

✓ AFTER RECORDING RETURN TO:
FT Mortgage Companies dba Sunbelt
National Mortgage
4647 N. 32nd Street, Suite 110

Phoenix, AZ 85018
Loan Number: 0012848602

99500750 [Space Above This Line For Recording Data] _____
FNMA Loan No.:

LOAN MODIFICATION AGREEMENT
(Providing for Adjustable Rate)

This Loan Modification Agreement ("Agreement"), effective this 20th day of September, 1999, between Gilbert K. Dayao and Yolanda C. Dayao, husband and wife; and Sonny L. Cheng, an unmarried man

and FT Mortgage Companies dba Sunbelt National Mortgage ("Borrower")
("Lender"), amends and supplements (1) the Mortgage, Deed of Trust or Deed to Secure Debt (the "Security Instrument"), dated January 12, 1999 and recorded in Book 199, Page 3685 of the Official Records of Douglas County, Nevada, [Name of Records] [County and State, or other Jurisdiction] 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 1760 Merino Circle, Gardnerville, NV 89410 [Property Address]

the real property described being set forth as follows:

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART HEREOF

INITIALS GD INITIALS YCD INITIALS SLC INITIALS _____
LOAN MODIFICATION AGREEMENT - ARM Page 1 of 4
(Single Family FNMA Modified Form 3179 2/88)



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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 September 20, 1999, the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$ 480,000.00, consisting of the amount(s) loaned to the Borrower by the Lender and any interest capitalized to date.

2. STATED INTEREST RATE. From September 20, 1999 until October 1, 2002, the term "Stated Interest Rate" shall mean the lesser of (a) the Maximum Rate or (b) 7.375% per annum, calculated on a daily basis. Thereafter, until all principal and interest and other amounts are paid under the Note, the Stated Interest Rate will change in accordance with Paragraph 2 of this Agreement.

3. INTEREST RATE AND MONTHLY PAYMENT CHANGES.

(a) Change Dates. The Stated Interest Rate may change on October 1, 2002, and on that day every twelve (12) months thereafter. Each date on which the Stated Interest Rate could change is called a "Change Date."

(b) The Index. Beginning with the first Change Date, the Stated Interest Rate will be based on a weekly average yield on United States Treasury Securities adjusted to constant maturity of one (1) year, as made available by the Federal Reserve Board. The most recent Index figure available 45 days before each Change date is called the "Current Index." If the Index is no longer available, Lender will choose a new index which is based upon comparable information. The Lender will give Borrower notice of its choice.

(c) Calculation of Changes. On each Change Date, Lender will calculate the new Stated Interest Rate by adding two and 750/1000ths percentage points (2.750%) to the Current Index. This sum (rounded to the nearest one-eighth of one percent) will be the new Stated Interest Rate until the next Change Date, subject to any limits and Paragraph 2(D) below. Lender will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal under the Note at the Change Date in full by October 1, 2029, which is the Maturity Date of this Note. The result of this calculation will be the new amount of Borrower's monthly payment.

(d) Limits on Interest Rate Changes. The Stated Interest Rate will never be increased or decreased on any single Change Date by more than two and NO/1000ths percentage points (2.000 %) from the rate of interest Borrower has been paying for the preceding twelve (12) months. The Stated Interest Rate will never be greater than 13.375 %.

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[Handwritten initials: J, M.C.D., SLC]



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(e) Effective Date of Changes. The new Stated Interest Rate will become effective on each Change Date. Borrower will pay the amount of the monthly payment beginning on the first monthly payment date after the Change Date until the amount of the monthly payment changes again or until Borrower has fully repaid the Note.

(f) Notice of Changes. Lender will mail or deliver to Borrower a notice containing the new Stated Interest Rate and the amount of the monthly payment. The notice will include information required by law to be given to Borrower. Any notice to Borrower may be sent or delivered to the address set forth above, or to such address as Borrower may designate to Lender in writing.

