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Feldman Thiel LLP
Attn: Kara L. Thiel
P.O. Box 1309
Zephyr Cove, NV 89448
2560598mk

Above Space Reserved for Recording Information

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT ("**Agreement**") is entered into as of this 2nd day of October, 2019 (the "**Effective Date**") by and between a GBS CAPITAL, LLC, a Nevada liability company ("**Beneficiary**"), and TAHOE BEACH CLUB, LLC, a Nevada limited liability company ("**Trustor**"), for the benefit of the TAHOE BEACH CLUB OWNERS ASSOCIATION, a Nevada nonprofit corporation (the "**Association**").

RECITALS

A. Trustor is the owner of that certain real property located at 1 Beach Club Drive in Stateline, Douglas County, Nevada, commonly known as Assessor's Parcel Number (APN) 1318-22-301-001 and described more particularly in **Exhibit A** attached hereto (the "**Club Property**").

B. Beach Club Development, LLC, a Delaware limited liability company ("**BCD**") is the owner of that certain real property located in Douglas County, Nevada described as follows:

Common Area Parcel A, Parcel 5, Parcel 6, Parcel 7, Parcel 8, Parcel 9, Parcel 10, Parcel 11 and Parcel 12 as shown on that certain "Final Subdivision Map LDA 15-026 for Tahoe Beach Club" recorded on November 27, 2018, as Document No. 2018-922870, Official Records of Douglas County, Nevada, and

Units 101 through 125, inclusive, and Units 201 through 221, inclusive, as shown on that certain "Final Condominium Subdivision Map LDA 17-020 of Tahoe Beach Club – Phase 1" recorded on May 23, 2019, as Document No. 2019-929414, Official Records of Douglas County, Nevada (the "**BCD Property**").

C. Beach Club Development Phase II, LLC, a Delaware limited liability company ("**BCD II**") is the owner of that certain real property located in Douglas County, Nevada described as follows:

Parcel 3 and Parcel 4 as shown on that certain "Final Subdivision Map LDA 15-026 for Tahoe Beach Club" recorded on November 27, 2018, as Document No. 2018-922870, Official Records of County of Douglas, State of Nevada (the "**BCD II Property**").

D. The BCD Property and the BCD II Property are sometimes referred to hereinafter as the "**Condo Property**."

E. The Condo Property is adjacent to the Club Property.

F. The Tahoe Beach Club Project is a residential condominium and beach club development located along Beach Club Drive in Douglas County, Nevada (the "**Project**").

G. BCD and BCD II intend to develop the Condo Property with the residential component of the Project which will consist of up to 143 residential condominium units (the "**Units**") and associated improvements (the "**Residential Component**").

