

When recorded mail to:
Mr. and Mrs. George H. Warner
3579 Estes Park Drive
Las Vegas, Nevada 89122

8001

SECURITY AGREEMENT

THIS AGREEMENT, made and entered into this 2nd day of April, 1985, at Douglas County, Nevada, by and between DON A. LOCKMAN, a single man, who has his chief place of business at P.O. Box 529, Zephyr Cove, Nevada, 89448, hereinafter referred to as "Debtor", and GEORGE H. & CAROL O. WARNER, husband and wife as Joint tenants, who has their residence or chief place of business at _____, hereinafter referred to as "Secured Party",

W I T N E S S E T H:

1. CREATION OF SECURITY INTEREST, Debtor hereby grants to Secured Party a security interest in the collateral described herein pursuant to the Uniform Commercial Code - Secured Transactions.

2. OBLIGATIONS SECURED. The obligations secured by said security interest are briefly described as follows:

(a) A Note of even date herewith in the face amount of \$3,000.00, wherein Debtor is maker and Secured Party is Payee,

and

(b) the expenses and costs incurred or paid by Secured party in the preservation, enforcement and realization of the rights of Secured Party and the duties of Debtor pursuant to said obligations and under this Security Agreement including, without limitation, attorneys' fees, courts costs, litigation expenses, foreclosure expenses, witness fees, and expert witness fees,

and

(c) the expenses and costs incurred or paid by Secured Party to preserve, maintain, and rehabilitate the collateral,

and

(d) the expenses and costs incurred or paid by Secured Party in performing the duties of Debtor pursuant to said obligations and under this Security Agreement for the account of Debtor.

3. DESCRIPTION OF COLLATERAL.

1972 Townhouse 60 X 24 Serial #S7865XU. Together with the proceeds, insurance proceeds, substitutions, replacements, accessions and products thereof or pertaining thereto.

4. PURCHASE MONEY. Debtor acknowledges that the proceeds of said obligations secured hereby will be used to enable Debtor to acquire rights in, or the use of, said collateral. Debtor and Secured Party hereby acknowledge that this Security Agreement is subordinate to a loan in favor of Central Bank securing a promissory note in the amount of \$25,000.00.

5. CLASSIFICATION OF COLLATERAL. Debtor acknowledges that, at the time said security interest attaches, the collateral is consumer goods, a house trailer.

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6. TAXES, ASSESSMENTS and LIENS. Debtor agrees to pay prior to delinquency all taxes, charges, encumbrances, liens and assessments against the collateral and, upon the failure of Debtor to do so, Secured Party may, at his option, pay any of the same and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Debtor shall reimburse Secured Party on demand for any amounts paid by Secured Party pursuant to this Paragraph 6, together with interest thereon at the rate of seven percent (7%) per annum from the date of payment until the date of reimbursement.

7. DEFINITION OF DEFAULT. The occurrence of any of the following shall be a default under this Agreement by Debtor:

- a. failure of Debtor to pay when due any obligation secured hereby,
- b. breach by Debtor of any warranty, covenant or representation contained herein,
- c. filing of a petition by or against Debtor under any state or federal law relating to the relief of debtors,
- d. attachment or levy on any property of Debtor,
- e. any significant or material or substantial change in the financial condition of Debtor,
- f. the collateral becomes, in the opinion of the Secured Party, inadequate or unsatisfactory, or
- g. the death, insolvency or cessation of business by debtor or by any surety or guarantor of any obligation of Debtor to Secured Party.

8. ACCELERATION. Upon the occurrence of a default, Secured Party may, at her option, declare immediately due and payable all obligations of Debtor to Secured Party, and the same shall thereupon become immediately due and payable without notice to or demand on Debtor.

9. REMEDIES. The rights, powers and remedies given to Secured Party by this Agreement shall be in addition to all rights, powers and remedies given to Secured Party by virtue of any statute or rule of law. Any forbearance or failure or delay by Secured Party in exercising any right, power or remedy hereunder, shall not be deemed to be waiver of any other right, power or remedy, nor as a continuing waiver.

10. LIABILITY. In all cases wherein this Agreement is executed by more than one person as Debtor or Secured Party, all reference to Debtor or Secured Party, as the case may be, shall be construed to include the plural and the obligations of Debtor and rights of Secured Party are joint and several.

11. POWERS OF ATTORNEY. Debtor appoints Secured Party the attorney in fact of Debtor to prepare, sign, file, and record this Agreement, one or more financing statements, applications for registration or certificate of ownership or title, and like papers, and to take any other action deemed necessary, useful or desirable by Secured Party to perfect and preserve Secured Party's security interest hereunder.

12. INSURANCE. The collateral will be insured by Debtor against all risks commonly insured by owners of like collateral and those which Secured Party may designate, with policies acceptable to Secured Party and with both Debtor and Secured Party as named insureds thereunder as their interests may appear. Debtor agrees to pay when due all premiums on said policies of insurance. If Debtor should fail to produce and maintain said insurance policies, Secured Party may, at her option, procure and maintain them. Debtor shall reimburse Secured Party for any sums advanced by Secured Party hereunder, on demand, together with interest thereon at seven percent (7%) per annum from the date paid until the date of reimbursement.

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COPY

REQUESTED BY
DOUGLAS COUNTY TITLE
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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SUZANNE BEAUDREAU
RECORDER

\$ 2.00 PAID JLL DEPUTY

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