that payment thereon is subordinated to the claims of Senior Lender under the Loan Agreement, and copies thereof will forthwith be delivered to Senior Lender. Any instrument evidencing any of the Subordinated Indebtedness or any portion thereof which is hereafter executed will, on the date thereof, be inscribed with the aforesaid legend, and copies thereof will be delivered to Senior Lender on the date of its execution or within five (5) business days thereafter.

9. Additional Remedies. If Subordinated Lenders violates any of the terms of this Agreement, in addition to any remedies in law, equity or otherwise, Senior Lender may restrain such violation in any court of law and may interpose this Agreement as a defense in any action by Subordinated Lenders.

10. Subordinated Lenders' Waivers.

a. All of the Senior Indebtedness shall be deemed to have been made or incurred in reliance upon this Agreement. Subordinated Lenders expressly waives all notice of the acceptance by Senior Lender of the subordination and other provisions of this Agreement and agree that Senior Lender

has made no warranties or representations with respect to the legality, validity, enforceability, collectability or perfection of the Senior Indebtedness or any liens or security interests held in connection therewith.

b. Subordinated Lenders agree that Senior Lender shall be entitled to manage and supervise Senior Lender's loans in accordance with applicable law and its usual practices, modified from time to time as it deems appropriate under the circumstances, without regard to the existence of any rights that the Subordinated Lenders may now or hereafter have in or to any assets. Senior Lender shall have no liability to the Subordinated Lenders as a result of any and all lawful actions which Senior Lender takes or omits to take, other than those involving gross negligence, fraud or willful misconduct by the Senior Lender (including, without limitation, actions with respect to the creation, perfection or continuation of its liens or security interest, actions with respect to the occurrence of a default or event of default, actions with respect to the foreclosure upon, sale, release or failure to realize upon, any of its collateral, and actions with respect to the collection of any claim for all or any part of the Senior Indebtedness from any account debtor or any other party), regardless of whether any such actions or omissions may affect Senior Lender's rights to deficiency or Subordinated Lenders' rights of subrogation or reimbursement.

c. Senior Lender may, from time to time, enter into agreements and settlements with Borrower as it may determine, including, without limitation, any substitution of collateral, any release of any lien or security interest and any release of Borrower, regardless of whether such agreements may or do adversely affect the Subordinated Indebtedness or the security granted therefor.

11. Waivers. No waiver shall be deemed to be made by Senior Lender or Subordinated Lenders of any of their respective rights hereunder unless it is in writing signed by the waiving party. Each such waiver shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the waiving party or the obligations of the other party to the waiving party in any other respect at any other time.

12. Information Concerning Financial Condition. Subordinated Lenders hereby assume responsibility for keeping itself informed of the financial condition of Borrower and of all other circumstances bearing upon the risk of nonpayment of the Senior Indebtedness, and agrees that Senior Lender shall have no duty to advise it of information known to Senior Lender regarding such condition or any such circumstances. In the event Senior Lender, in its sole discretion, undertakes, at any time or from time to time, to provide any such information to Subordinated Lenders, Senior Lender shall be under no obligation (i) to provide any such information to Subordinated Lenders on any subsequent occasion, (ii) to undertake any investigation not a part of its regular business routine, or (iii) to disclose any information which, pursuant to its commercial finance practices, Senior Lender wishes to maintain confidential.

13. Third Party Beneficiaries.

a. This Agreement is solely for the benefit of Senior Lender, Subordinated Lenders and their respective successors and assigns, and neither Borrower nor any other persons or entities are intended to be third party beneficiaries hereunder or to have any right, benefit, priority or interest under, or because of the existence of, or to have any right to enforce, this Agreement.

b. Nothing in this Agreement is intended to or shall impair, as between Borrower and its creditors other than Senior Lender and Subordinated Lenders, the obligation of Borrower, which is absolute and unconditional, to pay to Subordinated Lenders the principal of and interest on all of the Subordinated Indebtedness as and when the same shall become due and payable in accordance with their

terms, or affect the relative rights of the Subordinated Lenders and creditors of Borrower other than Senior Lender.

c. Notwithstanding any of the foregoing, if any third party satisfies the Senior Indebtedness owing to Senior Lender, Senior Lender may assign its rights and remedies hereunder to such third party, and such third party shall be deemed to be Senior Lender for all purposes of this Agreement; provided, that such assignee expressly agrees to assume Senior Lender's obligations under this Agreement. If a determination is made in favor of any third party, including, without limitation, a trustee in bankruptcy, that Senior Lender's liens or security interests are invalid, avoidable or unperfected, the subordination set forth in Section 1 hereinabove shall be deemed null and void, but only to the extent of such invalidity, avoidability and imperfection.

