

SECURITY AGREEMENT

(All purpose—to be used with separate financing statement—this need not be filed—Wyoming)

KNOW ALL MEN BY THESE PRESENTS, that:

Randy Rees
whose mailing address is
Box 10574, Zephyr Cove, Douglas, Nevada
City County State

(herein referred to as the Debtor(s)), for valuable consideration, receipt of which is hereby acknowledged, hereby grants, bargains, sells and transfers to SECURITY STATE BANK OF BASIN, a security interest in, and mortgages and assigns to said Secured Party, the following described property, hereinafter referred to as collateral, located, and to remain during the continuance of this Security Agreement, in the County of Big Horn, State of Wyoming.

1976 Ford 2 dr VIN: 6P65A127509 Title # 14-57820
1977 Ranger 23' FW boat VIN: RR15013 Title # 1225906-14-CA

If the collateral includes crops, or oil, gas or minerals to be extracted or timber to be cut, a description of the land concerned is:

It is expressly understood by the parties hereto that this instrument and any financing statements filed in connection therewith are executed to secure payment of

Four thousand six hundred seventy four and 24/100----- Dollars

together with interest thereon until paid, according to the terms of a certain promissory note

One note of even date herewith 12-4-84 Due 12-20-86

One note dated Due

and all other liabilities of Debtor to Secured Party, absolute or contingent, due or to become due, now existing or arising hereafter because of money advanced in the future at the request of the Debtor and option of the Secured Party, all herein called the obligations.

Debtor also warrants and agrees that the county in which Debtor has his principal place of business, if any, otherwise his residence, is County, Wyoming, or, if left blank, is that shown first above in this Agreement. Debtor covenants and agrees that he will immediately notify Secured Party if Debtor's principal place of business, if any, otherwise his residence, is changed from said County.

DEBTOR AGREES THAT HE HAS READ THIS AGREEMENT AND THAT THIS AGREEMENT INCLUDES, AND IS SUBJECT TO, THE ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE HEREOF, THE SAME BEING INCORPORATED HEREIN BY REFERENCE.

In witness whereof, the Parties have hereunto set their hands and seals this 4 day of December, 1984

SECURED PARTY
SECURITY STATE BANK OF BASIN

By [Signature] Vice Pres. or Cashier

DEBTOR
Randy Rees RANDY REES
June Rees JUNE REES

SECURITY STATE BANK OF BASIN
Basin, Wyoming
82410 - 0531

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ADDITIONAL PROVISIONS

Debtor covenants and agrees: that, except for the security interest hereby granted, the collateral described herein is free and clear of all liens, security interests, and other encumbrances; that the collateral is in good health or condition, that he has good and lawful right to sell and convey the same and that he will warrant and defend the same against lawful claims and demands of all persons whomsoever; that Debtor will not waste or destroy the collateral described herein nor be negligent in the care of same, nor suffer said collateral to be levied on or attached upon legal or equitable process; that the collateral shall at all times be considered as personalty; that the collateral is not, and will not be, affixed to the realty so as to be or become a fixture, or, if the collateral has become a fixture before the Secured Party's security interest herein is perfected and the collateral is, or may become, subject to the lien of a real property mortgage, that Debtor, on demand of Secured Party, will furnish the latter with a writing by which the real property mortgagee subordinates its rights and priorities to Secured Party's security interest hereunder; that he will pay all costs of filing this Agreement, Financing Statements, or other writings required to perfect and to continue perfected, Secured Party's prior security interest in the collateral; that Debtor will pay promptly when due all taxes and assessments upon the collateral.

