

**NOTE AND DEED OF TRUST MODIFICATION AGREEMENT
(Consolidation)**

Account Number: 3312631B and 3401227C

Date: May 5, 1997

THIS NOTE AND DEED OF TRUST MODIFICATION AGREEMENT ("Modification Agreement"), made on the above Date, is by and between Harich Tahoe Developments, a Nevada general partnership (hereinafter "Lender"), having an address of Post Office Box 5790, Stateline, Nevada 89449, and Julio A. Pequeno and Constance M. Pequeno (hereinafter jointly and severally "Borrower"), having the address of 417 West 20th Street, Tracy, CA 95376, and modifies the Note and Deed of Trust hereinafter defined.

WITNESSETH:

WHEREAS, Lender is the holder or agent of the holder of the Note which is secured by the Deed of Trust: and

WHEREAS, Borrower desires to obtain an additional advance under the Note for purposes of paying of in full another note payable to Lender, and Lender has agreed to make the advance provided additional collateral acceptable to Lender is granted by Borrower and encumbered by the Deed of Trust, and provided further that the Deed of Trust be a first lien upon all of the collateral; and

WHEREAS, Lender and Borrower have agreed to modify and/or supplement certain of the Note and Deed of Trust terms as set forth hereinafter.

NOW, THEREFORE, Lender and Borrower, in consideration of the above premises, the mutual covenants, conditions and agreements hereinafter set forth, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, agree as follows.

1. When used herein, the following terms shall have the following meanings unless the context requires otherwise:

- a. Note: that Promissory Note dated September 25, 1991, in the original principal amount of \$7,425.00 executed by Julio A. Pequeno and Constance M. Pequeno payable to the order of Lender, as amended if applicable, and secured by the Deed of Trust.
- b. Deed of Trust: that Deed of Trust and Assignment of Rents recorded in the Official Records in Book 1091 at Page 2242 as Document Number 262557, as amended if applicable.
- c. Loan Fee: \$0;
- d. Additional Advance: that advance of principal to be made under the Note pursuant to this Modification Agreement in the amount of U.S. \$4,299.44;
- e. New Principal Balance: \$9,550.01;
- f. New Interest Rate: eleven point nine five percent (11.95%);
- g. New Monthly Principal and Interest Payment: \$136.74;
- h. New Monthly Collection Fee: \$5.00;
- i. New Payment Commencement Date: April 11, 1997;
- j. New Maturity Date: 120 months immediately subsequent to the New Payment Commencement Date;
- k. Property: that real property described in and encumbered by the Deed of Trust;
- l. New Property: that real property described in Exhibit A attached hereto and incorporated herein by this reference;
- m. Official Records: the Official Records of Douglas County, Nevada.

2. Borrower warrants and represents that Borrower is the sole owner of the Property and has not alienated or transferred the Property, and the Property is free and clear of all liens and encumbrances other than the encumbrance of the Deed of Trust. In connection with the entering in the Modification Agreement, Lender shall obtain such endorsements to Lender's policy of title insurance respecting the Deed of Trust as Lender deems necessary or advisable and Lender agrees to pay all fees charged by the title insurance company and all recording costs associated with the Modification Agreement.

3. Borrower warrants and represents that Borrower is the sole owner of the New Property and has not alienated or transferred the New Property, and the New Property is free and clear of all liens and encumbrances other than the encumbrance of that certain deed of trust in favor of Lender and the encumbrance of the Deed of Trust created by this Modification Agreement.

THIS INSTRUMENT IS BEING RECORDED AS AN ACCOMMODATION ONLY. NO LIABILITY, EXPRESSED OR IMPLIED, IS ASSUMED AS TO ITS REGULARITY OR SUFFICIENCY NOR AS TO ITS AFFECT, IF ANY, UPON TITLE TO ANY REAL PROPERTY DESCRIBED THEREIN.

STEWART TITLE OF DOUGLAS COUNTY

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4. Except as modified hereby, the terms and conditions of the Note and Deed of Trust shall remain in full force and effect. In the event of any conflict between the terms of this Modification Agreement and the terms of the Note or Deed of Trust, this Modification Agreement shall control. Borrower assumes, ratifies and agrees to be bound by and subject to the terms of the Note and Deed of Trust modified hereby. A breach of the Modification Agreement shall be a default under the Note and Deed of Trust, each of which are incorporated herein by the reference. This Agreement shall be binding upon the parties and their respective heirs, personal representatives, successors and assigns. This agreement is made in and shall be construed in accordance with the laws of Nevada.

