

SECURITY AGREEMENT

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THIS AGREEMENT, made and entered into this 15th day of November, 1971, by and between ROBERT L. NICHOLAS, hereinafter referred to as "SECURED PARTY", and JOSE DAVALOS and JUDY DAVALOS, husband and wife, and JAMES HICKS and JUDY HICKS, husband and wife, hereinafter referred to as "DEBTORS";

W I T N E S S E T H:

WHEREAS, DEBTORS hereto are desirous of pursuing and operating a business involved with sewer clean-outs, septic tank pumping and drainage and general reasonable incidental work analogous to the "Roto-Rooter" service, and

WHEREAS, the foregoing referenced operations to be conducted by DEBTORS shall touch and affect both the States of California and Nevada; and

WHEREAS, various and sundry items of personal properties and equipments are required incidental to the prospective operation and operations of any such business; and

WHEREAS, SECURED PARTY owns various and sundry items and equipment which have been used in SECURED PARTY's "Roto Rooter" service, some of which said equipment had debts and encumbrances thereon; and

WHEREAS, SECURED PARTY and DEBTORS are desirous of effecting a sale and purchase of the items and equipment hereinafter referred to;

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, it is hereby agreed as follows:

1. SECURED PARTY agrees to sell and convey to DEBTORS, and DEBTORS agree to purchase all of SECURED PARTY's right, title and interest in and to all of those items of personal property and equipments, including pumpers, vehicles, a back hoe, trailers and miscellaneous other equipments, including office equipment,

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1 but not limited thereto, said equipment, fixtures and items of
2 personal properties being more specifically itemized on Schedule
3 "A", a copy of which is attached hereto and made a part hereof
4 by reference, and incorporated herein, the same being dated the
5 20th day of October, 1971.

6 2. The purchase price for said equipment, personal pro-
7 perties, fixtures and inventories, shall be the sum of ONE HUNDRED
8 THOUSAND DOLLARS (\$100,000.00), and shall be payable and allocable
9 as follows:

10 (A) The sum of TWO THOUSAND DOLLARS (\$2,000.00) per
11 month, payable by DEBTORS to SECURED PARTY, bearing in-
12 terest at the rate of eight percent (8%) per annum.
13 The sum of TEN THOUSAND DOLLARS (\$10,000.00) has
14 been paid by DEBTORS to SECURED PARTY, this consti-
15 tuting a down payment, hereby leaving a principal bal-
16 ance in the sum of NINETY THOUSAND DOLLARS (\$90,000.00).
17 The next payment or installment in the sum of TWO THOU-
18 SAND DOLLARS (\$2,000.00) shall be due and payable the
19 1st day of November, 1971, and on the same date of each
20 and every month thereafter, with the full amount of
21 principal, together with interest at the rate of eight
22 percent (8%) per annum, due and payable the 1st day of
23 September, 1976. Interest shall continue to accrue on
24 the remaining principal balance of the purchase price at
25 the rate of eight percent (8%) per annum. Of the ONE
26 HUNDRED THOUSAND DOLLARS (\$100,000.00) purchase price,
27 all of the same shall be allocable to the equipment,
28 fixtures and other items of personal properties, as set
29 forth in Schedule "A", attached hereto; DEBTORS hereby
30 acknowledge that the respective values allocated to each
31 of the properties set forth in Schedule "A" are fair and
32 reasonable, and DEBTORS further acknowledge having

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1 knowledge of the values of similar properties. It is the
2 further understanding and agreement of the parties that
3 DEBTORS shall have the right to depreciate said proper-
4 ties for Internal Revenue Service purposes, whether it be
5 State or Federal.

6 B. It is understood, agreed and stipulated by both
7 parties hereto that DEBTORS are uniquely familiar with all
8 of the said equipment, fixtures, stock and inventory re-
9 ferred to in Schedule "A" attached hereto and are fully
10 aware of those items included under the terms of this
11 transfer. DEBTORS shall be solely and exclusively respon-
12 sible for the maintenance of all of said properties, in-
13 cluding insurance coverage, licenses, taxes, etc.