14. Notices. All notices or other communications required or permitted to be given pursuant to the provisions of this Agreement shall be in writing and shall be considered as properly given if delivered to the appropriate party at the address set forth below (subject to change from time to time by written notice to all other parties to this Agreement). Except when otherwise required by law, any notice which a party is required or may desire to give the other shall be in writing and may be sent by e-mail (provided that a copy is simultaneously sent by one of the other permitted means of giving notice hereinafter set forth), by personal delivery or by mail (either (i) by United States registered or certified mail, return receipt requested, postage prepaid, or (ii) by Federal Express or similar generally recognized overnight carrier regularly providing proof of delivery). Any notice so given by e-mail shall be deemed to have been given as of the date on which the sender of such communication shall confirm receipt thereof by the appropriate parties. Any notice so given by mail shall be deemed to have been given as of the date of delivery established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the notice is to be given; provided, however, that non-receipt of any communication as the result of any change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication.

For purposes of notice, the addresses of the parties shall be:

Any Subordinated Lender: P.O. Box 12520
Zephyr Cove, Nevada 89448
Attention: Robert McCay
Email: rm@mecay.com

With a copy to: Feldman McLaughlin Thiel LLP
178 U.S. Highway 50, Suite B
P.O. Box 1309
Zephyr Cove, Nevada 89448
Attention: Lewis Feldman
Email: lew@fmontahoe.com

and to:

Ballew Law
5847 San Felipe, Ste. 2030
Houston, Texas 77057
Attention: Robert Slater
Email: rslater@ballewlawpllc.com

Senior Lender: Mosaic Tahoe Beach Club, LLC
1880 Century Park East, Suite 300
Los Angeles, California 90067
Attention: Sterling Johnson
Email: sj@mosaicrei.com

With a copy to: Sklar Kirsh, LLP
1880 Century Park East, Suite 300
Los Angeles, California 90067
Attention: Mark Nicoletti and Andrew Kirsh
Email: mnicoletti@sklarkirsh.com and
akirsh@sklarkirsh.com

15. Effectiveness. This Agreement shall continue in effect until all Senior Indebtedness has been indefeasibly paid in full and satisfied and all commitments of Senior Lender in regard thereto have been terminated.

16. CONSENT TO JURISDICTION; ADDITIONAL WAIVERS. ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST ANY SUBORDINATED LENDER ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY AT SENIOR LENDER'S OPTION BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN OR HAVING JURISDICTION WITH RESPECT TO DOUGLAS COUNTY, NEVADA, AND EACH SUBORDINATED LENDER WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND EACH SUBORDINATED LENDER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING.

EACH SUBORDINATED LENDER DOES HEREBY IRREVOCABLY DESIGNATE AND APPOINT:

Lewis S. Feldman
Feldman McLaughlin Thiel LLP
178 U.S. Highway 50, Suite B
Zephyr Cove, Nevada 89448

AS AUTHORIZED AGENT TO ACCEPT AND ACKNOWLEDGE ON THEIR BEHALF SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY FEDERAL OR STATE COURT IN DOUGLAS COUNTY, NEVADA, AND EACH SUBORDINATED LENDER AGREES THAT SERVICE OF PROCESS UPON SAID AUTHORIZED AGENT AT SAID ADDRESS AND NOTICE OF SAID SERVICE MAILED OR DELIVERED TO EACH SUBORDINATED LENDER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON EACH SUBORDINATED LENDER IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEVADA. EACH SUBORDINATED LENDER (I) SHALL GIVE PROMPT WRITTEN NOTICE TO LENDER OF ANY CHANGED ADDRESS OF ITS AUTHORIZED AGENT HEREUNDER, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE A SUBSTITUTE AUTHORIZED AGENT WITH AN OFFICE IN THE STATE OF NEVADA (WHICH SUBSTITUTE AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE SUCH A SUBSTITUTE IF ITS AUTHORIZED AGENT CEASES TO HAVE AN OFFICE IN THE STATE OF NEVADA OR IS DISSOLVED WITHOUT LEAVING A

