

APN: 1220-04-601-025
Order No.: 120270-WLD

The undersigned hereby affirms that this document, including any exhibits, hereby submitted for recording DOES NOT contain the social security number of a person or persons as required by law.

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

Sierra Pacific Federal Credit Union
Attention: Megan Mathias
6100 Neil Road, Suite 150
Reno, Nevada 89511

Space Above This Line for Recorder's Use Only

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

[Quilt House, Inc.]

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT ("**Agreement**"), dated as of the 5 day of November, 2020, is made by PIERCE FAMILY PROPERTIES, LLC, a Nevada limited liability company ("**PIERCE**"), ("**Borrower**" and "**Landlord**"), and THE QUILT HOUSE, INC., a Nevada S-Corporation ("**Tenant**"), in favor of SIERRA PACIFIC FEDERAL CREDIT UNION ("**Lender**"), and recites and provides as follows:

A. Lender has agreed to make a loan to Borrower in the principal sum of **\$735,000.00** ("**Loan**") secured by land described in **Exhibit A** attached hereto located in **Douglas County, Nevada** (together with all improvements thereon, the "**Property**"). The Loan is evidenced by promissory note (and as the same may be amended, modified, or supplemented from time to time, the "**Note**") made by Borrower and payable to Lender. The Loan and Note are secured by a deed of trust of even date herewith (and as the same may be amended, modified or supplemented from time to time, the "**Deed of Trust**") from Borrower to WESTERN TITLE COMPANY, as trustee, in favor of Lender. Capitalized terms used in this Agreement have the meanings given to them in the Note and Deed of Trust.

B. Borrower, as successor landlord, and Tenant, as tenant, are parties to the Standard Retail Lease (Triple Net) dated **May 17, 2002** (as the same may be further amended or modified, "**Lease**"), for all or a portion of the Property described more particularly in the Lease.

C. Landlord's interest in the Lease will be assigned to Lender as additional security for the Loan. The Note, the Deed of Trust, and all other documents and instruments evidencing or securing the Loan and any amendments, extensions, supplements, consolidations, replacements,

renewals, and advances or re-advances are in this Agreement collectively called the "**Loan Documents.**"

D. Lender and Tenant desire to confirm their understanding with respect to, among other things, the subordination of the Lease to the Deed of Trust and Lender's agreement not to disturb Tenant's possession of the Premises, subject to and in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. **Subordination of Lease.** The Lease and Tenant's leasehold interest under the Lease shall be and shall remain at all times and in each and every respect subject and subordinate to the lien of the Deed of Trust and the other Loan Documents, and to any and all increases, renewals, amendments, modifications, supplements, extensions, consolidations, and replacements of the Deed of Trust or any of the other Loan Documents, including without limitation, amendments which increase the amount of the indebtedness secured by the Loan Documents.

2. **Non-Disturbance.** So long as (i) the Lease is in full force and effect and has not been terminated, and (ii) there are no Tenant defaults under (A) this Agreement or (B) the Lease that continue beyond the expiration of any applicable notice and cure periods in the Lease, then Lender agrees that: (a) Tenant shall not be named or joined in any foreclosure, sale, or other proceeding by or on behalf of Lender to enforce the Loan Documents unless the joinder is required by law to perfect such a foreclosure, sale or other proceeding; (b) the enforcement of the Loan Documents shall not terminate the Lease or disturb Tenant in the possession and use of the Premises; and (c) the leasehold estate granted by the Lease, and Tenant's right to quiet enjoyment, possession, and any other rights under the Lease, shall not be disturbed or terminated by any transfer of Landlord's interest in the Property by foreclosure, deed in lieu of foreclosure, sale, or other action or proceeding initiated to enforce the Loan Documents (individually and collectively referred to as a "**Foreclosure Event**").

3. **Attornment.** If any Foreclosure Event occurs, Tenant hereby attorns to any transferee, including Lender, and its successors and assigns (collectively, "**Successor**"), as the landlord under the Lease. Tenant shall be bound to Successor under all of the executory terms, covenants, and conditions of the Lease for the balance of the Lease term with the same force and effect as if Successor had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments evidencing Successor's succession to the interest of Landlord under the Lease. From and after the occurrence of any Foreclosure Event, Tenant shall make all payments under the Lease directly to Successor. Notwithstanding the foregoing, Successor shall not be: (i) liable for any act, omission, or default of Landlord or any prior landlord; (ii) liable for any damage for a breach of any representation or warranty contained in the Lease by Landlord or any prior landlord under the Lease; (iii) subject to any offsets or defenses which Tenant might have against Landlord or any prior landlord; (iv) bound by any prepayment of rent or additional rent which Tenant might have paid for more than one month in advance to Landlord or any prior landlord, unless the same is actually received by Successor; (v) obligated for the return of any security deposit, unless the same is actually received by Successor, or a credit or refund to Tenant of any prepayment of rent or other charges made

pursuant to the express terms of the Lease, unless such prepayment is actually received by Successor; (vi) bound by any amendment, modification, cancellation, or surrender of the Lease, or by any waiver or forbearance on the part of Landlord or any prior landlord made or given without Lender's written consent; (vii) bound to make any payment to Tenant or perform any work required to be made or performed by Landlord or relating to periods prior to the date on which the interests of Landlord under the Lease are transferred to Successor, and Successor shall not be obligated to pay for any work allowance or contribution required to be made by Landlord pursuant to the terms of the Lease; or (viii) bound by any responsibility to repair or restore the Property after damage or destruction of the Property, or any part thereof, due to fire or other casualty occurring prior to the date that Successor obtains title to the Property, or by reason of condemnation occurring prior to the date that Successor obtains title to the Property.

4. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada without reference to conflict of law principles.

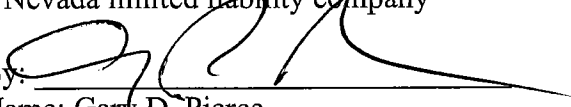
6. Severability. If any provision of this Agreement, or the application hereof to any person, entity or circumstance, shall to any extent be invalid or unenforceable, the remainder of the provisions of this Agreement, or the application of such provision to other persons, entities or circumstances shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

[SIGNATURES FOLLOW]

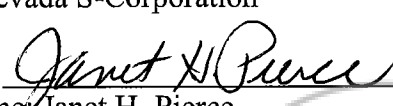
IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

BORROWER/LANDLORD:

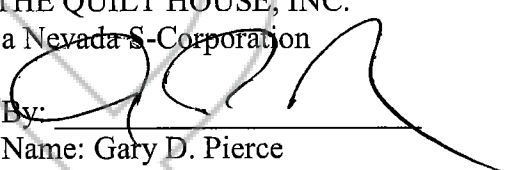
PIERCE FAMILY PROPERTIES, LLC
a Nevada limited liability company

By: 
Name: Gary D. Pierce
Title: Manager

THE QUILT HOUSE, INC.
a Nevada S-Corporation

By: 
Name: Janet H. Pierce
Its: President

THE QUILT HOUSE, INC.
a Nevada S-Corporation

By: 
Name: Gary D. Pierce
Its: Secretary

STATE OF NEVADA)
)ss
COUNTY OF DOUGLAS)

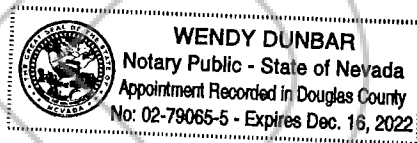
On 11-5-2020, 2020, before me, Wendy Dunbar (here insert name of the officer), Notary Public, personally appeared GARY D. PIERCE, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature of Notary Public



[Seal]

STATE OF NEVADA)
)ss.
COUNTY OF DOUGLAS)

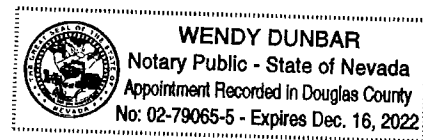
On 11-5-2020, 2020, before me, Wendy Dunbar (here insert name of the officer), Notary Public, personally appeared JANET H. PIERCE, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.



Signature of Notary Public



[Seal]

SIERRA PACIFIC FEDERAL CREDIT UNION

By: *hmy math*
Name: Megan Mathias
Its: Director of Lending



STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

On 11-6, 2020, before me, Ichie Miguel (here insert name of the officer), Notary Public, personally appeared MEGAN MATHIAS, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

[Signature]
Signature of Notary Public

[Seal]

EXHIBIT A

LEGAL DESCRIPTION

All that certain real property situate in the County of Douglas, State of Nevada, described as follows:

PARCEL 1:

A parcel of land located in the South ½ of the Northeast ¼ of Section 4, Township 12 North, Range 20 East, M.D.B. & M., Douglas County, Nevada, more particularly described as follows:

Being a portion of Parcel B3 of Parcel Map LD#00-034 for Lampe Corners, Ltd., filed for record in the Office of the Douglas County Recorder on August 23, 2000, in Book 0800, Page 4151, as Document 498148.

Commencing at the Northeast corner of Parcel D as shown on Parcel Map #2029 for Lampe Corners, Ltd. Recorded March 27, 1998 in the office of Recorder Douglas County, Nevada as Document No. 435999, a point on the Southerly right-of-way of U.S. Highway 395; Thence along said Southerly right-of-way of U.S. Highway 395, South 51°04'00" East, 222.84 feet to the Point of Beginning; Thence continuing along said Southerly right-of-way of U.S. Highway 395, South 51°04'00" East, 118.62 feet to the Northeast corner of Parcel B3 as shown of Parcel Map LDA 00-034 for Lampe Corners, Ltd. Recorded August 23, 2000 in said office of Recorder, Douglas County, Nevada as Document No. 498148; Thence along the boundary of said parcel B3 in the following courses:

South 38°57'12" West, 31.52 feet; along the arc of a curve concave to the Northwest having a radius of 80.00 feet, central angle of 50°57'12", and an arc length of 71.14 feet; Thence South 89°53'12" West, 32.85 feet; Thence South 00°06'48" East, 179.00 feet; Thence South 89°53'12" West, 129.00 feet; Thence North 00°06'48" West, 218.30 feet; Thence North 38°56'00" East, 115.25 feet to the Point of Beginning.

Reference is hereby made to the certain Record of Survey to Support a Boundary Line Adjustment for Lampe Corners, Ltd. And Pierce Revocable Living Trust, filed for record in the office of the Douglas County Recorder, State of Nevada on May 5, 2003 in book 503, Page 1781, as Document no. 575645, Official Records.

PARCEL 2:

An easement for sign purposes as described in Easement Deed, filed for record in the office of the Douglas County Recorder, State of Nevada, on February 10, 2003, in Book 203, Page 271, as Document No. 566593, Official Records.

Note: The above meets and bounds description appeared previously in the certain Deed recorded in the office of the County Recorder of Douglas County, Nevada on January 20, 2004, Book 104, Page 5831 as Document No. 602385 of Official Records

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