14 3. Upon the payment of the entire ONE HUNDRED THOUSAND
15 DOLLARS (\$100,000.00), together with interest thereon, within
16 the time hereinabove set forth for the full payment of the same,
17 DEBTORS shall have and enjoy an option to purchase the "Roto-
18 Rooter" franchise, No. 8545, dated the 1st day of September, 1971,
19 under the terms of which SECURED PARTY hereunder is referred to
20 as the "Licensee", and the "Roto-Rooter Corporation" is therein
21 referred to as "Company". Provided that DEBTORS are in all re-
22 spects current with respect to the September 1st, 1976 "pay-off"
23 date, hereinabove referred to, this option shall be enforceable
24 and SECURED PARTY hereby agrees to sell to DEBTORS at that time
25 any and all rights SECURED PARTY has in connection with said
26 franchise for the sum of FIFTY THOUSAND DOLLARS (\$50,000.00),
27 allocable as follows: TWENTY-EIGHT THOUSAND, SEVEN HUNDRED FIFTY
28 DOLLARS (\$28,750.00) for the sale of the franchise agreement it-
29 self, TEN THOUSAND DOLLARS (\$10,000.00) allocable to a covenant
30 not to compete, which operates against SECURED PARTY hereunder,
31 and ELEVEN THOUSAND, TWO HUNDRED FIFTY DOLLARS (\$11,250.00) as
32 and for SECURED PARTY's good will. The covenant not to compete

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1 shall extend from the execution date hereof to a period of five
2 (5) years beyond September 1st, 1976, provided DEBTORS are not in
3 default under the terms hereof. If DEBTORS are in default, SE-
4 CURED PARTY shall have the right to conduct the sewer service, or
5 "Roto-Rooter" business, pursuant to the "Roto-Rooter" franchise,
6 but not limited thereto, in the geographical areas "protected"
7 under the franchise. The referenced FIFTY THOUSAND DOLLARS
8 (\$50,000.00) shall be due and payable as follows: At the rate of
9 TWO THOUSAND DOLLARS (\$2,000.00) per month, including interest
10 at the rate of eight percent (8%) per annum, or at any higher
11 prime interest then prevailing at the First National Bank of Nev-
12 ada, South Shore Lake Tahoe Branch, Douglas County, Nevada, but
13 in no event shall interest be less than eight percent (8%) per
14 annum. In this regard, DEBTORS shall have the right to pre-pay
15 any balance or balances hereunder, without interest penalty. It
16 is further herein agreed to that said covenant not to compete on
17 the part of SECURED PARTY shall encompass the entire area of the
18 franchise hereinabove referred to.

19 4. It is hereby agreed to by all of the parties hereto
20 that DEBTORS shall completely comply with all of the terms, pro-
21 visions, covenants and conditions contained in the franchise
22 agreement hereinabove referred to, or any new franchise agreement
23 or renewal thereof issued by the "Rotor-Rooter" franchise corpora-
24 tion. In this regard, DEBTORS acknowledge having received a
25 true and correct copy of Franchise No. 8545 and being fully
26 aware of and familiar with the terms thereof. In no event shall
27 this Security Agreement be construed or interpreted as a sale
28 of the "Roto-Rooter" franchise, or "Roto-Rooter" business, pres-
29 ently owned by SECURED PARTY. In addition, notwithstanding any-
30 thing herein contained to the contrary, title to the equipment,
31 inventory and fixtures contained in Schedule "A", attached here-
32 to, shall not transfer to DEBTORS until DEBTORS have paid the

1 entire ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) purchase price,
2 together with interest thereon at the rate of eight percent (8%)
3 per annum, by September 1st, 1976, or until the entire said pur-
4 chase price is prepaid by DEBTORS. Notwithstanding, DEBTORS shall
5 have the right to substitute security, upon the express written
6 consent of SECURED PARTY, which said consent shall not be unreason-
7 ably withheld. In the event that DEBTORS fail to comply with the
8 September 1st, 1976 "pay-off" date, hereinabove referred to, any
9 amounts theretofore paid by DEBTORS to SECURED PARTY shall be con-
10 sidered as a reasonable rental for the items and equipment contain-
11 ed in Schedule "A", attached hereto. A bill of sale will be held
12 in the file of NOEL E. MANOUKIAN, ESQ., Round Hill Village Mall,
13 Round Hill General Improvement District, Douglas County, Nevada,
14 with reference to the equipment set forth in Schedule "A", attach-
15 ed hereto; and though the same shall be fully executed by ROBERT
16 L. NICHOLAS, the same will not be tendered to DEBTORS hereto un-
17 less they completely comply with the terms and conditions hereof.