SUCCESSOR. NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT OF LENDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST BORROWER IN ANY OTHER JURISDICTION.

17. GOVERNING LAW. THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEVADA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICT LAWS AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA).

18. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties' respective successors and assigns, subject to the provisions hereof.

19. Integrated Agreement. This Agreement sets forth the entire understanding of the parties with respect to the within matters and may not be modified or amended except upon a writing signed by all parties.

20. Authority. Each of the signatories hereto certifies that such party has all necessary authority to execute this Agreement.

21. Counterparts. This Agreement may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, and all of which taken together shall constitute one and the same agreement.


[SIGNATURES APPEAR ON NEXT PAGE]


IN WITNESS WHEREOF, the parties hereto has executed this Agreement as of the day and year first above written.

TAHOE SHORES:

TAHOE SHORES, LLC
a Nevada limited liability company

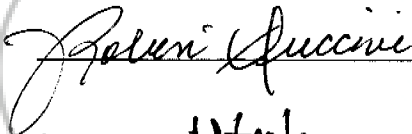
By: South Shore Tahoe, LLC, its managing member

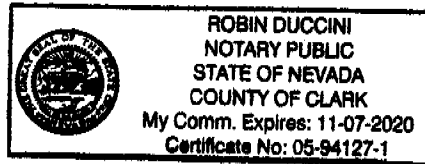
By: 
Name: Robert M. Mecay
Title: Authorized representative of KBM Enterprises, LLC, as Co-Manager of South Shore Tahoe, LLC.

By: 
Name: Gary B. Sabin
Title: Authorized representative of Bluelake Partners, LLC, as Co-Manager of South Shore Tahoe, LLC

STATE OF NV }
COUNTY OF Clark }SS.

On this 15 day of December, 2016, before me personally came Robert M. Mecay, to me known and known to me to be the person described in and who executed the foregoing instrument and he/she acknowledged to me that he/she executed the same.

 Notary Public



STATE OF Utah }
COUNTY OF Salt Lake }SS.

On this 9th day of December, 2016, before me personally came Gary B. Sabin, to me known and known to me to be the person described in and who executed the foregoing instrument and he/she acknowledged to me that he/she executed the same.


 Notary Public



PINE BEACH:


PINE BEACH HOLDING PARTNERS, LLC
a Nevada limited liability company

By: **PINE BEACH HOLDING, INC.**,
a Delaware corporation, Its Manager

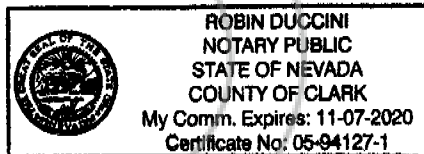
By: 
Name: Charles Bergin
Title: President

STATE OF NV }
COUNTY OF Clark } SS.

On this 15 day of December, 2016, before me personally came Charles Bergin to me known and known to me to be the person described in and who executed the foregoing instrument and he/she acknowledged to me that he/she executed the same.

