



APN 1420-07-502-004  
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. 777.2-08-10

1007985

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

THIS MODIFICATION AGREEMENT is dated as of May 8, 2008, by and between HOUSING CAPITAL COMPANY, a Minnesota partnership ("Beneficiary") and DGD DEVELOPMENT LIMITED PARTNERSHIP, a Nevada limited partnership ("Trustor").

**RECITALS**

- A. By the terms of that certain building loan agreement between Trustor and Beneficiary dated as of August 9, 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 SIX MILLION NINETY-SEVEN THOUSAND FIVE HUNDRED AND NO/100THS DOLLARS (\$6,797,500.00) secured by a deed of trust (the "Deed of Trust") 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 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 DGD Development Limited Partnership, a Nevada limited partnership ("DGD") in accordance with the terms of that certain revolving building loan agreement executed by DGD and Beneficiary, dated as of January 23, 2006, and that certain promissory note executed by DGD 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 "Other Deed of Trust C") 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 ("Loan No.1590R); and
- E. 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 D") 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
- 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”

HOUSING CAPITAL COMPANY,  
a Minnesota partnership

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

By: \_\_\_\_\_

Its: \_\_\_\_\_

“Trustor”

DGD DEVELOPMENT LIMITED PARTNERSHIP,  
a Nevada limited partnership

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

Its: General Partner

By: \_\_\_\_\_

John C. Serpa, Jr., Manager



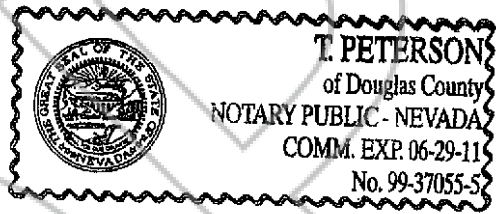
STATE OF NEVADA )  
 )  
COUNTY OF CARSON CITY ) ss.

On MAY 9th, 2008, before me, T. PETERSON, a Notary Public, personally appeared JOHN C SERPA JR., 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 NEVADA that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

T. Peterson  
Signature



STATE OF CALIFORNIA )  
 )  
COUNTY OF C ) 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

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”

HOUSING CAPITAL COMPANY,  
a Minnesota partnership

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

By: *J. Armas*  
Its: *Vice President*

“Trustor”

DGD DEVELOPMENT LIMITED PARTNERSHIP,  
a Nevada limited partnership

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

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





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

On 5/9, 2008, before me, Heidi P. Ehrlich a Notary Public, personally appeared V. Armat, 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 \_\_\_\_\_ ) 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

Property Description

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

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE SOUTHEAST QUARTER (SE 1/4) OF SECTION 6, AND THE NORTHEAST QUARTER (NE 1/4) OF SECTION 7, TOWNSHIP 14 NORTH, RANGE 20 EAST, M.D.M., FURTHER DESCRIBED AS ALL OF ADJUSTED 13-106-01 AND A PORTION OF ADJUSTED 13-110-05, AS SHOWN ON THE RECORD OF SURVEY TO SUPPORT A BOUNDARY LINE ADJUSTMENT, BOOK 299, PAGE 4014, DOCUMENT NO. 461506, OFFICIAL RECORDS OF DOUGLAS COUNTY, NEVADA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 7;  
THENCE SOUTH 00°51'21" WEST, ALONG THE QUARTER SECTION LINE OF SAID SECTION 7, A DISTANCE OF 1325.10 FEET;  
THENCE SOUTH 89°40'08" EAST, A DISTANCE OF 810.10 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF VISTA GRANDE BOULEVARD AND THE TRUE POINT OF BEGINNING;  
THENCE ALONG SAID EASTERLY RIGHT-OF-WAY LINE THE FOLLOWING FIVE (5) COURSES:  
ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 220.00 FEET, ARC LENGTH OF 169.02 FEET, DELTA ANGLE OF 44°01'11", A CHORD BEARING OF NORTH 21°37'16" WEST, AND A CHORD LENGTH OF 164.90 FEET;  
THENCE NORTH 43°37'51" WEST, A DISTANCE OF 465.00 FEET;  
THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 270.00 FEET, ARC LENGTH OF 325.15 FEET, DELTA ANGLE OF 69°00'00", A CHORD BEARING OF NORTH 09°07'51" WEST, AND A CHORD LENGTH OF 305.86 FEET;  
THENCE NORTH 25°22'09" EAST, A DISTANCE OF 139.77 FEET;





THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 305.00 FEET, ARC LENGTH OF 114.80 FEET, DELTA ANGLE OF 21°33'60", A CHORD BEARING OF NORTH 14°35'09" EAST, AND A CHORD LENGTH OF 114.13 FEET;  
 THENCE LEAVING SAID EASTERLY RIGHT-OF-WAY, SOUTH 09°17'50" EAST, A DISTANCE OF 48.03 FEET;  
 THENCE SOUTH 13°06'54" WEST, A DISTANCE OF 73.84 FEET;  
 THENCE SOUTH 21°49'40" WEST, A DISTANCE OF 165.25 FEET;  
 THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 160.00 FEET, ARC LENGTH OF 75.32 FEET, DELTA ANGLE OF 26°58'21", A CHORD BEARING OF NORTH 08°20'30" EAST, AND A CHORD LENGTH OF 74.63 FEET;  
 THENCE SOUTH 05°08'41" EAST, A DISTANCE OF 65.17 FEET;  
 THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 63.36 FEET, ARC LENGTH OF 54.20 FEET, DELTA ANGLE OF 49°00'53", A CHORD BEARING OF SOUTH 29°39'07" EAST, AND A CHORD LENGTH OF 52.57 FEET;  
 THENCE SOUTH 57°03'54" EAST, A DISTANCE OF 144.21 FEET;  
 THENCE SOUTH 71°42'18" EAST, A DISTANCE OF 47.57 FEET;  
 THENCE SOUTH 56°26'08" EAST, A DISTANCE OF 246.91 FEET;  
 THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 150.00 FEET, ARC LENGTH OF 140.23 FEET, DELTA ANGLE OF 53°33'52", A CHORD BEARING OF SOUTH 83°13'04" EAST, AND A CHORD LENGTH OF 135.18 FEET;  
 THENCE NORTH 70°00'00" EAST, A DISTANCE OF 149.91 FEET;  
 THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 50.00 FEET, ARC LENGTH OF 43.16 FEET, DELTA ANGLE OF 49°27'31", A CHORD BEARING OF NORTH 45°16'14" EAST, AND A CHORD LENGTH OF 41.83 FEET;  
 THENCE NORTH 20°32'32" EAST, A DISTANCE OF 245.50 FEET;  
 THENCE NORTH 01°49'59" EAST, A DISTANCE OF 303.55 FEET;  
 THENCE NORTH 65°00'00" WEST, A DISTANCE OF 329.04 FEET;  
 THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 66.06 FEET, ARC LENGTH OF 48.77 FEET, DELTA ANGLE OF 42°18'08", A CHORD BEARING OF NORTH 44°51'51" WEST, AND A CHORD LENGTH OF 47.67 FEET;  
 THENCE NORTH 22°21'04" WEST, A DISTANCE OF 20.28 FEET;  
 THENCE NORTH 67°38'56" EAST, A DISTANCE OF 155.08 FEET;  
 THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 100.00 FEET, ARC LENGTH OF 42.21 FEET, DELTA ANGLE OF 24°11'05", A CHORD BEARING OF NORTH 79°44'28" EAST, AND A CHORD LENGTH OF 41.90 FEET;  
 THENCE SOUTH 88°09'59" EAST, A DISTANCE OF 57.07 FEET;  
 THENCE NORTH 01°50'01" EAST, A DISTANCE OF 101.83 FEET;  
 THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 200.00 FEET, ARC LENGTH OF 84.42 FEET, DELTA ANGLE OF 24°11'05", A CHORD BEARING OF NORTH 10°15'32" WEST, AND A CHORD LENGTH OF 83.80 FEET;  
 THENCE NORTH 22°21'04" WEST, A DISTANCE OF 14.68 FEET;  
 THENCE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 160.00 FEET, ARC LENGTH OF 91.00 FEET, DELTA ANGLE OF 32°35'10", A CHORD BEARING OF NORTH 06°03'30" WEST, AND A CHORD LENGTH OF 89.78 FEET;  
 THENCE NORTH 10°14'05" EAST, A DISTANCE OF 163.38 FEET;  
 THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 160.00 FEET, ARC LENGTH OF 91.00 FEET, DELTA ANGLE OF 32°35'10", A CHORD BEARING OF NORTH 06°03'30" WEST, AND A CHORD LENGTH OF 89.78 FEET;  
 THENCE NORTH 22°21'04" WEST, A DISTANCE OF 289.94 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY OF JACKS VALLEY ROAD;  
 THENCE NORTH 67°37'49" EAST, ALONG SAID SOUTHERLY RIGHT-OF-WAY A DISTANCE OF 176.93 FEET;  
 THENCE CONTINUING ALONG SAID SOUTHERLY RIGHT-OF-WAY ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 75.00 FEET, ARC LENGTH OF 149.49 FEET, DELTA ANGLE OF



114°12'10", A CHORD BEARING OF SOUTH 55°16'06" EAST, AND A CHORD LENGTH OF 125.95 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY OF U.S. HIGHWAY 395; THENCE SOUTH 01°49'59" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY A DISTANCE OF 1999.86 FEET; THENCE LEAVING SAID WESTERLY RIGHT-OF-WAY NORTH 89°40'08" WEST, A DISTANCE OF 369.55 FEET TO THE TRUE POINT OF BEGINNING.

SAID PARCEL IS SHOWN AS "ADJUSTED 13-110-17" ON THE RECORD OF SURVEY FILED JANUARY 17, 2001, FILE NO. 506922.

NOTE: THE ABOVE METES AND BOUNDS DESCRIPTION APPEARED PREVIOUSLY IN THAT CERTAIN DOCUMENT RECORDED JANUARY 17, 2001 IN BOOK 101, PAGE 2853, AS INSTRUMENT NO. 506921.