The Secured Party and Debtor agree: that, to the maximum extent permitted by law, any and all collateral of like type or kind as that described herein as part of the collateral, now owned or hereafter acquired by the Debtor shall secure all obligations covered by this Security Agreement, and Secured Party shall have a security interest in all such collateral by reason of this agreement, for the purposes herein described; that the Secured Party claims and has a security interest in the proceeds of the collateral if, under the Uniform Commercial Code of the State of Wyoming, a buyer in the ordinary course of business (other than a person buying farm products from a person engaged in farming operations) may purchase the collateral herein described free of this security interest. Except for this latter provision of the Uniform Commercial Code, the Debtor is not otherwise authorized to sell, exchange, or otherwise dispose of the collateral. The parties hereto further agree: that this Security Agreement includes all live stock, now owned or hereafter acquired by Debtor, whether by purchase, natural increase, or otherwise during the continuance of this Agreement, including the right to use, and title to, brand or brands and all branding irons and, in the case of sheep, the wool clip of said sheep and the wool clips of the increase thereof both before and after shearing; that crops covered by this Security Agreement shall include all of the Debtor's interest in any and all crops now growing and any such crops planted within one year after this Agreement is executed by the Debtor, and that such crops include hay, grass, pasturage, grass upon any range land, straw, beet tops, roughage, and any other crops of every kind and description.

Permission is hereby given to Secured Party to inspect said collateral at any time during the existence of this Security Agreement, and, for the purpose of said inspection, Secured Party or its agent is hereby authorized and empowered to enter upon any lands owned, leased, or otherwise controlled by the Debtor.

In case default occurs in the payment of said note or notes or other of the obligations or any part thereof or interest thereon, according to the terms thereof, or in the performance of any of the covenants, warranties, or agreements herein enumerated or included in the obligations intended to be secured hereby, or if any attempt shall be made to sell the collateral or remove the same from the hereinbefore mentioned county without the written consent of the Secured Party or its assigns, or if at any time Secured Party or its assigns reasonably deem themselves insecure or unsafe, then Secured Party or its assigns, at its option, may declare the obligations immediately due and payable and shall have the rights and remedies of a Secured Party under the Uniform Commercial Code of the State of Wyoming and as provided in this Agreement. Such rights and remedies shall include, but not be limited to, the right to require the Debtor to assemble the collateral and make it available to Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties. Also, the Secured Party may enter upon the premises of said debtor without being liable for damages and take possession of the collateral without judicial process, and may use and occupy said premises and pasturage, feed pens, feed troughs, and water privileges of the Debtor for the purpose of feeding or caring for any livestock included in the collateral. Unless the collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown at the beginning of this Agreement at least five days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling, or the like shall include Secured Party's reasonable attorney's fees and legal expenses, and all such expenses advanced by Secured Party shall be included in the obligations secured hereby. As respects crops covered by this Security Agreement, upon such default, it is agreed by the parties hereto that said crops are perishable or may decline speedily in value, and that the Secured Party may protect, cultivate, care for, harvest, or thresh or combine said crops at the expense of the Debtor and may sell and dispose of said crops at private sale as the same mature or are harvested, at the best price then available. Where the collateral is livestock, it is agreed that a commercially reasonable means of disposing of the collateral shall include sale of such collateral in the customary manner in any central market or through a licensed livestock sales ring in Wyoming or any other state, and it is agreed that such collateral is of a type customarily sold on such recognized markets. Sale of such livestock may be otherwise as permitted by law. It is expressly agreed also that it will not be necessary, after default and before the sale of any livestock collateral, to collect said livestock or to have the same present at the place of sale, but such sale may be had at the court house in the county first mentioned herein while said livestock are absent therefrom or at large.

Upon default, if the sale or other disposition of the collateral fails to satisfy the obligations secured by this agreement and the reasonable expenses of retaking, holding, preparing for sale, selling and the like, including reasonable attorney fees and legal expenses incurred by the Secured Party in connection with this Agreement or the obligations it secures, the Debtor(s) shall be liable for any deficiency.

No waiver by Secured Party of any default shall operate as a waiver of any other default or of the same default on a future occasion. The term party and the pronoun, he, his, him, or it, as used in this Security Agreement shall be held to apply to and designate Secured Party and Debtor, as the case may be, whether they are a person, persons, male or female, partnership, or corporation.

All provisions herein shall be binding upon the parties hereto, their heirs, administrators, executors, successors, and assigns. If there be more than one Debtor, their obligations hereunder shall be joint and several.

COPY

REQUESTED BY
Security State Bank
IN OFFICIAL RECORDS OF
DOUGLAS COUNTY, NEVADA

'84 DEC 31 A10:30

SUZANNE DE ANDREAU
RECORDER

\$ 7.00 PAID 10 DEPUTY

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