18 If DEBTORS shall at any time default under the terms
19 hereof, the covenant not to compete hereinabove referred to shall
20 not be effective.

21 5. Possession of all of the properties contained in
22 Schedule "A" did pass on the 1st day of June, 1971. DEBTORS hereby
23 expressly assume the responsibility of any assessments made by any
24 tax authorities, commencing with the 1st day of June, 1971, furth-
25 er agreeing to hold SECURED PARTY free and harmless from any claims
26 or liabilities therefor. In addition to any further obligations
27 hereunder, DEBTORS hereby agree to pay the balance on that certain
28 J.I. Case Model 580 Back-Hoe, with an approximate balance thereon
29 in the sum of NINE THOUSAND DOLLARS (\$9,000.00) payable at the

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rate of THREE HUNDRED AND.....

1 SEVENTY-THREE DOLLARS AND SIXTY-SIX CENTS (\$373.66) per month,
2 with an estimated twenty-two (22) payments to be made thereon.

3 In addition, with respect to that certain 1968 Chevrolet two-ton
4 pumper vehicle, DEBTORS hereby agree to completely comply with
5 all of the terms and provisions of the lease agreement in connec-
6 tion therewith, and DEBTORS further agree to pay any amounts re-
7 quired to purchase said truck from the respective leasing firm.
8 DEBTORS agree to hold SECURED PARTY free and harmless from any
9 claims or liabilities in connection with said Back-Hoe and Pumper.

10 6. In addition hereto, SECURED PARTY shall pay and be
11 obligated to satisfy any and all debts due and payable on account
12 of the "Roto-Rooter" business, through May 31st, 1971, including,
13 but not limited to, advertising, and commencing with June 1st,
14 1971, DEBTORS hereby agree to be solely responsible for any debts
15 or obligations themselves, their servants or agents have incurred.
16 In addition hereto, SECURED PARTY hereby assigns any and all
17 interests he has and claims to have in connection with that cer-
18 tain May 7th, 1971 AGREEMENT OF SALE, under the terms of which
19 CLYDE A. PLIMPTON was Seller, and ROBERT L. NICHOLAS was Purchas-
20 er, the same respecting certain goods and chattels, including
21 shampoos, laundry soap, liquid concentrate, Zif, Zif dispensers,
22 floor waxes, toilet bowl cleaners, product sample case, salesman
23 starter kits, but not limited thereto. In this regard, DEBTORS
24 hereby agree to pay any and all outstanding balance thereon, the
25 initial balance being THREE THOUSAND, FOUR HUNDRED THREE DOLLARS
26 AND NINETY-EIGHT CENTS (\$3,403.98), any such payments to be made
27 by DEBTORS to a separate account maintained for that purpose at
28 the Nevada National Bank, Round Hill Village Mall Branch, Round
29 Hill General Improvement District, Douglas County, Nevada.

30 7. It is expressly understood further that DEBTORS shall
31 obtain their own insurance respecting fire loss, collision and
32 public liability, sufficient to protect against loss to the

1 properties contained in Schedule "A", and also sufficient to pro-
2 tect against any public liability, including property damage and
3 personal injuries. It is further expressly understood and agreed
4 to that DEBTORS shall be solely and independently responsible for
5 any and all acts or omissions to act, or transactions concerning
6 DEBTORS' actions, or any servants, agents or associates of DEBT-
7 ORS' actions, commencing with DEBTORS' possession of the proper-
8 ties referred to in Schedule "A". In addition, DEBTORS shall be
9 responsible for any and all licenses or permits required by any
10 governmental bodies or agencies, and shall otherwise comply with
11 all applicable city, county, state and federal rules, laws and
12 regulations governing DEBTORS' activities. DEBTORS hereby cov-
13 enant that they shall indemnify, reimburse and hold SECURED PARTY
14 harmless of any claims and any claims caused by any alleged
15 torts, crimes or breaches of contract from date of DEBTORS'
16 possession of the referenced properties. Reciprocally, SECURED
17 PARTY covenants that he shall indemnify, reimburse and hold
18 DEBTORS harmless of any and all claims caused by any alleged
19 torts, crimes or breaches of contract prior to the date of
20 DEBTORS' possession of said properties.

