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**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: Margaret Diaz
Loan No. 14680W

99051330 A, B, C, D

**THIRD REAFFIRMATION OF
SUBORDINATION AGREEMENT**

THIS THIRD REAFFIRMATION OF SUBORDINATION AGREEMENT ("Reaffirmation") is made as of July 9, 1999, by and among JOHN C. SERPA, Sr., an unmarried man ("Serpa") and J.S. DEVCO, a Nevada limited partnership ("J.S. Devco") and DGD DEVELOPMENT LIMITED PARTNERSHIP, a Nevada limited partnership ("DGD DEVELOPMENT") (Serpa, J.S. Devco and DGD DEVELOPMENT 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 ("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

* Book 697
Page 6234

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July 12, 1999

Second Reaffirmation (Serpa DOT #1; Douglas Co.)

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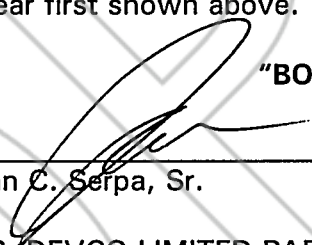
have been modified by a Modification Agreement dated as of July 27, 1998 (the "First Modification Agreement") and the First Amendment To The Amended and Restated Revolving Credit Agreement dated October 9, 1998 (the "Second Modification"). The First Modification and the Second modification are hereby collectively referred to as "Modification Agreements. 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 Agreements and all documents executed pursuant to the Modification Agreements, shall be collectively referred to herein as the "Amended Loan Documents".

- C. As of the date of this Reaffirmation, "John C. Serpa, an unmarried man" will be referred to as "John C. Serpa, Sr., an unmarried man".
- D. The Borrowers desire to add DGD DEVELOPMENT LIMITED PARTNERSHIP, a Nevada limited partnership ("New Borrower") as a Borrower under the Agreement.
- E. The parties to this Third 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 Third Reaffirmation of Subordination Agreement on the day and year first shown above.


"BORROWER"



John C. Serpa, Sr.

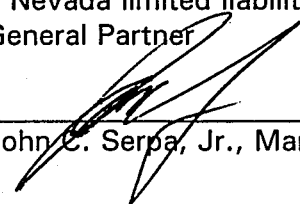
J. S. DEVCO LIMITED PARTNERSHIP,
a Nevada limited partnership

By: _____


John C. Serpa, Sr.
General Partner

DGD DEVELOPMENT LIMITED PARTNERSHIP,
a Nevada limited partnership

By: SSS INVESTMENTS, LLC
a Nevada limited liability company
General Partner



John C. Serpa, Jr., Manager

NON-BORROWER TRUSTORS:

SYNCON HOMES, a Nevada corporation

By: 
Leo A. Hanly, President

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

By: 
James F. Bawden, President/Owner

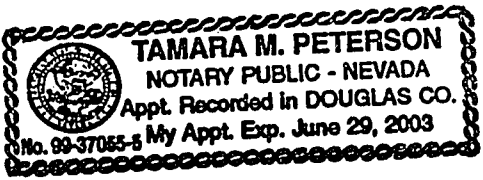
LENDER:

WELLS FARGO BANK, NATIONAL ASSOCIATION,

By: 
Kevin Williams, Vice President

STATE OF NEVADA)
) ss.
County of CARSON)

This instrument was acknowledged before me on July 15, 199~~8~~⁹, by John C. Serpa.

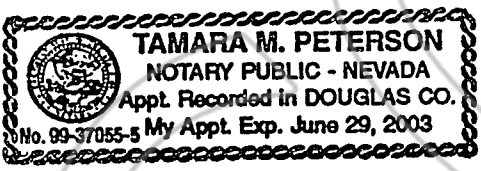


Tamara M. Peterson
Notary Public

My Commission Expires: 06/29/03

STATE OF NEVADA)
) ss.
County of CARSON)

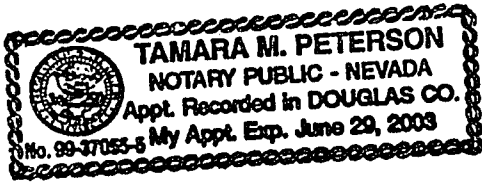
This instrument was acknowledged before me on July 15, 199~~8~~⁹, by JOHN C. SERPA SR., as General Partner, of J.S. Devco Limited Partnership, a Nevada limited partnership.



Tamara M. Peterson
Notary Public

STATE OF NEVADA)
) ss.
County of Carson)

This instrument was acknowledged before me on July 15, 1999, by JOHN C. SERPA, JR., as Managing Partner, of SSS Investments, LLC, a Nevada limited liability company.



Tamara M. Peterson
Notary Public

My Commission Expires: 06/29/03

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STATE OF Nevada)
) ss.
County of Douglas)

This instrument was acknowledged before me on July 15, 199⁹, by Leo A. Hanly, as CEO, of Syncon Homes, a Nevada corporation.



Donna Sue Hawkins
Notary Public

My Commission Expires: 6/9/01

STATE OF NEVADA)
) ss.
County of CARSON)

This instrument was acknowledged before me on July 15, 199⁹, by James F. Bawden, also known as J.F. Bawden, doing business as Landmark Homes & Development.

Tamara M. Peterson
Notary Public

My Commission Expires: 06/29/03

STATE OF California)
) ss.
County of Contra Costa)

This instrument was acknowledged before me on July 16th, 1999, by Kevin Williams, as Vice President, of Wells Fargo Bank, National Association.

Linda A Roth
Notary Public

My Commission Expires: DEC 27, 2002

COPY

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

'99 JUL 23 A11:56

July 12, 1999

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Second Reaffirmation (Serpa DOT #1; Douglas Co.)
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LINDA SLATER
RECORDER
\$13 PAID k2 DEPUTY