

APPNS: 1420-06-802-002  
1420-06-802-005  
1420-06-802-006

DOC # 723157  
05/13/2008 02:59PM Deputy: EM  
OFFICIAL RECORD  
Requested By:  
STEWART TITLE - CARSON  
Douglas County - NV  
Werner Christen - Recorder  
Page: 1 of 8 Fee: 21.00  
BK-508 PG-3004 RPTT: 0.00

Recording Requested by  
HOUSING CAPITAL COMPANY,  
a Minnesota partnership

And when recorded return to:  
HOUSING CAPITAL COMPANY  
1825 South Grant Street, Suite 630  
San Mateo, CA 94402  
Attention: Loan Administration Manager  
Loan No. 1590R-08-09

1007885



**THIRD MODIFICATION AGREEMENT  
(Cross-Default / Cross-Collateralization)**

THIS THIRD MODIFICATION AGREEMENT is dated as of April 8, 2008, by and between HOUSING CAPITAL COMPANY, a Minnesota partnership ("Beneficiary") and JOHN C. SERPA ("Non-Borrower Trustor") and DGD DEVELOPMENT LIMITED PARTNERSHIP, a Nevada limited partnership ("Trustor").

**RECITALS**

- A. By the terms of that certain revolving loan agreement between Trustor and Beneficiary dated as of January 23, 2006, and that certain promissory note, and other loan documents of even date therewith, Beneficiary agreed to make a loan to Trustor in the principal amount of SEVEN MILLION ONE HUNDRED FIFTY-SIX THOUSAND FIVE HUNDRED AND NO/100THS DOLLARS (\$7,156,500.00) secured by a deed of trust (the "Deed of Trust") dated as of January 23, 2006, and recorded February 21, 2006, as Instrument No. 0668194, Book 0206, Page 5844 in the office of the County Recorder of Douglas County, Nevada encumbering certain real property more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property"); and
- B. Beneficiary has previously made a loan to Ranchos, LLC, a Nevada limited liability company ("Ranchos") in the aggregate amount of FIFTEEN MILLION SEVEN HUNDRED EIGHTY-FIVE THOUSAND AND NO/100THS DOLLARS (\$15,785,000.00) in accordance with the terms of that certain loan agreement executed by Ranchos and Beneficiary, dated as of October 25, 2004, and modified by that certain additional advance, consolidation and fifth modification agreement dated February 26,

2008, and further modified by that certain second additional advance, consolidation and sixth modification agreement dated May 8, 2008 and that certain promissory note dated October 25, 2004 executed by Ranchos in the amount of SEVEN THOUSAND FIVE HUNDRED AND NO/100THS DOLLARS (\$7,500,000.00), and that certain additional advance note dated February 26, 2008 executed by Ranchos in the amount of THREE MILLION THREE HUNDRED FIFTY-FIVE THOUSAND AND NO/100THS DOLLARS (\$3,355,000.00), and that certain second additional advance note dated May 8, 2008 in the amount of FOUR MILLION NINE HUNDRED THIRTY THOUSAND AND NO/100THS DOLLARS (\$4,930,000.00) each secured by the deed of trust (the "Other Deed of Trust A") dated as of October 25, 2004 and recorded November 2, 2004 as Instrument No. 0628225 in the office of the County Recorder of Douglas County, Nevada ("Loan No. 1402L); and