21 DEBTORS hereby agree to, within twenty (20) days from
22 the date hereof, supply Attorney NOEL E. MANOUKIAN, ESQ. with a
23 true and correct copy of their respective insurance policy or
24 policies demonstrating compliance with this provision. Attorney
25 MANOUKIAN shall then immediately provide that same copy to
26 SECURED PARTY.

27 8. Collaterally, the effectiveness of this Agreement
28 shall be contingent upon the unanimous waiver of any objections
29 to this sale by existing creditors pursuant to Article 6 of the
30 Uniform Commercial Code of the State of Nevada, relative to
31 bulk transfers. In compliance with the Bulk Transfer law under
32 the Uniform Commercial Code, SECURED PARTY hereby furnishes to

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1 DEBTORS the usual vendor's affidavit, indicating the existing
2 creditors of said business, which said affidavit is attached
3 hereto as Exhibit "B", and made a part hereof by reference. In
4 this regard, DEBTORS hereby accept the responsibility of fully
5 complying with the above transfer law, under the Uniform Commer-
6 cial Code, and hereby expressly relieve SECURED PARTY of any re-
7 sponsibility or liability in that regard. This responsibility
8 shall require that DEBTORS give the appropriate statutory notice,
9 by publication or otherwise, to any such creditors deserving
10 notice.

11 SECURED PARTY shall be responsible for any and all debts
12 and obligations incurred in connection with said business or for
13 his own personal benefit, if said obligations were incurred prior
14 to June 1st, 1971. This obligation on the part of SECURED PARTY
15 shall not include any secured creditors incidental to Schedule
16 "A" attached hereto. From and after June 1st, 1971, DEBTORS
17 shall be solely and expressly responsible for any debts or obli-
18 gations they've incurred, further agreeing to hold SECURED PARTY
19 free and harmless from any claims or obligations thereon. This
20 hold harmless provision shall apply against SECURED PARTY as
21 well.

22 9. SECURED PARTY and DEBTORS hereto covenant and agree
23 to make, execute and deliver any and all documents necessary to
24 carry out the full intent and purpose of this agreement.

25 10. Time is of the essence of this agreement, and in the
26 event that DEBTORS shall fail, refuse or neglect to fully perform
27 under the terms and provisions of this agreement, after receiving
28 twenty (20) days' written notice from SECURED PARTY of notice to
29 cure such default, and failing so to do, SECURED PARTY reserves
30 the right, without further notice, to re-enter, recapture and
31 resume complete control and ownership over said business, and
32 all of the properties referred to in Schedule "A", terminating

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1 all of the DEBTORS' rights hereunder. SECURED PARTY and DEBTORS
2 further agree to pay all costs of litigation, including a reason-
3 able attorney's fee, for any action which may become necessary or
4 desirable as a result of any default or breach by either of the
5 parties hereto of the terms, covenants and provisions of this
6 Agreement, provided, however, that the "losing party" shall be
7 required to pay such costs and fees as might be ordered by a Court
8 of competent jurisdiction. The forfeiture proceeding described
9 in this paragraph shall be in addition to any and all other rights
10 or remedies available to SECURED PARTY by law for breach of con-
11 tract, or other cause arising out of the default of purchasers,
12 and not limited to the terms of the Uniform Commercial Code. The
13 above shall include the right to injunctive relief.

14 In addition hereto, upon default by the DEBTORS in the
15 performance of any of the covenants, conditions or terms hereof,
16 SECURED PARTY shall have the right to proceed to enforce his
17 security interest by any means provided herein or under the Uni-
18 form Commercial Code - Secured Transactions, or otherwise allowed
19 by law. At SECURED PARTY's option, and upon demand, the DEBTORS
20 shall assemble the collateral and make it available to SECURED
21 PARTY on the premises of the DEBTORS, or at any other place des-
22 signated by SECURED PARTY which is reasonably convenient to both
23 parties. The term "collateral" shall include only those equipments
24 and other items set forth in Exhibit "A" attached hereto. All
25 reasonable expenses, including legal expenses and attorney's fees
26 incurred by the SECURED PARTY in the exercise of his rights to take
27 possession and dispose of the collateral must be paid in order to
28 redeem the collateral, or in the event of sales shall be paid from
29 the proceeds thereof before the remainder of any moneys, if any,
30 shall be required to be disbursed to the parties entitled thereto.
31 At any time the SECURED PARTY may notify the holder of any proceeds

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1 from sale of collateral, or an account debtor, that he has a
2 security interest in said proceeds or account and thereafter re-
3 ceive direct payment of all amounts due thereunder.

