

AFTER RECORDING RETURN TO:

Mortgage Portfolio Services, Inc.

P.O. Box 139075

Dallas, Texas 75313-9802

ATTN: Vivian Hale

202387567 (Space Above This Line For Recording Data)

Loan No.: #0051608

LOAN MODIFICATION AGREEMENT

This Loan Modification Agreement ("Agreement"), made this 3rd day of August, 1998, between TERRY HOHENSTEIN AND SPOUSE, TAMMY J. HOHENSTEIN (the "Borrower") and MORTGAGE PORTFOLIO SERVICES, INC. (the "Lender"), amends and supplements (1) the Mortgage, Deed of Trust or Deed to Secure Debt (the "Security Instrument"), dated April 3, 1998 and recorded in Book 498, Page 1440, Document Number 436878 of the Real Property Records of DOUGLAS County, NEVADA and (2) the Note bearing the same date as, and secured by, the Security Instrument, which covers the real and personal property described in the Security Instrument and defined therein as the "Property", located at 1032 ARROWHEAD DRIVE, GARDNERVILLE, NEVADA 89410, the real property described being set forth as follows:

LOT 251, AS SHOWN ON THE MAP OF GARDNERVILLE RANCHOS UNIT NO. 2, FILED FOR RECORD IN THE OFFICE OF THE COUNTY RECORDER OF DOUGLAS COUNTY, STATE OF NEVADA, ON JUNE 1, 1965, IN BOOK 31, PAGE 686, AS DOCUMENT NO. 28309, AND AMENDED TITLE SHEET RECORDED ON JUNE 4, 1965, IN BOOK 31, PAGE 797, AS DOCUMENT NO. 28377.

In consideration of the mutual promises and agreements exchanged, the parties hereto agree as follows (notwithstanding anything to the contrary contained in the Note or Security Instrument):

1. As of August 3, 1998, the amount outstanding on the Note and the Security Instrument (the "Unpaid Principal Balance") was U. S. \$151,200.00. This Unpaid Principal Balance consisted of (1) \$123,262.51, which was principal advanced under the terms of the Construction Loan Agreement and interest capitalized through that date, if any and (2) \$24,937.49 advanced to Borrowers on or before August 13, 1998. The original principal amount of the Note was \$151,200.00.

2. The Borrower promises to pay the Unpaid Principal Balance, plus interest, to the order of the Lender. Interest will be charged on the Unpaid Principal Balance at the yearly rate of 7.50 from August 13, 1998. The Borrower promises to make monthly payments of principal and interest of U.S. \$1,057.21, beginning on October 1, 1998, and continuing thereafter on the same day of each succeeding month until principal and interest are paid in full. If on September 1, 2028 (the "Maturity Date"), the Borrower still owes amounts under the Note and the Security Instrument, as amended by this Agreement, the Borrower will pay these amounts in full on the Maturity Date. The Rollover Date in the Rider to the Note is hereby changed to August 13, 1998.

The Borrower will make such payments at P.O. BOX 139075, DALLAS, TEXAS 75313-9802 or at such other place as the Lender may require.

3. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in the Borrower is sold or transferred and the Borrower is not a natural person) without the Lender's prior written consent, the Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument.

If the Lender exercises this option, the Lender shall give the Borrower notice of acceleration. The notice shall provide a period of not less than thirty (30) days from the date the notice is delivered or mailed within which the Borrower must pay all sums by this Security Instrument. If the Borrower fails to pay these sums prior to the expiration of this period, the Lender may invoke any remedies by this Security Instrument without further notice of demand on the Borrower.

4. The Borrower also will comply with all other covenants, agreements, and requirements of the Security Instrument, including without limitation, the Borrower's covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payments that the Borrower is obligated to make under the Security Instrument; however, the following terms and provisions are forever canceled, null and void, as of the date specified in paragraph No. 1 above:

(a) all terms and provisions of the Note and Security Instrument (if any) providing for, implementing, or relating to, any change or adjustment in the rate of interest payable under the Note; and

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COPY

REQUESTED BY
FIRST AMERICAN TITLE CO.
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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LINDA SLATER
RECORDER
\$ 9.00 PAID KD DEPUTY