 Notary Public

[SIGNATURES CONTINUED ON FOLLOWING PAGE]



SENIOR LENDER:

MOSAIC TAHOE BEACH CLUB, LLC,
a Delaware limited liability company

By: *Vicky Schiff*
Name: VICKY SCHIFF
Title: Authorized Signatory

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

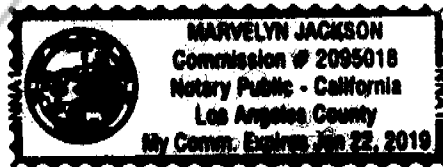
County of Los Angeles }

On December 21, 2016, before me, Marvelyn Jackson,
Notary Public, personally appeared Vicky Schiff, 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: *Marvelyn Jackson*
Signature of Notary Public



(Notary Seal)

ACKNOWLEDGMENT AND AGREEMENT OF BORROWER

The undersigned, being the "Borrower" referenced as such in the within and foregoing Subordination Agreement to which this acknowledgment and agreement is attached (the "Subordination Agreement") does hereby acknowledge receipt of the Subordination Agreement, consents thereto, and agrees to be bound thereby, and not to make any payment of the "Subordinated Debt" therein defined and described or take (or omit to take) any action in respect thereof in contravention of any terms of the Subordination Agreement.

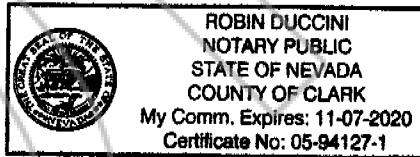
BEACH CLUB DEVELOPMENT, LLC,
a Nevada limited liability company

By: [Signature]
Name: CHARLES BERGIN
Title: CEO

STATE OF NV }
COUNTY OF Clark } SS.

On this 15th day of December, 2016, before me personally came Charles Bergin, to me known and known to me to be the person described in and who executed the foregoing instrument and he/she acknowledged to me that he/she executed the same.

[Signature] Notary Public



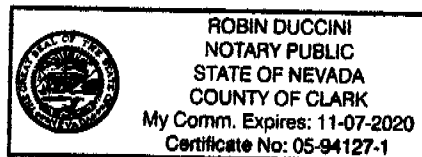
TAHOE BEACH CLUB, LLC,
a Nevada limited liability company

By: [Signature]
Name: Ken Mcgarry
Title: CEO

STATE OF NV }
COUNTY OF Clark } SS.

On this 15th day of December, 2016, before me personally came Robert Mcgarry, to me known and known to me to be the person described in and who executed the foregoing instrument and he/she acknowledged to me that he/she executed the same.

[Signature] Notary Public



SCHEDULE 1
SUBORDINATED DEBT DOCUMENTS

- 1) Secured Promissory Note in the principal amount of \$27,500,000.00 made by Beach Club Development, LLC, a Nevada limited liability company, payable to the order of Tahoe Shores, LLC, a Nevada limited liability company.
- 2) Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of September 24, 2015, granted by Beach Club Development, LLC, a Nevada limited liability company, as trustor, to First American Title Insurance Company, a Nebraska corporation, as trustee, for the benefit of Tahoe Shores, LLC, a Nevada limited liability company, as beneficiary, and recorded on September 24, 2015 as instrument number 2015-870077, in the Official Records of the Recorder's Office for Douglas County, Nevada.
- 3) Secured Promissory Note in the principal amount of \$27,500,000.00 made by Beach Club Development, LLC, a Nevada limited liability company, payable to the order of Pine Beach Holdings, Inc., a Delaware corporation, as assigned to Ecu Gest Holding S.A., a Luxembourg company ("Ecu GH"), pursuant to that certain Allonge Endorsements dated September 1, 2016 made payable to Ecu GH, and as further assigned to Pine Beach Holding Partners, LLC, a Nevada limited liability company ("PBHP"), pursuant to that certain Allonge Endorsement dated September 1, 2016 made payable to PBHP.
- 4) Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of September 24, 2015, granted by Beach Club Development, LLC, a Nevada limited liability company, as trustor, to First American Title Insurance Company, a Nebraska corporation, as trustee, for the benefit of Pine Beach Holding, Inc., a Delaware corporation, as beneficiary, and recorded on September 24, 2015 as instrument number 2015-870078, in the Official Records of the Recorder's Office for Douglas County, Nevada, as assigned to Ecu GH pursuant to that certain Assignment of Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing; and Loan Documents dated [9-1-16] executed by Pine Beach Holding, Inc. a Delaware corporation, in favor of Ecu GH as recorded in the Official Records of the Recorder's Office for Douglas County, Nevada on [12-21-16] as instrument number [2016-8927], and as further assigned to PBHP pursuant to that certain Assignment of Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing; and Loan Documents dated [9-1-16] executed by Ecu GH in favor of PBHP as recorded in the Official Records of the Recorder's Office for Douglas County, Nevada on [12/21/16] as instrument number [2016-]892718
- 5) Intercreditor Agreement dated as of September 24, 2015 by and between Pine Beach Holding, Inc., a Delaware corporation, and Tahoe Shores, LLC, a Nevada limited liability company, and recorded as instrument number 2015-870079 in the Official Records of the Recorder's Office for Douglas County, Nevada.