4 11. In addition to the required installment payments
5 hereunder and other obligations, DEBTORS shall pay all sums that
6 may be advanced and expenditures that may be made by SECURED PAR-
7 TY to or on behalf of DEBTORS, and all indebtedness and obliga-
8 tions that may be incurred by DEBTORS, or either of them, to
9 SECURED PARTY, his successors or assigns subsequent to the execu-
10 tion of this Agreement; also all present and future demands of
11 any kind or nature which SECURED PARTY, his successors or assigns,
12 may have against DEBTORS, or either of them, whether created dir-
13 ectly or acquired by assignment, whether absolute or contingent,
14 whether due or not, or whether otherwise secured or not, or
15 whether existing at the time of the execution of this Security
16 Agreement, or arising thereafter.

17 12. In addition, DEBTORS shall pay all sums or amounts
18 that are necessarily advanced or expended by SECURED PARTY, his
19 successors or assigns, for the maintenance or preservation of the
20 property or any part thereof herein described.

21 13. All extensions or renewals, and successive extensions
22 or renewals, of the indebtedness represented thereby, or any other
23 or further indebtedness at any time owing by DEBTORS to SECURED
24 PARTY, however the same may be evidenced, whether by reason of
25 sales of goods to DEBTORS, or otherwise, and in whatever form it
26 may be, whether represented by notes, drafts, open accounts or
27 otherwise, and all interest thereon, for the payment of which
28 this SECURITY AGREEMENT shall stand as a continuing security until
29 full and complete payment shall have been made.

30 14. DEBTORS shall not further encumber, sell or other-
31 wise dispose of the "collateral" without the express written con-
32 sent of SECURED PARTY hereunder, which said consent shall not be

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1 unreasonably withheld. SECURED PARTY shall have the right to in-
2 spect the collateral at any time and to that end DEBTORS agree to
3 gather the collateral at a place to be designated by SECURED PARTY
4 which is reasonably convenient to both parties.

5 DEBTORS shall not sell, assign or make disposition of any
6 interests they have under the terms of this SECURITY AGREEMENT,
7 and in the event of any such sale or assignment, or transfer,
8 SECURED PARTY shall have the right to forty-five (45) days written
9 notice of DEBTORS' intention to make such disposition of any
10 interests hereunder, and SECURED PARTY shall further have the right
11 to object to any such sale or other disposition hereunder, provided
12 that, however, that if any such sale or other disposition is to
13 occur, whether voluntary or involuntary, SECURED PARTY shall have
14 the right to accelerate the balance then owing hereunder, ir-
15 respective of maturity expressed in this SECURITY AGREEMENT, and
16 the whole amount or any part thereof at the option of SECURED
17 PARTY, shall immediately become due and payable.

18 If the DEBTORS fail to attend to and care for the collat-
19 eral as herein agreed, SECURED PARTY, at his option, may enter
20 upon the premises and perform all things which may be necessary
21 to preserve or market, the collateral at DEBTORS' expenses; or
22 if DEBTORS fail to pay, when due, any rent, taxes, levies, assess-
23 ments, insurance premiums or other claims as herein agreed,
24 SECURED PARTY, at his option, may pay the same or any part thereof
25 without waiving his right to enforce this Agreement for default,
26 and all such expenses incurred and amounts paid by SECURED PARTY,
27 including reasonable attorney's fees and legal expenses, shall be
28 added to the indebtedness hereby secured and bear interest at
29 SECURED PARTY's then current loan rate from the date of payment.

30 15. DEBTORS hereby agree to pay to the law firm of NOEL
31 E. MANOUKIAN, ESQ., Round Hill Village Mall, Douglas County,
32 Nevada, any and all attorney's fees and costs incidental to said

1 attorneys handling of this transaction, as well as for said attor-
2 ney's preparation of the PARTNERSHIP AGREEMENT between DAVALOS
3 and HICKS. Said payment by DEBTORS shall include the payment of
4 any costs required to be paid by Attorney MANOUKIAN to any County
5 Recorder's Office or Secretary of State's Office in connection
6 with the recordation of any of the documents incidental to this
7 transaction.