- C. Beneficiary has previously made a loan to Quilici Investments, LLC, a Nevada limited liability company, ("Quilici") in accordance with the terms of that certain loan agreement executed by Quilici and Beneficiary, dated as of June 23, 2005, and that certain promissory note executed by Quilici in the principal amount of TWELVE MILLION AND NO/100THS DOLLARS (\$12,000,000.00) secured by a deed of trust (the "Other Deed of Trust B") dated as of June 23, 2005 and recorded July 6, 2005 as Instrument No. 3241853 in the office of the County Recorder of Washoe County, Nevada ("Loan No.1494L); and
- D. Beneficiary has previously made a loan to J.S. Devco Limited Partnership, a Nevada limited partnership ("JS Devco") in accordance with the terms of that certain loan agreement executed by JS Devco and Beneficiary, dated as of October 10, 2006, and that certain promissory note executed by JS Devco in the principal amount of FIVE MILLION AND NO/100THS DOLLARS (\$5,000,000.00) secured by a deed of trust (the "Other Deed of Trust C") dated as of October 10, 2006 and recorded November 3, 2006 as Instrument No. 360595 in the office of the County Recorder of Carson City County, Nevada ("Loan No. 1686L); and
- E. Beneficiary has previously made a loan to DGD Development Limited Partnership, a Nevada limited partnership ("DGD") in accordance with the terms of that certain building loan agreement executed by DGD and Beneficiary, dated as of August 9, 2006, and that certain promissory note executed by DGD in the principal amount of SIX MILLION SEVEN HUNDRED NINETY-SEVEN THOUSAND FIVE HUNDRED AND NO/100THS DOLLARS (\$6,797,500.00) secured by a deed of trust (the "Other Deed of Trust D") dated as of August 9, 2006 and recorded August 29, 2006 as Instrument No. 0683234 in the office of the County Recorder of Douglas County, Nevada ("Loan No. 777.2); and



- F. The Other Deed of Trust A, the Other Deed of Trust B, the Other Deed of Trust C and the Other Deed of Trust D are collectively referred to herein as the "Other Deed of Trust"; and
- G. Trustor and Beneficiary have agreed to modify the Deed of Trust to provide for cross-collateralization and cross-default of the obligations secured by the Deed of Trust with the obligations secured by the Other Deed of Trust.

THEREFORE, Trustor and Beneficiary agree as follows:

1. **ADDITIONAL SECURITY - OTHER DEED OF TRUST.** In addition to the obligations secured by the Deed of Trust, the Deed of Trust shall also secure the payment and performance of all obligations secured by the Other Deed of Trust.
2. **ADDITIONAL SECURITY - DEED OF TRUST.** In addition to the obligations secured by the Other Deed of Trust, the Other Deed of Trust shall also secure the payment and performance of all obligations secured by the Deed of Trust.
3. **DEFAULT - OTHER DEED OF TRUST.** A Default under the Other Deed of Trust, as defined therein, shall, at Beneficiary's option, constitute a Default under the Deed of Trust.
4. **DEFAULT - DEED OF TRUST.** A Default under the Deed of Trust, as defined therein, shall, at Beneficiary's option, constitute a Default under the Other Deed of Trust.
5. **WAIVER OF MARSHALLING RIGHTS.** Trustor waives all rights to have all or part of the property covered by the Deed of Trust and/or by the Other Deed of Trust (described in each of said deeds of trust, respectively, as the "Subject Property"), marshalled upon any foreclosure of the Deed of Trust or Other Deed of Trust. Beneficiary shall have the right to sell, and any court in which foreclosure proceedings may be brought shall have the right to order a sale of the Subject Property of each or both of said deeds of trust, or any part thereof, as a whole or in separate parcels, in any order that Beneficiary may designate. Trustor makes this waiver for itself, and for all persons and entities claiming through or under Trustor, and for persons and entities who may acquire a lien on all or any part of the Subject Property described in either of said deeds of trust, or on any interest therein.
6. **WARRANTIES AND REPRESENTATIONS.** Trustor represents and warrants that the lien of Other Deed of Trust is a first lien on the property described therein and covered thereby and that this Modification Agreement will not cause intervening liens to become prior to the lien of the Other Deed of Trust. If any intervening lien exists or hereafter arises, Trust shall cause the same to be released or subordinated to the lien of the Other



Deed of Trust, without limiting any other right or remedy available to Beneficiary. Trustor further warrants that Trustor has no legal or equitable claim against any trustor named in the Other Deed of Trust which would entitle Trustor to a judgment entitling Trustor to an equitable lien on all or any portion of that property prior in lien to the Other Deed of Trust.

