

Please Return To:  
 Name: Lourdes Ochoa  
 Title: Sr. Vice President  
 First Federal Bank of California  
 12555 W. Jefferson Boulevard  
 Los Angeles, CA 90088  
 Loan No.: 49981370      Order No.  
 Escrow or                      Title

#### MODIFICATION OF NOTE

This Modification of Note (this "Agreement") is entered into this 2<sup>nd</sup> day of May, 2008 between FIRST FEDERAL BANK OF CALIFORNIA, a federal savings bank ("Lender"), and LINDA [REDACTED] ("Borrower").

#### RECITALS

WHEREAS, Lender is the owner and holder of a promissory note dated February 1, 2007 (including any riders and previous modifications thereto, the "Note") in the original principal amount of \$695,000.00 (the "Loan");

WHEREAS, the Note is secured by a deed of trust recorded on February 12, 2007 as Instrument No. 2007-021808, of Official Records of San Mateo County, California (including any riders and modifications thereto, the "Deed of Trust" and, together with the Note and all other documents executed or delivered in connection with the Loan, the "Loan Documents");

WHEREAS, Borrower is the record owner of the real property described in the Deed of Trust subject to the lien thereof (the "Property"), which is more commonly known as [REDACTED] Avenue, Moss Beach, California 94038;

WHEREAS, Borrower has requested that Lender modify the Loan as provided below by converting the Loan's adjustable interest rate to a fixed interest rate of 6.000% for five years and eliminating Borrower's interest-only payment option, thereby causing Borrower's monthly Loan payments to be fully-amortizing;

WHEREAS, Borrower has requested that Lender further modify the Loan at the end of such five-year period as provided below by changing the index from COFI (as defined below) to 12-MAT (as defined below), and changing the margin, upon which the interest rate under the Note is based; and

WHEREAS, Lender is willing to temporarily convert the interest rate, and otherwise modify the Note, on the terms and conditions contained herein.

#### AGREEMENT

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Principal Amount of Loan. Borrower acknowledges that the outstanding principal balance due under the Note, as of April 18, 2008, is Six Hundred Twenty Four Thousand Sixty Five Dollars and 47/100 (US \$624,065.47).
2. No Claims. Borrower hereby represents, warrants and confirms that there are no defenses, set-offs, claims or causes of action of any nature whatsoever, and no encumbrance subsequent to the Deed of Trust, which the Borrower has or may assert against Lender with respect to the Property, other than those subordinated to this modification in writing.
3. Interest in Property. Borrower hereby represents, warrants and confirms that it is the lawful owner occupying the Property, that no one other than Borrower has any interest in the Property, and that Borrower has the right to modify the Note as requested.
4. Modification of Note. The Note shall be modified as set forth below:
  - A. Period of Fixed Interest Rate. Subject to Section 11 below, the outstanding principal balance of the Loan will accrue interest at a rate of 6.000% (the "Conversion Rate") beginning on April 1, 2008 (the "Conversion Date"). The Loan will no longer accrue interest at the Conversion Rate as of April 1, 2013 (the "Conversion End Date"). The period of time during which the Conversion Rate will be in effect is called the "Temporary Fixed Rate Period." Beginning with the first payment due after the Conversion End Date, Borrower's payments will periodically adjust as provided in the Note, subject to any applicable payment change limits set

forth therein, and will be based on an adjustable interest rate calculated in accordance with the Note, without regard to this Agreement.

**B. Interest and Payments Before the Conversion Date.** Interest will continue to accrue on the unpaid principal balance of the Loan according to the adjustable interest rate provisions contained in the Note until the Conversion Date and Borrower must continue to make all regularly scheduled monthly payments in accordance with the Note through and including any payment that falls due on the Conversion Date.

**C. Principal and Interest Payments.** Subject to the terms of this Agreement, beginning with the first payment due May 1, 2008, Borrower's monthly payment will no longer have an interest-only payment option and Borrower will be required to make a fully-amortizing payment, with an initial fully-amortizing payment of \$3,456.95. Borrower is obligated under the Loan Documents to pay additional monthly escrow amounts of \$0.00, bringing Borrower's total initial monthly payment under the Note, including impounds, to \$3,456.95. This payment amount assumes that Borrower will pay, on time and in full, any payment(s) due prior to this first temporary fixed payment.