8 16. The prospective transfer of the option referred to
9 in Provision 3, Pages 3 and 4 hereinabove, shall of course be
10 expressly conditioned upon the "Roto-Rooter Corporation" approval
11 of any such prospective transfer or conveyance, but any such re-
12 fusal on the part of the Roto-Rooter Corporation to consent to
13 the sale or transfer of the franchise, shall not affect or dis-
14 turb the sale of the equipment provisions relating to Schedule
15 "A" attached hereto.

16 17. Where not otherwise inconsistent with the terms
17 hereof, all rights of SECURED PARTY hereunder shall inure to the
18 benefit of his successors and assigns, and all obligations of
19 DEBTORS shall bind their heirs, executors, administrators, suc-
20 cessors and assigns and the obligations of DEBTORS hereunder shall
21 be joint and several. This shall be a mutual covenant and con-
22 dition.

23 IN WITNESS WHEREOF, the parties hereto have hereunto set
24 their hands the day and year first above set out.

25 SECURED PARTY:

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27
28 *Robert L. Nicholas*
ROBERT L. NICHOLAS

29 ADDRESS:

30 *P.O. Box 561*
31 *Zephyr Cove, Nev*
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DEBTORS:

Jose Davalos
JOSE DAVALOS

Judy Davalos
JUDY DAVALOS

ADDRESS:

P.O. BOX 1124
ZEPHYR COVE, NEV.

James Hicks
JAMES HICKS

Judy Hicks
JUDY HICKS

ADDRESS:

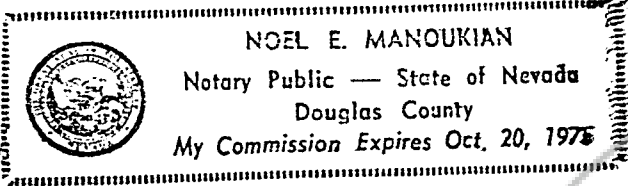
P.O. Box 1124
Zephyr Cove, Nev.

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1 STATE OF NEVADA)
2 COUNTY OF DOUGLAS) ss.

3 On this 1st day of December, 1971, person-
4 ally appeared before me, a Notary Public in and for said County
5 and State, ROBERT L. NICHOLAS, an unmarried man, known to me to be
6 the person described in and who executed the foregoing instrument,
7 who acknowledged to me that he executed the same freely and vol-
8 untarily and for the uses and purposes therein mentioned.

9 IN WITNESS WHEREOF, I have hereunto set my hand and
10 affixed my official seal at my office in the County of Douglas,
11 State of Nevada, the day and year in this certificate first above
12 written.

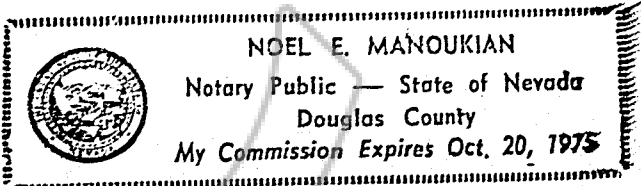


[Signature]
NOTARY PUBLIC

15 STATE OF NEVADA)
16 COUNTY OF DOUGLAS) ss.

17 On this 1st day of December, 1971, person-
18 ally appeared before me, a Notary Public in and for said County
19 and State, JOSE DAVALOS and JUDY DAVALOS, husband and wife, and
20 JAMES HICKS and JUDY HICKS, husband and wife, known to me to be
21 the persons described in and who executed the foregoing instru-
22 ment, who acknowledged to me that they executed the same freely
23 and voluntarily and for the uses and purposes therein mentioned.

24 IN WITNESS WHEREOF, I have hereunto set my hand and
25 affixed my official seal at my office in the County of Douglas,
26 State of Nevada, the day and year in this certificate first above
27 written.