- H. Trustor intends to develop the beach club component of the Project on the Club Property.
- I. BCD and BCD II recorded that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Tahoe Beach Club Condominiums against the Condo Property on June 19, 2019, as Document No. 2019-930614 in the Official Records of Douglas County, Nevada (the "**CC&Rs**").
- J. The CC&Rs charge the Association with operation of the Residential Component for the benefit and enjoyment of the owners of the Units ("**Unit Owners**").
- K. Pursuant to the CC&Rs, each Unit Owner will be a member in the Association.
- L. Trustor and the Association entered into that certain Beach Use and Access Easement Agreement dated as of June 14, 2019 and recorded in the official records of Douglas County, Nevada, on June 19, 2019, as Document No. 2019-930632 (the "**Beach Use and Access Easement Agreement**") by which Trustor granted the Association, for the benefit of the Association's members and their tenants, guests and invitees, a non-exclusive use easement over a portion of the Property consisting of sandy beach (the "**Beach Easement**") together with a non-exclusive access easement over a portion of the Property to access the Beach Easement area (the "**Access Easement**") (collectively, the "**Easements**").
- M. Trustor, BCD and BCD II are wholly-owned subsidiaries of TBC Development, LLC, a Nevada limited liability company ("**Borrower**"), and Beneficiary is the owner of a direct and/or indirect beneficial interest in each of Trustor, BCD, BCD II and Borrower.
- N. Borrower previously consummated a loan transaction with Beneficiary and, in connection therewith, Trustor granted Beneficiary a security interest in the Club Property as evidenced by that certain Deed of Trust dated as of April 15, 2019 and recorded in the Official Records of Douglas County, Nevada on April 29, 2019 as Document No. 2019-928387, as amended by that certain First Amendment to Deed of Trust dated as of May 1, 2019 and recorded in the Official Records of Douglas County, Nevada, on July 15, 2019, as Document No. 2019-931773, as affected by that certain Partial Reconveyance made by First American Title Insurance Company, as Trustee, dated June 20, 2019 and recorded in the Official Records of Douglas County, Nevada on July 15, 2019 as Document No. 2019-931764, as amended by that certain Second Amendment to Deed of Trust dated as of September 6, 2019 and recorded in the Official Records of Douglas County, Nevada on September 17, 2019 as Document No. 2019-935305 (collectively, the "**Subordinated Deed of Trust**").
- O. Pursuant to that certain Loan Agreement dated January 25, 2019 (the "**Loan Agreement**") among BCD, the Lenders from time to time party thereto, and ACORE Capital Mortgage, LP, a Delaware limited partnership ("**ACORE**"), in its capacity as administrative agency for and on behalf of Lenders from time to time party to the Loan Agreement, Lenders made a loan to BCD (the "**ACORE Loan**").
- P. BCD granted ACORE a security interest in the BCD Property to secure the ACORE Loan as evidenced by that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of January 25, 2019 and recorded in the Official Records of Douglas County, Nevada on January 25, 2019 as Document No. 2019-925057, as amended by that certain Partial Reconveyance made by First American Title Insurance Company, as Trustee, dated March 7, 2019 and recorded in the Official Records of Douglas County, Nevada as Document No. 2019-926429 (the "**ACORE Deed of Trust**").
- Q. As a condition precedent to releasing, from time to time, Units 101 through 125, inclusive, and Units 201 through 221, inclusive, as shown on that certain "Final Condominium Subdivision Map LDA 17-020 of Tahoe Beach Club – Phase 1" recorded on May 23, 2019, as Document No. 2019-929414,

Official Records of Douglas County, Nevada, and future Units developed on the BCD Property from the ACORE Deed of Trust, ACORE requires that the Easements be unconditionally an encumbrance upon the Club Property, pursuant to the terms of the Beach Use and Access Easement Agreement, prior and superior to all the rights of Beneficiary under the Subordinated Deed of Trust and that Beneficiary specifically and unconditionally subordinate the Subordinated Deed of Trust to the encumbrance of the Easements.

R. Beneficiary and Trustor agree to the subordination for the benefit of the Association as the holder of the Easements.

NOW THEREFORE, for good and valuable consideration the receipt and adequacy of which is hereby acknowledged, Beneficiary and Trustor hereby agree for the benefit of the Association as follows:

1. **Subordination.** The Easements, and any modifications, renewals or extensions thereof, shall unconditionally be an encumbrance on the Club Property, pursuant to the terms of the Beach Use and Access Easement Agreement, prior and superior to the Subordinated Deed of Trust.

2. **Sale Subject to Easement.** Beneficiary confirms and agrees that the Easement shall survive any sale or other execution upon the Subordinated Deed of Trust. No sale of the Club Property by the Beneficiary, or by, through or under the powers vested in the Beneficiary pursuant to the Subordinated Deed of Trust, shall occur except under and subject to the Easements. This covenant applies not only to a sheriff's sale or other judicial sale of the Club Property on account of a default or other violation under the Subordinated Deed of Trust but also to any sale that directly or indirectly benefits the Beneficiary as a creditor of the Trustor or a secured creditor with respect to the Club Property.

3. **Entire Agreement.** This Agreement shall be the whole agreement with regard to the subordination of the Subordinated Deed of Trust to the encumbrance of the Easements and shall supersede and cancel, but only insofar as would affect the priority of the Easements, any prior agreements as to such subordination, including, without limitation, those provisions, if any, contained in the Subordinated Deed of Trust which provide for the subordination of the deed of trust to any other instrument.

4. **Successors and Assigns.** This Agreement shall be binding on and shall inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns.

5. **Modification.** This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, canceled, superseded or changed by any oral agreement, course of conduct, waiver or estoppel.