7. **NON-IMPAIRMENT**. Except as supplemented and/or modified by this Modification Agreement, all of the terms, covenants, and conditions contained in the Other Deed of Trust and any loan documents executed in connection therewith shall remain in full force and effect.
8. **EXECUTION IN COUNTERPART**. This Agreement may be executed in any number of counterparts, each of which when executed and delivered will be deemed to be an original and all of which, taken together, will be deemed to be one and the same instrument.

“Beneficiary/Lender”

HOUSING CAPITAL COMPANY,  
a Minnesota partnership

By: DFP Financial, Inc., a California corporation,  
its Managing General Partner

By: *Y. Asmar*  
Its: *Vice President*

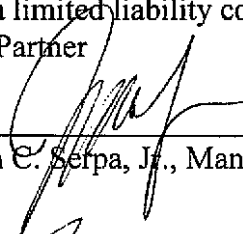
Signatures Continue on Following Page.



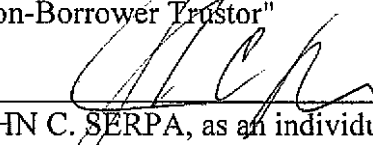
"Trustor/Borrower"

DGD DEVELOPMENT LIMITED PARTNERSHIP,  
a Nevada limited partnership

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

By:   
\_\_\_\_\_  
John C. Serpa, Jr., Manager

"Non-Borrower Trustor"

  
\_\_\_\_\_  
JOHN C. SERPA, as an individual



STATE OF \_\_\_\_\_ )  
 )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2008, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity, and that by his/her/their signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.


Signature

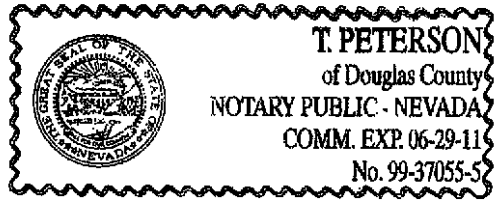
STATE OF NEVADA )  
 )  
 ) ss.  
COUNTY OF CARSON CITY )

On May 9th, 2008, before me, T. PETERSON, a Notary Public, personally appeared JOHN SERPA, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity, and that by his/her/their signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

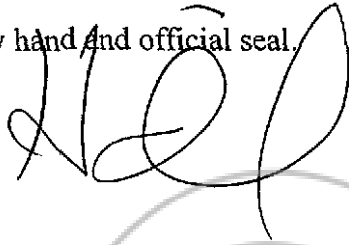
  
Signature



STATE OF CALIFORNIA )  
 )  
COUNTY OF SAN MATEO ) ss.

On 5/9, 2008, before me, HEIDI P. EHRLICH, a Notary Public, personally appeared Y ADMAS, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity, and that by his/her/their signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.  
  
Signature 



STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ ) ss.

On \_\_\_\_\_, 2008, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity, and that by his/her/their signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.  
  
Signature \_\_\_\_\_

**EXHIBIT A  
(Description of Property)**

**Exhibit A** to THIRD MODIFICATION AGREEMENT dated as of April 8, 2008, executed by JOHN C. SERPA as Non-Borrower Trustor and DGD DEVELOPMENT LIMITED PARTNERSHIP, a Nevada limited partnership as Trustor/Borrower and HOUSING CAPITAL COMPANY, a Minnesota partnership, as "Lender"

The land referred to herein is situated in the State of Nevada, County of Douglas, described as follows:

A portion of the Southeast ¼ of Section 6, Township 14 North, Range 20 East, M.D.B.&M., Douglas County, Nevada described as follows:

Parcels B, C AND D as shown on Parcel Map for JACK BAY #2 filed in the office of the Douglas County Recorder on June 10, 1980 in Book 680 of Official Records, Page 974 as Documents No. 45171.

ASSESSOR'S PARCEL NO.'s	1420-06-802-002
	1420-06-802-005
	1420-06-802-006