[Signature]
NOTARY PUBLIC

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1963 Chev. 2 Ton pumper	\$ 18,000
1964 Chev. 2 Ton pumper	19,000
1968 Chev. 2 Ton pumper	20,000
1969 Ford Van 3/4 Ton with hoist	6,000
1970 Ford Van 3/4 Ton with hoist	6,000
1969 Ford 2½ Ton dump truck with 8 yd. Box	2,500
Two Axel trailer	2,400
One Axel tnk.trailer with 350 Gal. tank	500
One Axel Box trailer	300
One welder & power plant with 100 foot cable	1,200
Three Wisconsin Engines - 23 H.P.	3,000
One H.P. Onan Engine	700
One Sutorbuilt pump	700
Assorted Small Tools	4,000

Office Equipment

One 3M Copier	
One SCM adding machine	
One paymaster check protector	
One desk	
One chair	
One Royal electric typewriter	
Two 2 drawer filing cabinets	
Two 4 drawer filing cabinets	
Total office equipment	2,200
One J.I. Case Model 580 Backhoe	<u>14,500</u>
	<u>\$101,000</u>

OCTOBER 20TH, 1971

SCHEDULE "A"

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1 ADDENDUM TO SECURITY AGREEMENT

2 THIS ADDENDUM, made and entered into this 2nd day of
3 November, 1971, by and between ROBERT L. NICHOLAS,
4 hereinafter referred to as "SECURED PARTY", and JOSE DAVALOS and
5 JUDY DAVALOS, husband and wife, and JAMES HICKS and JUDY HICKS,
6 husband and wife, hereinafter referred to as "DEBTORS";

7 W I T N E S S E T H:

8 WHEREAS, all of the parties hereto did enter into the
9 original SECURITY AGREEMENT relative to this transaction, the
10 1st day of November, 1971; and

11 WHEREAS, circumstances have arisen which give rise to
12 additional considerations in this matter, and which are dictated
13 the result of the circumstances, which could have resulted in
14 litigation between all of the parties hereto; and

15 WHEREAS, it is the desire of all of the parties hereto
16 to remove the adverse circumstances from the field of litigation;
17 and

18 WHEREAS, a significant modification to the original
19 SECURITY AGREEMENT is required;

20 NOW, THEREFORE, in consideration of the mutual promises
21 and covenants herein contained, it is hereby agreed as follows:

22 1. That in the event that either JOSE DAVALOS and/or
23 JAMES HICKS withdraws from the partnership of DAVALOS and HICKS,
24 said partnership agreement executed simultaneous herewith, whether
25 said withdrawal is voluntary or involuntary, or caused by resigna-
26 tion, excluding substantial incapacity or insanity, or death, then
27 as a further mutual consideration thereto, SECURED PARTY shall
28 have the right within ninety (90) days or sooner from any such
29 "event" of withdrawal, to take over said withdrawing partner's
30 interest in connection with said business, without cost or addi-
31 tional financial consideration or remuneration to the surviving
32 partner, or to the -----

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1 withdrawing partner or the withdrawing partner's heirs, repre-
2 sentatives, assigns, transferees, but not limited thereto. Any
3 moneys theretofore paid by said withdrawing DEBTOR shall be treated
4 as rental for said equipment in consideration of the fact that
5 damages would be difficult if not impossible to determine upon any
6 such withdrawal. This provision shall additionally apply in the
7 event that DEBTORS exercise the option to purchase the Roto-Rooter
8 franchise as referred to in the subject SECURITY AGREEMENT.

9 2. That except as herein modified in this ADDENDUM, the
10 principal SECURITY AGREEMENT shall remain in full force and effect
11 and this ADDENDUM shall be attached to said SECURITY AGREEMENT
12 and made a part thereof by reference.

13 IN WITNESS WHEREOF, the parties hereto have hereunto set
14 their hands the day and year first above set out.

15 SECURED PARTY:

16
17
18 Robert L. Nicholas
19 ROBERT L. NICHOLAS

20 DEBTORS:

21
22
23 Jose Davalos
24 JOSE DAVALOS

25
26 Judy Davalos
27 JUDY DAVALOS

28
29 James Hicks
30 JAMES HICKS

31 Recorded at Request of Noel E. Manoukian, Esq. Judy Hicks
32 On At 17 Min. Past 1 P.M. JUDY HICKS
Official Records of Douglas County, Nevada. Fee 19.00

NOEL E. MANOUKIAN
ATTORNEY AT LAW
P. O. BOX 2100
LAKE TAHOE
ZEPHYR COVE, NEVADA
89448

Patricia J. Stanley, Recorder. By Jacqueline

58123

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