EXHIBIT A-1
LEGAL DESCRIPTION OF BCD PROPERTY

BEING A PORTION OF THE SOUTH ONE-HALF AND THE SOUTHEAST ONE QUARTER OF THE NORTHWEST ONE QUARTER OF SECTION 22, TOWNSHIP 13 NORTH, RANGE 18 EAST, M.D.B.&M., DESCRIBED AS FOLLOWS:

COMMENCING AT THE SECTION CORNER COMMON TO SECTIONS 22, 23, 26 AND 27 OF SAID TOWNSHIP AND RANGE;

THENCE SOUTH 60°13' WEST, A DISTANCE OF 127.20 FEET;

THENCE NORTH 61° WEST, A DISTANCE OF 1340.20 FEET TO THE MOST EASTERLY CORNER OF THE NEVADA STATE FARM BUREAU PROPERTY AS DESCRIBED IN THE DEED RECORDED JANUARY 07, 1954 IN BOOK B-1 OF DEEDS, AT PAGE 14, DOUGLAS COUNTY, NEVADA RECORDS, BEING ALSO THE SOUTHWESTERLY CORNER OF THE PROPERTY SHOWN ON THE MAP OF OLIVER PARK, AS FILED ON FEBRUARY 02, 1959 IN THE OFFICE OF THE COUNTY RECORDER OF DOUGLAS COUNTY, NEVADA;

THENCE NORTH ALONG THE EASTERLY LINE OF SAID FARM BUREAU PROPERTY, A DISTANCE OF 300.00 FEET TO AN ANGLE POINT, AND BEING THE NORTHWESTERLY CORNER OF LOT 16, IN BLOCK 3 AS SHOWN ON THE MAP OF OLIVER PARK;

THENCE CONTINUING ALONG THE NORTHEASTERLY AND NORTHERLY LINES OF SAID FARM BUREAU PROPERTY, AND THE SOUTHERLY LINE OF THE PROPERTY CONVEYED TO TAHOE VILLAGE PROPERTIES, INC., BY DEED RECORDED AUGUST 19, 1955 IN BOOK B-1 OF DEEDS, AT PAGE 417, DOUGLAS COUNTY, NEVADA, RECORDS, NORTH 32°20'40" WEST, A DISTANCE OF 362.80 FEET;

THENCE CONTINUING ALONG THE LINE COMMON TO SAID PROPERTIES NORTH 60°40'41" WEST, A DISTANCE OF 648.68 FEET, TO THE SOUTHWESTERLY CORNER OF THE PROPERTY CONVEYED TO R. D. KEILLOR, ET AL, BY DEED RECORDED APRIL 16, 1963 IN BOOK 16 OF OFFICIAL RECORDS, AT PAGE 695, DOUGLAS COUNTY, NEVADA RECORDS; THE TRUE POINT OF BEGINNING;

THENCE FROM THE TRUE POINT OF BEGINNING, NORTH 60°46'32" WEST (NORTH 60°40'53" WEST), 1744.35 FEET (1744.33 FEET);

THENCE NORTH 81°15'50" WEST (NORTH 81°12'08" WEST), 399.30 FEET (399.40 FEET) TO THE SOUTHWESTERLY CORNER OF THE PROPERTY CONVEYED TO TAHOE VILLAGE PROPERTIES, INC., AS ABOVE REFERRED TO;

THENCE NORTH 00°02'04" WEST (NORTH), 217.00 FEET ALONG THE WEST LINE OF SAID PROPERTY;

