

122896

A.P.N. # 03-061-01  
ESCROW NO. 19028317  
RECORDING REQUESTED BY:  
COW COUNTY TITLE

FILED FOR RECORDING  
AT THE REQUEST OF

*Cow County Title*

2004 AUG 20 PM 4 33

LINCOLN COUNTY RECORDER  
FEE \$18.00 DEP  
LESLIE BOUCHER *LB*

WHEN RECORDED MAIL TO:

ARTHUR BLACKMORE  
PO BOX 700  
COLORADO CITY AZ 86021

(Space Above for Recorder's Use Only)

### SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT, made August 17, 2004, by CALIENTE HOT SPRINGS RESORT LLC, a Nevada Limited Liability Company owner of the land hereinafter described and hereinafter referred to as "Owner", and ARTHUR BLACKMORE, a married man as his sole and separate property present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary".

#### WITNESSETH

THAT WHEREAS, Owner has executed a deed of trust, dated August 17, 2004, to COW COUNTY TITLE CO., a Nevada Corporation, as Trustee, covering:

SEE ATTACHED EXHIBIT "A"

to secure a note in the sum of \$130,000.00, in favor of ARTHUR BLACKMORE, a married man as his sole and separate property, Beneficiary, which deed of trust is to be recorded concurrently herewith; and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of \$341,800.00, dated August 16, 2004, in favor of NEVADA BANK & TRUST CO., hereinafter referred to as "Lender", payable with interest and upon the terms and conditions described therein, which deed of trust is to be recorded concurrently herewith; and

WHEREAS, it is a condition precedent to obtaining said loan that said deed of trust last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the deed of trust first above mentioned; and

WHEREAS, lender is willing to make said loan provided the deed of trust securing the same is a lien or charge upon the above described property prior and superior to the lien or charge of the deed of trust first above mentioned and provided that Beneficiary will specifically and unconditionally subordinate the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of Lender; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Beneficiary is willing that the deed of trust securing the same shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge of the deed of trust first above mentioned.

NOW THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Lender to make the loan above referred to, it is hereby declared, understood and agreed as follows:

- (1) That said deed of trust securing said note in favor of Lender, and any renewals or extensions thereof shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the deed of trust first above mentioned.
- (2) That Lender would not make its loan above described without this subordination agreement.
- (3) That this agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited to, those provisions, if any, contained in the deed of trust first above mentioned, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

Beneficiary declares, agrees and acknowledges that

- (a) He consents to and approves (i) all provisions of the note and deed of trust in favor of Lender above referred to, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's loan;
- (b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;
- (c) He intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the deed of trust first above mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination;
- (d) An endorsement has been placed upon the note secured by the deed of trust first above mentioned that said deed of trust has by this instrument been subordinated to the lien or charge of the deed of trust in favor of Lender above referred to.

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NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

CALIENTE HOT SPRINGS RESORT LLC

Janice J. Cole  
Owner JANICE J. COLE,  
MANAGING MEMBER

Beneficiary

Owner

Arthur R. Blackmore  
Beneficiary

Owner

Beneficiary

Owner

Beneficiary

STATE OF NEVADA }  
COUNTY OF Lincoln } ss.

DATE: August 18, 2004

This instrument was acknowledged before me on 8/18/04  
by Janice J Cole and  
Arthur Blackmore

Signature C. L. Flavion-Arnhart  
Notary Public



## EXHIBIT "A"

### LEGAL DESCRIPTION

ESCROW NO.: 19028317

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

PARCEL 1:

That certain parcel of land known as the CALIENTE HOT SPRINGS in the City of Caliente, Nevada, and being all that certain part of the Northeast Quarter of the Northwest Quarter (NE1/4, NW1/4) of Section 8, Township 4 South, Range 67 East, M.D.B.&M., situate North and East of the right of way of the Caliente and Pioche Railroad.

EXCEPTING THEREFROM the interest in and to the following described real property:

Beginning at a point from which the Section corner common to Section 5, 6, 7 and 8, Township 4 South, Range 67 East, M.D.B.&M., bears North  $74^{\circ}6'$  West a distance of 2654.8 feet; thence North  $48^{\circ}30'$  East a distance of 100 feet; thence North  $68^{\circ}04'$  West a distance of 223.6 feet; thence South  $41^{\circ}30'$  East a distance of 200 feet to the point of beginning, embracing an area of approximately 23 acres, more or less in the Northeast Quarter of the Northwest Quarter (NE1/4, NW1/4) of Section 8, Township 4 South, Range 67 East, M.B.D.&M., Lincoln County, Nevada, as conveyed to Lincoln County Power District No. 1 by Deed recorded August 11, 1936, in Book "E-1" of Real Estate Deeds, page 144, Lincoln County, Nevada records.

FURTHER EXCEPTING from said land the interest in and to the following described real property.

Beginning at a point in the East line thereof, South  $0^{\circ}0'27''$  West 360.31 feet from the Northeast corner thereof; thence continuing South  $0^{\circ}0'27''$  West 511.34 feet; thence North  $89^{\circ}59'33''$  West 232.79 feet to a point in the East right of way line of the U.P.R.R. Co.; thence along a curve concave to the East, having a radius of 1713.18 feet a central angle of  $17^{\circ}21'22''$ , an arc length of 523.94 feet to a point; thence North  $56^{\circ}16'59''$  East 247.44 feet; thence South  $89^{\circ}59'33''$  East 367.30 feet to the point of beginning as conveyed to the State of Nevada by Deed recorded March 22, 1961, in Book "L-1" of Real Estate Deeds, page 355, Lincoln County records.

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PARCEL 2:

All of the East half of the Southwest Quarter (E1/2, SW1/4) of Section 5, Township 4 South, Range 67 East M.D.B.&M. Lying East of the right of way of the Pioche Branch of the Union Pacific Railroads.

EXCEPTING THEREFROM that portion of the Northeast Quarter of the Southwest Quarter (NE1/4, SW1/4) of said Section 5, and described as follows:

Beginning at a point on the Quarter section line which is the Southeast Corner of this parcel from which the Southwest corner of said Section 5 bears South 53°25'27" West a distance of 3,279.75 feet more or less; thence South 89°59'57" West a distance of 306.46 feet more or less to the Southwest corner; thence along the most westerly boundary of the abandoned railroad right of way of the Pioche Spur of the U.P.R.R. Company which is a concave curve. The chord distance of 736.50 feet more or less at a bearing North 19°50'03" East to a point which is the Northwest corner; thence North 89°57'16" East a distance of 59.87 feet more or less to the Northeast corner; thence South 0°16'24" West a distance of 692.87 feet more or less to the point of beginning. Said parcel contains 2.9 acres more or less and is more particularly described as Parcel Two (2) as shown by Parcel Map recorded May 12, 1987, in Book "A" of Plats at Page 273, Official Records of Lincoln County, Nevada.

ASSESSOR'S PARCEL NUMBER FOR 2003 - 2004: 03-061-01  
03-012-02  
03-022-01

TOGETHER WITH all right, title and interest in any and all water, water rights, and the rights associated with, appurtenant to and used upon those certain lands located in Lincoln County, Nevada, described as APN# 03-061-01, 03-012-02, 03-022-01, including but not limited to rights to water pursuant to Permit No. 30204, Certificate No. 9095, issued by and appearing in the records of the Department of Natural Resources, Office of the State Engineer, State of Nevada, for 6.13 million gallons annually for commercial and domestic purposes.