4. PAYMENTS. Payments under the Note shall be due and payable in accordance with the following schedule:

(a) The Borrower will pay the amounts due under the Note by making consecutive monthly payments on the 1st day of each month, beginning November 1, 1999. The first 36 monthly payments will be in the amount of \$ 3,315.24 ("Beginning Monthly payment"). Each year, after Lender has received Borrower's twelve (12) monthly scheduled payments, Lender will use the balance due under the Note and the interest rate applicable to the Note at the time to calculate Borrower's adjusted payment amount. The Borrower will make such payments at FT Mortgage Companies dba Sunbelt National Mortgage, P.O. Box 613136, Memphis, TN 38101

(b) If required by Lender, Borrower will pay one-twelfth (1/12th) of Borrower's annual taxes and insurance on the Subject Real Property ("Escrow Requirement") as part of Borrower's monthly payment. Lender will apply Borrower's payments first to the Escrow Requirement, second, to interest, third, to late charges and Lender's costs and expenses and then to principal.

(c) If Lender receives a payment amount that is not sufficient to pay all interest which has been earned by Lender since Borrower's last payment, Lender may advance an amount equal to the interest earned but unpaid after application of Borrower's payment. The amount advanced by Lender will be added to the principal of the Note and Borrower will pay interest on the amount advanced.

(d) Borrower may prepay all of any part of the principal of the Note at any time without penalty. Any prepayment of principal may result in this Note having an earlier maturity date than shown in Subparagraph C above, but will not affect Borrower's monthly payment obligation.

5. 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 30 days from the date the notice is delivered or mailed within which the Borrower must pay all sums secured 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 permitted by this Security Instrument without further notice or demand on the Borrower.

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LOAN MODIFICATION AGREEMENT - ARM Page 3 of 4
(Single Family FNMA Modified Form 3179 2/88)



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EXHIBIT "A" - LEGAL DESCRIPTION - PAGE 1 of 1

Lot 3, in Block A, as shown on the map of PRUEIT RANCHES SUBDIVISION, filed for record in the office of the County Recorder of Douglas County state of Nevada, on February 3, 1997, as Document No. 405966, and by Certificate of Amendment recorded July 30, 1997, Book 797, Page 5323, as Document 418341.

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Loan Number: 0012848602

6. 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.

7. Nothing in this Agreement shall be understood or construed to be a satisfaction or release in whole or in part of the Note and Security Instrument. Except as otherwise specifically provided in this Agreement, the Note and Security Instrument will remain unchanged, and the Borrower and Lender will be bound by, and comply with, all of the terms and provisions thereof, as amended by this Agreement.

Craig Boud

(Seal)

FT Mortgage Companies dba Sunbelt National Mortgage

-Lender

Gilbert A. Dayao

(Seal)

Gilbert A. Dayao

-Borrower

By: *Sh. U.P.*

Yolanda C. Dayao

(Seal)

Yolanda C. Dayao

-Borrower

Sonny L. Cheng

(Seal)

Sonny L. Cheng

-Borrower

(Seal)
-Borrower

[See Attached Acknowledgments]



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INDIVIDUAL ACKNOWLEDGMENT

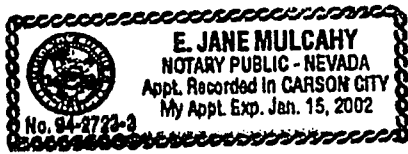
State of NEVADA §
County of Douglas §

This instrument was acknowledged before me on October 5, 1999
Gilbert K. Dayao and Yolanda C. Dayao and Sonny L. Cheng

[date], by

[name(s) of person(s)].

(Seal)



E. Jane Mulcahy
Notary

Title

My Commission Expires: 1/15/02

Individual Acknowledgment (Nevada)

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CORPORATE ACKNOWLEDGMENT

State of Arizona §
County of Maricopa §

The foregoing instrument was acknowledged before me on October 1, 1999 [date],
by CRAIG A. Bowden FT Mortgage Companies dba Sunbelt
[name of officer or agent, title of officer or agent] of [name of corporation acknowledging],
National Mortgage [state or place of incorporation], on behalf of the corporation.

Susan Johnston
Notary Public, State of Arizona

My Commission Expires: 5/23/2003

(Seal)



Corporate Acknowledgment (Multistate)
THE COMPLIANCE SOURCE, INC.
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(page 1 of 1 pages)
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REQUESTED BY
FT mortgage Co
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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LINDA SLATER
RECORDER

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