**D. Change of Index.** Subject to Section 11 below and effective as of the Conversion End Date, the first paragraph of Section 2(d) of the Note shall be modified by replacing the following sentences -- "The Index is determined by the Lender based upon the average of the last twelve calendar months' most recently published monthly yields on dealer offering rates on nationally traded three-month certificates of deposit. The Lender will calculate the average by adding the twelve most recently published yields together and dividing the result by twelve, rounded to the nearest one-thousandth of one percentage point (0.0001%). Information on such monthly yields on three-month certificate of deposit dealer rates is published by the Federal Reserve Board." -- which set the Index for the Loan at "COFI" with the following sentences -- "The Index is determined by the Lender based upon the twelve-month average of monthly yields on actively traded U.S. Treasury Securities adjusted to a constant maturity of one year. Information on such U.S. Treasury Securities rates is made available by the Federal Reserve Board in the Federal Reserve Statistical release entitled 'Selected Interest Rates (H. 15)'. The twelve most recent such U.S. Treasury Securities rates available as of the date 15 days before each Interest Change Date are used to calculate the 'Current Index.'" -- which resets the Index for the Loan at "12-MAT" as of the Conversion End Date.

**E. Change of Margin.** Subject to Section 11 below and effective as of the Conversion End Date, Section 2(e) of the Note shall be modified by replacing the first sentence -- "Before each Interest Rate Change Date, the Note Holder will calculate my new Interest rate by adding 0.00% percentage points (the "Margin") to the Current Index." -- with the following sentence -- "Before each Interest Rate Change Date, the Note Holder will calculate my new Interest rate by adding 0.00% percentage points (the "Margin") to the Current Index." The interest rate under the Loan will, as of the Conversion End Date and until all obligations under the Loan are paid in full, be calculated and periodically adjusted in accordance with the terms of the Note (after giving effect to this Agreement). Beginning with the first payment due after the Conversion End Date, Borrower's payments will adjust periodically adjust as provided in the Note, subject to any applicable payment change limits set forth therein, and will be based on an adjustable interest rate calculated in accordance with the Note (after giving effect to this Agreement).

**F. Maturity Date.** The Loan is due in full on the maturity date stated in the Note and nothing contained in this Agreement shall be deemed to change the maturity date. If, on the maturity date, Borrower still owes any amount under the Loan Documents, Borrower will pay those amounts in full on that date.

**G. Due on Sale or Transfer.** Notwithstanding any provision to the contrary contained in the Loan Documents, the Loan may not be assumed by any other person or entity during the Temporary Fixed Rate Period. If Borrower sells or transfers all or part of the Property during the Temporary Fixed Rate Period, then Lender may, at any time, require Borrower to immediately pay in full all amounts owing under the Loan Documents.

**5. No Impairment.** None of Borrower's obligations or liabilities under the Loan Documents shall be diminished or released by any provision hereof, nor shall this Agreement in any way impair, diminish or affect any of Lender's rights under or remedies with respect to the Loan, whether such rights or remedies arise under the Loan Documents or by operation of law.

**6. Reservation of Rights.** Lender expressly reserves any and all rights of recourse to which it is presently entitled against the Property or any other property, or against Borrower or any other person, in any way obligated for, or liable on, the Loan.

**7. Fees.** All costs and expenses incurred by Lender in connection with this Agreement, including, without limitation, processing, recording, title examination and attorneys' fees, shall be

paid by Borrower and shall be secured by the Loan, unless otherwise stipulated in writing by Lender.

6. Successors and Assigns. This Agreement shall be binding on the heirs, executors, administrators, successors and assigns of Borrower.

9. Prior Discussions. The terms of this Agreement supersede and replace any prior terms, negotiations, agreements or understandings, whether written or oral, express or implied, between Borrower and Lender concerning the subject matter hereof.

10. No Other Modification. Except as modified herein, the terms and conditions of the Loan and the Loan Documents shall remain unchanged and in full force and effect and this Agreement shall not be deemed, interpreted or construed as a novation, replacement or substitution of the Note or Deed of Trust. Borrower understands and agrees that this Agreement does not change or extend any due date for payment under the Note or the Deed of Trust, the maturity date of the Loan or any other provision of the Loan Documents not expressly modified by this Agreement.

11. Effect. Until such time as this Agreement has been actually received by Lender bearing the notarized signature of Borrower and countersigned by an authorized representative of Lender, this Agreement will be of no force and effect and the Loan will remain subject to all the terms and conditions as provided in the original Loan Documents. To the extent of any inconsistency between this Agreement and the Loan Documents, this Agreement shall prevail.

12. Default. For purposes of this Agreement, a "default" by Borrower shall mean a failure by Borrower to pay any monthly installment under this Agreement or the Note when due, or otherwise perform any obligation required by this Agreement or the Note, or a breach or default by Borrower of any of the provisions of the Deed of Trust. In the event of a default by Borrower, the entire principal amount outstanding under the Note and Deed of Trust and accrued interest thereon and late charges and other costs shall at once become due and payable at the option of the Lender without prior notice and regardless of any prior forbearings or any other provision of this Agreement.

13. Governing Law. This Agreement shall be governed by the laws, rules and regulations of the United States, including, without limitation, the laws, rules and regulations relating to federally chartered savings banks, provided, however, that to the extent that this Note and Deed of Trust shall be deemed to be governed by state law, they shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

FIRST FEDERAL BANK OF CALIFORNIA

LINDA [REDACTED]

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