

APN: 014-010-02, 014-010-04 and 014-010-08

**WHEN RECORDED  
RETURN TO:**  
NVCDC  
626 SOUTH NINTH STREET  
LAS VEGAS, NV 89101  
ATTN VERSHAUN

**AMENDED  
LEASE SUBORDINATION AGREEMENT**

This Amended Subordination Agreement is made on 6/26, 2001, by Desert Rose Enterprises, A Limited Liability Company, Rainbow Recovery Ranch, Inc., a Nevada corporation, and New Ventures Capital Development Company ("Lender") in participation with the Small Business Administration. The Subordination Agreement dated January 19, 2001 and recorded in Book 154 at Page 512 as Instrument No. 116276, Lincoln County Nevada is hereby amended as follows:

**RECITALS:**

WHEREAS, Desert Rose Enterprises, A Limited Liability Company is the owner of that certain property whose description is attached hereto as Exhibit "A" ("Property"), and the lessor under the Lease Agreement attached hereto as Exhibit "B" (the "Lease Agreement"), between Desert Rose Enterprises, A Limited Liability Company ("Lessor"), and Rainbow Recovery Ranch, Inc. ("Lessee");

WHEREAS, Lender, in participation with the Small Business Administration, has agreed to make a loan to Lessor and to accept a Deed of Trust as security for repayment of the loan thereby requiring subordination of the Lease Agreement to the Deed of Trust dated January 19, 2001, and recorded in the official records of Lincoln County, Nevada, as Instrument No. 116271 in Book 154 at Page 494. Said Deed of Trust was amended on June 26, 2001 and the Amended Deed of Trust was recorded on even date herewith as Instrument No. 116274 in Book

156 at Page 170 securing the property known as HC 64 Box 15, Caliente, Nevada 89008 more specifically described on Exhibit "A";

WHEREAS, Lessee has agreed to subordinate the Lease Agreement and to cooperate with Lessor and any lender acquiring a security interest in the Property by executing documents as any such lender may require;

NOW, THEREFORE, Lessor, Lessee, and Lender, agree as follows:

The Lease Agreement, between Lessor, and Lessee, for the Property is, and will become subject and subordinate to the Deed of Trust and Amended Deed of Trust executed by Desert Rose Enterprises, A Limited Liability Company as Trustor, and New Ventures Capital Development Company as Beneficiary in participation with the Small Business Administration, an agency of the United States, Las Vegas District Office, 300 Las Vegas Blvd., South, Suite 1100, Las Vegas, Nevada 89101, recorded in the official records of Lincoln County, Nevada. Nothing in this Subordination Agreement shall limit any of New Ventures Capital Development Company's or the Small Business Administration's rights under the Deed of Trust or Amended Deed of Trust described herein.

**LESSOR:**

Desert Rose Enterprises,  
A Limited Liability Company

Gary R. Davis  
Gary R. Davis, Managing Member

**LESSEE:**

Rainbow Recovery Ranch, Inc.,  
a Nevada corporation

Gary R. Davis  
Gary R. Davis, President

**LENDER:**

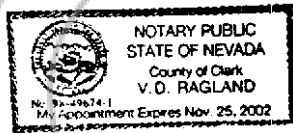
NEW VENTURES CAPITAL  
DEVELOPMENT COMPANY

By: Ernest M. Fountain  
Ernest M. Fountain, President  
626 South Ninth Street  
Las Vegas, Nevada 89101

**ACKNOWLEDGMENTS**

STATE OF NEVADA     )  
  : ss.  
COUNTY OF CLARK    )

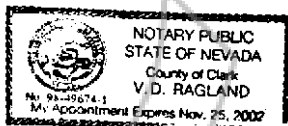
On this 26 day of JUNE, 2001, personally appeared before me, the undersigned, a Notary Public in and for the County of Clark, State of Nevada, Gary R. Davis, who acknowledged that he executed the above Lease Subordination Agreement.



*[Signature]*  
NOTARY PUBLIC in and for said  
County and State

STATE OF NEVADA     )  
  : ss.  
COUNTY OF CLARK    )

On this 26 day of JUNE, 2001, personally appeared before me, the undersigned, a Notary Public in and for the County of Clark, State of Nevada, Ernest M. Fountain, who acknowledged that he executed the above Lease Subordination Agreement.



*[Signature]*  
NOTARY PUBLIC in and for said  
County and State

## EXHIBIT A

### PARCEL 1:

Lot 4, Section 2, Township 5 South, Range 66 East, M.D.B. & M., Lincoln County, Nevada. Excepting from Lot 4 of said Section 2, the following:

Beginning at the Northeast Corner of this parcel from which the Southeast corner of Section 34, Township 4 South, Range 66 East, M.D.B. & M., bears South 89°40'49" East, a distance of 55.11 feet; thence South 0°18'57" West, a distance of 578.33 feet to the Southeast corner; thence North 89°42'33" West, a distance of 915.43 feet to the Southwest corner at a point on a curve on the Easterly boundary of State Route 317; sub chord bears North 28°18'22" East, a distance of 220.03 feet to the point of tangency of the curve; thence North 31°34'09" East, along the Easterly boundary of State Route 317 right-of-way, a distance of 449.74 feet to the Northwest corner; thence South 89°40'49" East, a distance of 578.83 feet to the Northeast corner which is the Point of Beginning.