6. **Notices.** All notices, approvals, acceptances, demands and other communications required or permitted hereunder, to be effective shall be in writing and shall be delivered either in person or by mailing the same by United States mail (postage prepaid, registered or certified, return receipt requested) or by Federal Express or other similar overnight delivery service to the party to whom the notice is directed at the address of such party as follows:

Beneficiary: GBS Capital, LLC
c/o Sabin Holdings, LLC
17180 Bernardo Center Drive, #200
San Diego, CA 92128

Trustor: Patrick Rhamey, CEO
P.O. Box 5536
Stateline, NV 89449

Association: Patrick Rhamey, President
P.O. Box 5536
Stateline, NV 89449

Any written communication given by mail shall be deemed delivered two (2) business days after such mailing date and any written communication given by overnight delivery service shall be deemed delivered one (1) business day after the dispatch date. Either party may change its address by giving the other party written notice of its new address as herein provided.

7. Attorneys' Fees. If any arbitration or action at law or equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to recover actual attorneys' fees which may be determined by the court in the same action or in a separate action brought for that purpose. The attorneys' fees to be awarded shall be made to fully reimburse for all attorneys' fees, paralegal fees, costs and expenses actually incurred in good faith, regardless of the size of the judgment, it being the intention of the parties to fully compensate for all attorneys' fees, paralegal fees, costs and expenses paid or incurred in good faith.

8. 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).

9. Waiver. No waiver of any term or provision of this Agreement shall be effective unless it is in writing, making specific reference to this Agreement and signed by the party against whom such waiver is sought to be enforced.

10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute and be construed as one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth below.

BENEFICIARY:

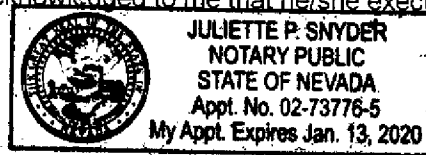
GBS CAPITAL, LLC,
a Nevada limited liability company

By: Spencer Plumb
Spencer Plumb, President

STATE OF Nevada }
COUNTY OF Douglas } ss.

On this 2nd day of October, 2019, before me personally came Spencer Plumb, 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.

Juliette P. Snyder Notary Public



TRUSTOR:

TAHOE BEACH CLUB, LLC,
a Nevada Limited Liability Company


Trustor

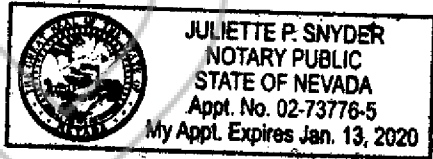
By: 
Patrick Rhamey, Chief Executive Officer

STATE OF Nevada }
COUNTY OF Douglas } SS.

On this 2nd day of October, 2019, before me personally came Patrick Rhamey, 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.

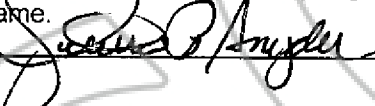
 Notary Public

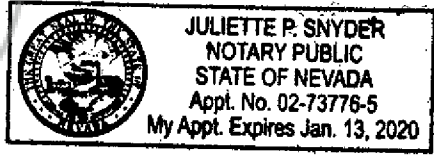
By: 
Spencer G. Plumb, President



STATE OF Nevada }
COUNTY OF Douglas } SS.

On this 2nd day of October, 2019, before me personally came Spencer Plumb, 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



End.

EXHIBIT A

LEGAL DESCRIPTION

PARCEL NO. I:

THAT PORTION OF THE SOUTH HALF (S 1/2) OF SECTION 22, TOWNSHIP 13 NORTH, RANGE 18 EAST, M.D.B.&M., DOUGLAS COUNTY, NEVADA, DESCRIBED AS FOLLOWS:

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 DECEMBER 29, 2016 IN BOOK N/A AS INSTRUMENT NO. 2016-892776 OF OFFICIAL RECORDS.

PARCEL NO. II:

A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS RECORDED NOVEMBER 07, 2018 IN A RECIPROCAL ACCESS EASEMENT AGREEMENT IN BOOK N/A AS INSTRUMENT 2018-921866 IN THE OFFICE OF THE DOUGLAS COUNTY RECORDER.