

WELLS FARGO BANK, NATIONAL  
ASSOCIATION  
Real Estate Group (AU #2961)  
2835 Mitchell Drive, Suite 101  
Walnut Creek, CA 94598

Attn: Cathy Coghlan  
Loan No. 14680W

97050392B

**SECOND REAFFIRMATION OF  
SUBORDINATION AGREEMENT**

THIS REAFFIRMATION OF SUBORDINATION AGREEMENT ("Reaffirmation") is made as of July 27, 1998, by and among JOHN C. SERPA, an unmarried man ("Serpa") and J.S. DEVCO, a Nevada limited partnership ("J.S. Devco") (Serpa and J.S. Devco being collectively referred to herein as "Borrower"), SYNCON HOMES, a Nevada corporation ("Syncon") and JAMES BAWDEN also known as J.F. BAWDEN, an unmarried man doing business as LANDMARK HOMES & DEVELOPMENT COMPANY ("Bawden") (each a "Non-Borrower Trustor" and collectively, the "Non-Borrower Trustors"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association ("Lender").

**RECITALS:**

- A. Serpa is the owner of certain real property located in Douglas County, State of Nevada (the "Property") which is encumbered by the Deed of Trust (defined below). As used here, the term "Property" means that real property, together with all improvements (the "Improvements") located on it.
- B. Borrower, Non-Borrower Trustors and Lender entered into a Subordination Agreement dated as of May 15, 1997 ("Subordination Agreement") and recorded on June 30, 1997, in the office of the County Recorder of the County in which the Property is located as document no. 0416243.
- C. Lender, Borrower and Non-Borrower Trustors have entered into an Amended and Restated Revolving Credit Agreement dated March 31, 1998 (the "Amended Loan Agreement") wherein the credit facility was increased to \$10,000,000 ("Credit Facility"). The Credit Facility is evidenced by an Amended and Restated Line of Credit Note (the "Amended Note") which is secured by, among other things, a deed of trust encumbering the Property recorded on June 30, 1997 as document no. 0416241, of said official records (which deed of trust, as amended, is referred


to herein as the "Amended Deed of Trust"). The Amended Loan Agreement and the Amended Note have been modified by a Modification Agreement dated as of July 27, 1998 ("Modification Agreement"). The Amended Loan Agreement, the Amended Note, the Amended Deed of Trust, all other documents and instruments identified in the Amended Loan Agreement as "Loan Documents", the Modification Agreement and all documents executed pursuant to the Modification Agreement, shall be collectively referred to herein as the "Amended Loan Documents".

D. The parties to this Second Reaffirmation of Subordination Agreement desire to reaffirm the Subordination Agreement as to the Amended Loan Documents.

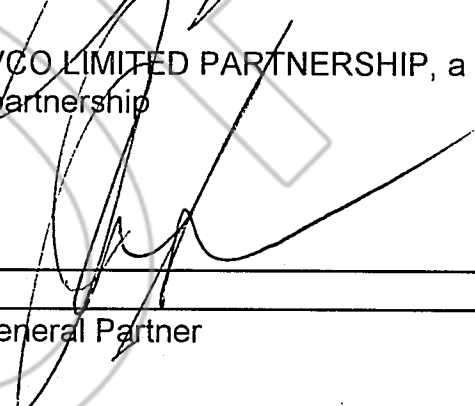
NOW, THEREFORE, the parties hereto reaffirm the Subordination Agreement which shall remain in full force and effect as to the Amended Loan Documents.

IN WITNESS WHEREOF the parties hereto have executed this Second Reaffirmation of Subordination Agreement on the day and year first shown above.

**BORROWER:**

  
\_\_\_\_\_  
John C. Serpa

J.S. DEVCO LIMITED PARTNERSHIP, a Nevada  
limited partnership

By:   
Name: \_\_\_\_\_  
Title: General Partner

**NON-BORROWER TRUSTORS:**

SYNCON HOMES, a Nevada corporation

By: 

Name: \_\_\_\_\_

LEO A HANCY

Title: \_\_\_\_\_

PRESIDENT

  
\_\_\_\_\_  
JAMES F. BAWDEN, also known as J.F. BAWDEN,  
doing business as LANDMARK HOMES & DEVELOPMENT

COPY

LENDER:

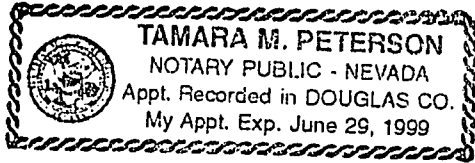
WELLS FARGO BANK, NATIONAL ASSOCIATION,  
a national banking association,

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

COPY

STATE OF NV )  
 ) ss.  
County of CARSON CITY )

This instrument was acknowledged before me on July 29, 1998, by John C. Serpa.