### PARCEL 2:

Southwest Quarter (SW 1/4) Northwest Quarter (NW 1/4) Northwest Quarter (NW 1/4) Southwest Quarter (SW 1/4) Section 2, Township 5 South, Range 66 East, M.D.B. & M., Lincoln County, Nevada.

Southeast Quarter (SE 1/4) Northeast Quarter (NE 1/4), Section 3, Township 5 South, Range 66 East, M.D.B. & M., Lincoln County, Nevada.

Further Saving and Excepting that portion of said land conveyed to Lincoln County by Deed recorded January 7, 1937 in Book E-1, Page 180 of Deeds.

Further Excepting Therefrom the interest in and to said land conveyed to Lincoln County by Deed recorded May 30, 1974 in Book 10 of Official Records, Page 367, Lincoln County, Nevada Records.

### PARCEL 3:

North Half (N 1/2) Southeast Quarter (SE 1/4) Southwest Quarter (SW 1/4) Southeast Quarter (SE 1/4) Section 3, Township 5 South, Range 66 East, M.D.B. & M., Lincoln County Nevada.

Northwest Quarter (NW 1/4) of the Northeast Quarter (NE 1/4), Section 10, Township 5 South, Range 66 East, M.D.B. & M., Lincoln County, Nevada.

Further Saving and Excepting that portion of said land conveyed to Lincoln County by Deed recorded January 7, 1937 in Book E-1, Page 180 of Deeds.

Further Excepting Therefrom the interest in and to said land conveyed to Lincoln County by Deed recorded May 30, 1974 in Book 10 of Official Records, Page 367, Lincoln County, Nevada Records.

Assessor's Parcel No: 14-010-02; 04 & 08

Form 1148 Commercial Lease

# EXHIBIT B

## COMMERCIAL LEASE

This lease is made between Desert Rose Enterprises, Inc. hereinafter called Lessor,  
and Rainbow Recovery Ranch, Inc. hereinafter called Lessee.

Lessee hereby offers to lease from Lessor the premises situated in the City of Caliente  
County of Lincoln State of Nevada described as

Sections A attached hereto upon the following TERMS and CONDITIONS:

1. Term and Rent. Lessor demises the above premises for a term of 2 1/2 years,  
commencing August 1, 1981 and terminating on July 31, 2003  
or sooner as provided herein at the annual rental of Twelve Thousand Five Hundred  
Dollars (\$ 12,500.00 ), payable in equal installments in advance on the first  
day of each month for that month's rental, during the term of this lease. All rental payments shall be made in  
Lessor, at the address specified above.

2. Use. Lessee shall use and occupy the premises for  
The premises shall be used for no other purpose. Lessor represents that the  
premises may lawfully be used for such purpose.

3. Care and Maintenance of Premises. Lessee acknowledges that the premises are in good order  
and repair unless otherwise indicated herein. Lessee shall, at his own expense and at all times, maintain the  
premises in good and safe condition, including plate glass, electrical wiring, plumbing and heating  
installations and any other system or equipment upon the premises and shall surrender the same, at  
termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be  
responsible for all repairs required, excepting the roof, exterior walls, structural foundations, and:  
which shall  
be maintained by Lessor. Lessee shall also maintain in good condition such portions adjacent to the  
premises, such as sidewalks, driveways, lawns and shrubbery, which would otherwise be required to be  
maintained by Lessor.

4. Alterations. Lessee shall not, without first obtaining the written consent of Lessor, make any  
alterations, additions, or improvements, in, to or about the premises.

5. Ordinances and Statutes. Lessee shall comply with all statutes, ordinances and requirements of  
all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the  
premises, necessitated by or affecting the use thereof by Lessee.

6. Assignment and Subletting. Lessee shall not assign this lease or sublet any portion of the  
premises without prior written consent of the Lessor, which shall not be unreasonably withheld. Any such  
assignment or subletting without consent shall be void and, at the option of the Lessor, may terminate this  
lease.

7. Utilities. All applications and connections for necessary utility services on the demised premises  
shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become  
due, including those for sewer, water, gas, electricity, and telephone services.

8. Entry and Inspection. Lessee shall permit Lessor or Lessor's agents to enter upon the premises at  
reasonable times and upon reasonable notice, for the purpose of inspecting the same, and will permit Lessor at  
any time within sixty (60) days prior to the expiration of this lease, to place upon the premises any signs "To  
Let" or "For Lease" signs, and permit persons desiring to lease the same to inspect the premises thereafter.