THENCE NORTH 86°49'14" EAST (NORTH 86°55'13" EAST), ALONG THE NORTHERLY LINE OF SAID PROPERTY, A DISTANCE OF 561.96 FEET;

THENCE CONTINUING ALONG SAID NORTHERLY LINE, SOUTH 61°16'41" EAST (SOUTH 61°11'11" EAST), A DISTANCE OF 1747.00 FEET, TO A POINT FROM WHICH THE POINT OF BEGINNING BEARS SOUTH 28°48'49" WEST;

THENCE SOUTH 28°44'42" WEST (SOUTH 28°48'49" WEST), ALONG THE NORTHERLY EXTENSION OF THE WESTERLY LINE OF THE PROPERTY CONVEYED TO R. D. KEILLOR, ET AL, AS ABOVE REFERRED TO AND THE WESTERLY LINE THEREOF, A DISTANCE OF 366.03 FEET (365.71 FEET) TO THE TRUE POINT OF BEGINNING.

NOTE: THE ABOVE METES AND BOUNDS DESCRIPTION APPEARED PREVIOUSLY IN THAT CERTAIN DOCUMENT RECORDED SEPTEMBER 24, 2015 IN INSTRUMENT NO. 2015-870076 OF OFFICIAL RECORDS.



**EXHIBIT A-2
LEGAL DESCRIPTION OF TBC PROPERTY**

BEGINNING AT A POINT ON THE MEANDER LINE OF LAKE TAHOE, WHICH POINT IS THE SOUTHWEST CORNER OF LOT 2, OF SECTION 22, TOWNSHIP 13 NORTH, RANGE 18 EAST, M.D.B.&M.,

THENCE ALONG A LINE HEREAFTER REFERRED TO AS COURSE 1, NORTH 89°59'24" EAST 509.52 FEET ALONG THE QUARTER SECTION LINE TO THE CENTER-WEST ONE-SIXTEENTH CORNER (WEST ONE SIXTEENTH CORNER);

THENCE SOUTH 00°02'04" EAST (SOUTH ALONG THE ONE SIXTEENTH LINE), 217.00 FEET;

THENCE NORTH 89°11'56" WEST (NORTH 89°11'30" WEST), 457.06 FEET, TO A POINT ON THE MEANDER LINE, WHICH POINT IS SOUTH 14°02'15" EAST (SOUTH 14°00'00" EAST) 217.00 FEET FROM THE POINT OF BEGINNING;

THENCE, CONTINUING NORTH 89°11'56" WEST (NORTH 89°11'30" WEST) 50 FEET, MORE OR LESS, TO A POINT ON THE ORDINARY LOW WATER LINE OF LAKE TAHOE AT ELEVATION 6223.00 LAKE TAHOE DATUM;

THENCE, NORTHWESTERLY, 222 FEET, MORE OR LESS, ALONG SAID ORDINARY LOW WATER LINE AT 6223.00 LAKE TAHOE DATUM, TO A POINT ON THE WESTERLY EXTENSION OF THE AFORESAID COURSE 1;

THENCE, ALONG THE WESTERLY EXTENSION OF THE AFORESAID COURSE 1, NORTH 89°59'24" EAST, 75 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPTING ANY PORTION OF THE ABOVE DESCRIBED PROPERTY LYING BELOW THE 6223.00 LEVEL OF LAKE TAHOE AND ALSO ANY ARTIFICIAL ACCRETIONS TO SAID LAND WATERWARD OF SAID LAND OR NATURAL ORDINARY LOW WATER OR IF LAKE LEVEL HAS BEEN ARTIFICIALLY LOWERED.

EXCEPTING ANY PORTION BELOW SUCH ELEVATION AS MAY BE ESTABLISHED AS THE BOUNDARY BY BOUNDARY LINE ADJUSTMENT WITH THE STATE OR BY QUIET TITLE ACTION IN WHICH THE STATE IS A PARTY.

NOTE: THE ABOVE METES AND BOUNDS DESCRIPTION APPEARED PREVIOUSLY IN THAT CERTAIN DOCUMENT RECORDED SEPTEMBER 24, 2015 IN INSTRUMENT NO. 2015-870076 OF OFFICIAL RECORDS.