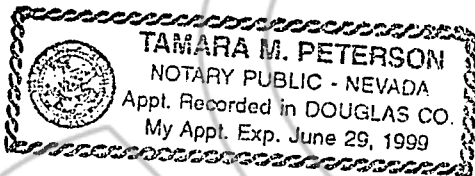


Tamara M. Peterson  
Notary Public

My Commission Expires: 06-29-1999

STATE OF NV )  
 ) ss.  
County of CARSON CITY )

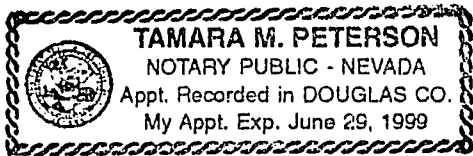
This instrument was acknowledged before me on July 29, 1998, by JOHN C. SERPA, as General Partner, of J.S. Devco Limited Partnership, a Nevada limited partnership.



Tamara M. Peterson  
Notary Public

STATE OF NV )  
 ) ss.  
County of CARSON CITY )

This instrument was acknowledged before me on July 29, 1998, by LEO A. HANLY, as PRESIDENT, of Syncon Homes, a Nevada corporation.



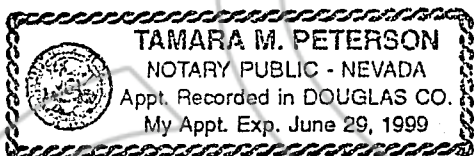
Tamara M. Peterson

Notary Public

My Commission Expires: 06-29-1999

STATE OF NV )  
 ) ss.  
County of CARSON CITY )

This instrument was acknowledged before me on July 29, 1998, by James F. Bawden, also known as J.F. Bawden, doing business as Landmark Homes & Development.



Tamara M. Peterson

Notary Public

My Commission Expires: 06-29-1999

STATE OF \_\_\_\_\_ )  
 ) ss.  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 1998, by \_\_\_\_\_, as \_\_\_\_\_, of Wells Fargo Bank, National Association, a national banking association.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

COOPY

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

WELLS FARGO BANK, NATIONAL  
ASSOCIATION  
Real Estate Group (AU #2961)  
2835 Mitchell Drive, Suite 101  
Walnut Creek, CA 94598

Attn: Cathy Coghlan  
Loan No. 14680W

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SUBORDINATION AGREEMENT**

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**RECITALS:**

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D. The parties to this Second Reaffirmation of Subordination Agreement desire to reaffirm the Subordination Agreement as to the Amended Loan Documents.

NOW, THEREFORE, the parties hereto reaffirm the Subordination Agreement which shall remain in full force and effect as to the Amended Loan Documents.

IN WITNESS WHEREOF the parties hereto have executed this Second Reaffirmation of Subordination Agreement on the day and year first shown above.

**BORROWER:**

\_\_\_\_\_  
John C. Serpa

J.S. DEVCO LIMITED PARTNERSHIP, a Nevada  
limited partnership

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: General Partner

**NON-BORROWER TRUSTORS:**

SYNCON HOMES, a Nevada corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
JAMES F. BAWDEN, also known as J.F. BAWDEN,  
doing business as LANDMARK HOMES & DEVELOPMENT

COPY

**LENDER:**

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
a national banking association,

By: David Seletsky  
Name: David Seletsky  
Title: Account Officer/Loan Officer

COPY

STATE OF \_\_\_\_\_ )  
 ) ss.  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 1998, by  
John C. Serpa.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 ) ss.  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 1998, by  
\_\_\_\_\_, as General Partner, of J.S. Devco Limited Partnership, a Nevada  
limited partnership.

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
 ) ss.  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 1998, by \_\_\_\_\_, as \_\_\_\_\_, of Syncon Homes, a Nevada corporation.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 ) ss.  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 1998, by James F. Bawden, also known as J.F. Bawden, doing business as Landmark Homes & Development.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

STATE OF CALIFORNIA  
COUNTY OF Contra Costa

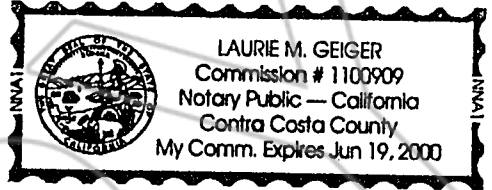
ss.

On this 28th day of July, 19 98, before me, Laurie M. Geiger  
a Notary Public in and for the State of California, personally appeared David Seletsky  
personally known to me (or proved on the basis of satisfactory evidence) to be the person~~(s)~~ whose  
name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~  
executed the same in his/~~her/their~~ authorized capacity~~(ies)~~, and that by his/~~her/their~~ signature~~(s)~~ on  
the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the  
instrument.

WITNESS my hand and official seal

Signature Laurie M. Geiger

My commission expires June 19, 2000



COPY

REQUESTED BY  
STEWART TITLE OF DOUGLAS COUNTY  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

'98 JUL 30 P3:27

0445808  
BK0798PG6847

LINDA SLATER  
RECORDER  
\$ 30.00 PAID [Signature] DEPUTY