9. Possession. If Lessor is unable to deliver possession of the premises at the commencement hereof,  
Lessor shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but Lessee  
shall not be liable for any rent until possession is delivered. Lessee may terminate this lease if possession is  
not delivered within \_\_\_\_\_ days of the commencement of the term hereof.

10. Indemnification of Lessor. Lessor shall not be liable for any damage or injury to Lessor, or any  
other person, or to any property, occurring on the demised premises or any part thereof, and Lessor agrees to  
hold Lessor harmless from any claims for damages, no matter how caused.

11. Insurance. Lessee, at his expense, shall maintain plate glass and public liability insurance including  
bodily injury and property damage insuring Lessee and Lessor with maximum coverage as follows:

Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The  
Certificate shall provide for a ten-day written notice to Lessor in the event of cancellation or material change  
of coverage. To the maximum extent permitted by insurance policies which may be owned by Lessor or  
Lessee, Lessor and Lessor, for the benefit of each other, waive any and all rights of subrogation which might  
otherwise exist.



12. Eminent Domain. If the premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the premises, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expenses.

13. Destruction of Premises. In the event of a partial destruction of the premises during the term hereof, from any cause, Lessee shall forthwith repair the same, provided that such repairs can be made within sixty (60) days under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within said sixty (60) days, Lessor, at his option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made within sixty (60) days, this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement cost thereof, Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

14. Lessor's Remedies on Default. If Lessee defaults in the payment of rent, or any additional rent, or defaults in the performance of any of the other covenants or conditions hereof, Lessor may give Lessee notice of such default and if Lessee does not cure any such default within 14 days, after the giving of such notice (or if such other default is of such nature that it cannot be completely cured within such period, if Lessee does not commence such curing within such 14 days and thereafter proceed with reasonable diligence and in good faith to cure such default), then Lessor may terminate this lease on not less than 30 days' notice to Lessee. On the date specified in such notice the term of this lease shall terminate, and Lessee shall then quit and surrender the premises to Lessor, but Lessee shall remain liable as hereinafter provided. If this lease shall have been so terminated by Lessor, Lessor may at any time thereafter resume possession of the premises by any lawful means and remove Lessee or other occupants and their effects. No failure to enforce any term shall be deemed a waiver.

15. Security Deposit. Lessee shall deposit with Lessor on the signing of this lease the sum of \$ 5,000.00 Five Thousand Dollars as security for the performance of Lessee's obligations under this lease, including without limitation the surrender of possession of the premises to Lessor as herein provided. If Lessor applies any part of the deposit to cure any default of Lessee, Lessee shall on demand deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this lease.

16. Tax Increase. In the event there is any increase during any year of the term of this lease in the City, County or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate or valuation, Lessee shall pay to Lessor upon presentation of paid tax bills an amount equal to 100% of the increase in taxes upon the land and building in which the leased premises are situated. In the event that such taxes are assessed for a tax year extending beyond the term of the lease, the obligation of Lessee shall be proportionate to the portion of the lease term included in such year.

17. Common Area Expenses. In the event the demised premises are situated in a shopping center or in a commercial building in which there are common areas, Lessee agrees to pay his pro-rata share of maintenance, taxes, and insurance for the common area.

18. Attorney's Fees. In case suit should be brought for recovery of the premises, or for any term due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fee.

19. Notices. Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the premises, or Lessor at the address shown below, or at such other places as may be designated by the parties from time to time.

20. Heirs, Assigns, Successors. This lease is binding upon and inures to the benefit of the heirs, assigns and successors in interest to the parties.

21. Option to Renew. Provided that Lessee is not in default in the performance of this lease, Lessee shall have the option to renew the lease for an additional term of 60 months commencing at the expiration of the initial lease term. All of the terms and conditions of the lease shall apply during the renewal term except that the monthly rent shall be the sum of \$ 15,000.00. The option shall be exercised by written notice given to Lessor not less than 60 days prior to the expiration of the initial lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire.

22. Subordination. This lease is and shall be subordinated to all existing and future deeds and encumbrances against the property.

23. Entire Agreement. The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties. The following Exhibits, if any, have been made a part of this lease before the parties' execution hereof:

Signed this 13<sup>th</sup> day of August 1991  
Rainbow Recovery Ranch, Inc. Desert Rose Enterprises, A Limited Liability Company  
By: *[Signature]* Its President By: *[Signature]* Its Managing Member  
BOOK 156 PAGE 151

COPY

NO. 116547

FILED AND RECORDED AT REQUEST OF  
NEW VENTURES DEVELOPMENT CO.  
JUNE 27, 2001

AT 01 MINUTES PAST 03 O'CLOCK  
PM IN BOOK 156 OF OFFICIAL  
RECORDS PAGE 176 LINCOLN

COUNTY, NEVADA

*Lyslie Poucher*  
COUNTY RECORDER