

**Loan Modification Agreement
Loan Extension Agreement**

"BORROWER"

This Loan Modification Agreement (hereinafter referred to as the "Agreement") is made and entered into August 15, 1996, by and between BANK OF AMERICA NEVADA, who acquired interest from Valley Bank of Nevada

, (hereinafter referred to as "Bank") AND Howard W. Herz

(hereinafter referred to as "Borrower") in connection with a Promissory Note or Note (hereinafter referred to as "Note") dated on or about April 25, 1990 in the original amount of \$ 65,000.00 secured by Deed of Trust and Assignment of Rents dated April 25, 1990 and a General Pledge Agreement of even date herein and the collateral pledge thereunder, which Deed of Trust recorded April 30, 1990 in Book 490, Page 4248, as Document No. 225000.

and upon which, interest at 12.250 % per annum is paid to April 18, 1996.

Whereas, an additional advance in the sum of \$ N/A, evidenced by an additional Note dated N/A, has been granted to Borrower.

Now therefore, request is hereby made that you accept payment of the current and/or available principal balance on the Note(s) of \$ 38,040.90 at time or times, and in the following manner:

- MATURITY DATE amended to : July 15, 2001
- PAYMENT TERMS amended to :
Consecutive monthly principal and interest payments of \$888.79 commencing on August 15, 1996 with full and final payment of all remaining principal and interest then due, if any July 15, 2001.
- INTEREST RATE amended to: 14.00% per annum
- ADDITIONAL items /conditions to be modified:

Method of determination of interest rate calculation on the Note(s) will be one or more of the following:

- The Bank's Reference Rate is the rate of interest publicly announced from time to time by the Bank of America National Trust and Savings Association ("BofA California") in San Francisco, California, as its Reference Rate. The Reference Rate is set based on various factors, including BofA California's costs and desired return, general economic conditions, and other factors, and is used as a reference point for pricing some loans. The Bank may price loans to its customers at, above, or below the Reference Rate. Any change in the Bank's Reference Rate shall take effect at the opening of business on the day specified in the public announcement of a change in BofA California's Reference Rate.
- Interest shall be calculated hereunder for the actual number of days that the principal is outstanding based on a year of (check one):
 - three hundred sixty (360) days, or
 - three hundred sixty-five (365) days except in a leap year when the base will be three hundred sixty-six (366) days.

In the event any payment hereunder is received by holder more than ten (10) days, fifteen (15) days after it is due, Bank, at its option, may assess a late charge of five percent (5%) or six percent (6%) of each overdue required payment (whether at Note rate or default rate). After maturity, default or demand, the rate of interest on any unpaid balance of principal shall be increased by five percent (5%) or _____ percent (_____ %) per annum above the rate of interest herein set forth until paid, both before and after judgement.

In consideration of Bank granting said modification/extension and acceptance thereof, and for forbearance to enforce payment except as hereinabove provided, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the indebtedness is evidenced by said Note(s) is hereby acknowledged and admitted, and the undersigned, jointly, severally, and unconditionally, promise to pay the same with the interest thereon within the time and in the manner provided for in said Note(s), as modified and amended hereby, and any deed of trust, security agreement, or other document. In further consideration of said modification/extension, presentment, demand of payment, protest, notice of dishonor, and notice of nonpayment to the makers, endorsers, and guarantors are hereby waived.

Any and all security for said principal obligation held by Bank, including any encumbrance thereon, may be enforced by Bank concurrently or independently in such order as Bank may determine. With reference to any such security in addition to the encumbrance, Bank may, without consent, or notice to, any of the undersigned, exchange, substitute, or release such security without affecting the liability of the undersigned or any endorser or guarantor, Bank may release any one or more of the parties to the above obligation, or permit the liability of said party or parties to terminate without affecting the liability of any other party or parties liable thereon.

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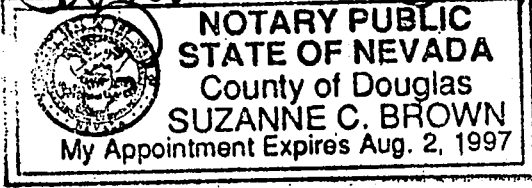
This Agreement is a modification/extension only and not a novation and except as expressly provided herein to the contrary, all terms and conditions of said Note(s) and any deed of trust, security agreement or other document(s) shall remain in full force and effect.

ACKNOWLEDGEMENT BY AN INDIVIDUAL:

On this 29th of August in the year 1996
before me Suzanne C Brown, a
Notary Public in and for said state, personally appeared
Howard W Herz personally
known to me to be the person who executed the above
instrument, and acknowledged to me that he
executed the same for purposes stated therein.

X
By Howard W. Herz
HOWARD W. HERZ

By _____

Suzanne C Brown


By _____

By _____

By _____

By _____

CONSENT AND ACKNOWLEDGEMENT OF GUARANTORS

The undersigned guarantors hereby consent to the foregoing Loan Modification Agreement/Loan Extension Agreement, and hereby reaffirm their obligations under their respective guaranties. Guarantors warrant that they have no defense or claim of offset to the enforcement by Bank of their respective guaranties, and each guarantor specifically waives, to the extent permitted in subsection 40.495(4) of the Nevada Revised Statutes, the benefits of the one-action rule under Nevada Revised Statutes Section 40.430. Each guarantor acknowledges that as a result of the foregoing waiver, an action for the enforcement of such guarantor's obligation may be brought separate and apart from (i) an action on the debt evidenced by the Note, (ii) the foreclosure of any deed of trust securing such debt, or (iii) any other action or proceeding against the Borrower.

By _____

By _____

By _____

By _____

WHEN RECORDED MAIL TO:

BANK OF AMERICA
UNIT #1738
ATTN: RE DEPT.
P.O. BOX 6012
PASADENA, CA 91102-6012

Attn: Marlet Reyes
Loan No.: 514-0441-0639013-9001

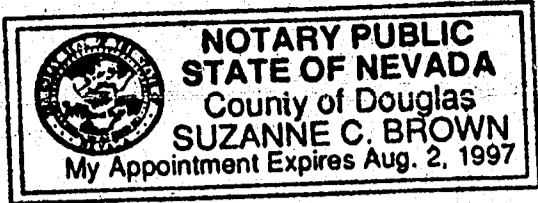
SPACE BELOW THIS LINE FOR RECORDER'S USE

395775

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[INDIVIDUAL ACKNOWLEDGEMENT]

State of Nevada
County of Douglas }



On August 29, 1996 personally appeared before me, a notary public, Howard W. Herz.
personally known (or proved) to me to be the person whose name is subscribed to the above instrument who acknowledged that (s)he executed the instrument.

Suzanne Brown
Signature

[CORPORATE ACKNOWLEDGEMENT]

State of _____
County of _____ }

On _____ personally appeared before me, a notary public, _____
personally known (or proved) to me to be the person whose name is subscribed to the above instrument who acknowledged that (s)he executed the instrument.

Signature

[PARTNERSHIP ACKNOWLEDGEMENT]

State of _____
County of _____ }

On _____ personally appeared before me, a notary public, _____
personally known (or proved) to me to be the person whose name is subscribed to the above instrument who acknowledged that (s)he executed the instrument.

Signature

REQUESTED BY
Stewart Title of Douglas County
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

'96 SEP -5 10:06

LINDA SLATER
RECORDER
\$ 9.00 PAID KD DEPUTY

395775
BK 0996 PG 0377