5. Borrower requests and Lenders hereby agrees to make, provide Borrower's warranties and representations set forth herein are true and correct, an advance under the Note in the principal amount of the Additional Advance and borrower hereby directs Lender to apply the proceeds of the Additional Advance as payment upon that note payable to Lender which is secured by that certain deed of trust in favor of Lender which encumbers the New Property and, if applicable, payment of the Loan Fee, in which event the principal balance outstanding under the Note shall increase by the amount of the Additional Advance thereby totalling the New Principal Balance.

6. Subject to Lender making the Additional Advance, effective one month prior to the New Payment Commencement Date, the Note is modified to provide that, notwithstanding any provision in the Note to the contrary including any which might provide for changes to the interest rate based on changes in an interest rate index, effective one month prior to the New Payment Commencement Date, the interest charged under the Note shall be and remain fixed at the New Interest Rate.

7. Subject to Lender making the Additional Advance, the Note is modified to provide that, commencing with that scheduled monthly principal and interest payment due and payable on the New Payment Commencement Date, and monthly thereafter, Borrower shall make monthly principal and interest payments in the amount of the New Principal and Interest Payment.

8. Subject to Lender making the Additional Advance, the Note is hereby modified to provided that, commencing with that scheduled monthly principal and interest payment due and payable on the New Payment Commencement Date, and monthly thereafter, Borrower agrees to pay simultaneously with the New Principal and Interest Payment a monthly collection fee in the amount of the New Monthly Collection Fee for servicing the Note.

9. Subject to the Lender making the Additional Advance, the maturity date of the Note is hereby amended to be the New Maturity Date, at which time the entire outstanding balance owing under the Note shall be due and payable in full.

10. The legal description set forth in the Deed of Trust is hereby modified to add the legal description of the New Property.

11. A full release or discharge of the Deed of Trust shall automatically release and discharge this Modification Agreement with respect to the effect thereof upon the Property and the New Property.

IN WITNESS WHEREOF, Lender and Borrower have executed and delivered this Note and Deed of Trust Modification Agreement as of the Date first set forth above in Douglas County, Nevada.

"Lender"

Harich Tahoe Developments

By Jan S. Martin
Jan S. Martin
Loan Operations Manager

"Borrower"

Julio A. Pequeno
Julio A. Pequeno

Constance M. Pequeno
Constance M. Pequeno

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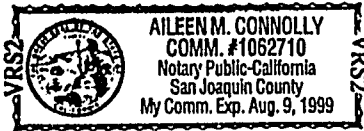
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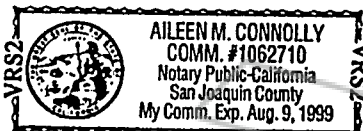
STATE OF CALIFORNIA)
) SS
COUNTY OF SAN JOAQUIN)



On this 15 day of APRIL, 1997, before me, a notary public in and for said county and state, personally appeared JULIO PEQUENO, personally known or proven to me to be the person who executed the above instrument.

Julio Pequeno
NOTARY PUBLIC
Aileen M. Connolly
Notary Public

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN JOAQUIN)



On this 15 day of April, 1997, before me, a notary public in and for said county and state, personally appeared CONSTANCE PEQUENO, personally known or proven to me to be the person who executed the above instrument.

Constance M. Pequeno
NOTARY PUBLIC
Aileen M. Connolly
Notary Public

STATE OF NEVADA)
) SS
COUNTY OF DOUGLAS)

On this 5th day of May, 1997, before me, a notary public in and for said county and state, personally appeared Jan S. Martin, who is the Loan Operations Manager of Harich Tahoe Developments, a Nevada general partnership, personally known to me to be the person who executed the above instrument, and she acknowledged to me that she executed the same for and on behalf of the corporation for the purposes therein stated.

J. T. C. Horan
NOTARY PUBLIC
JAMES T C HORAN
Notary Public - State of Nevada
Appointment Recorded in Douglas County
No: 96-5782-5 - Expires December 30, 2000

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STEWART TITLE OF DOUGLAS COUNTY

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

'97 MAY 15 A9:43

LINDA SLATER
RECORDER
\$ 9.00 PAID K2 DEPUTY

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