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

SECURITY AGREEMENT

THIS AGREEMENT, made and entered into this 2nd day 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",

WITNESSETH:

- CREATION OF SECURITY INTEREST, Debtor hereby Secured Party a security interest in the collateral described herein pursuant to the Uniform Commercial Code - Secured Transactions.
- 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 Deetor is maker and Secured Party is Payee,

and

expenses and costs incurred (b) 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, Security Agreement including, without limitation, attorneys' fees, courts costs, litigation expenses, foreclosure expenses, witness fees, and expert witness fees,

and

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

and

- the expenses and costs incurred or paid by Secured (d) Party in performing the duties of Debtor pursuant to 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 obligations secured hereby will be used to enable Debtor to said 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.
- CLASSIFICATION OF COLLATERAL. Debtor acknowledges that, at the time said security interest attaches, the collateral is consumer goods, a house trailer.

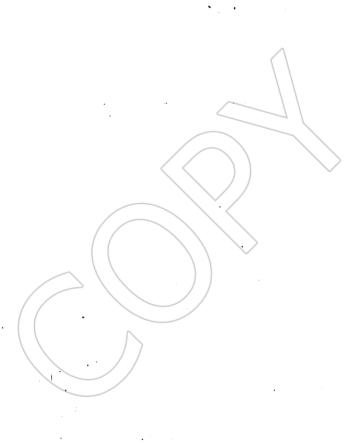
- 6. TAXES, ASSESSMENTS and LIENS. Debtor agrees to pay prior to delinquency all taxes, charges, encumbrances, liens and assessments against the collateral and, upon the failure of Debtor to do so, Secured Party may, at his option, pay any of the same and shall be the sole judge of the legality or validity 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 occurrrence 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 statue 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.

- 13. LOCATION OF COLLATERAL. Debtor warrants and acknowledges that the collateral will not be removed from its present location without prior written consent of Secured Party.
- 14. TRANSFER OF COLLATERAL. Debtor will not sell or transfer nor suffer any sale or transfer of the collateral, nor any part thereof, nor any interest of Debtor therein.
- 15. USE AND PROTECTION OF COLLATERAL. The collateral will not be used for any unlawful purpose, not be used for hire, nor be used in any way that will void any insurance required to be carried in connection therewith. Debtor will keep the collateral free and clear of all liens, encumbrances and claims of third parties. Debtor will maintain the collateral in good order and condition. Debtor will, at Debtor's own expense, comply with all federal, state and municipal laws, rules, regulations and ordinances which apply to the owner, possessor or user of such collateral.
 - 16. TIME. Time is of the essence of this Agreement.
- 17. BINDING EFFECT. This Agreement shall inure to the benefit of, and be binding upon, the heirs, assigns, transferees, personal representatives and successors in interest, in any capacity, of the parties hereto.
- 18. NOTICES. Any notice which either party hereto deems necessary, useful or desireable to give the other may be given by depositing the notice or a copy thereof in the United States mails addressed to such other party at the address shown herein. Receipt thereof by the addressee is conclusively presumed on the business day next following the dispatch thereof.
- 19. ACCESS. Secured Party shall have access to the Collateral at all reasonable times and places for purposes of inspection and classification.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Security Agreement the day and year first above written at the place specified.

written at the place specified.
DEBTOR: SECURED PARTY:
Lurye & Worner
DON A. LOCKMAN GEORGE H. WARNER
CAROL O. WARNER
STATE OF NEVADA
COUNTY OF DOUGLAS
On April 2, , 1985 , personally appeared before me,
a Notary Public, George H. Warner and Carol O. Warner , who acknowledged that they executed the above
instrument. January L. Sakara
Notary Public MARILVII L. EIGHAM Notary Public - Movada
STATE OF NEVADA County My Appt. Expires Nov. 6, 1987
COUNTY OF DOUGLAS
On April 2 , 1985, personally appeared before me, a Notary Public, Don A. Lockman and , who
acknowledged that they executed the above instrument.
Notary Public Markey L. BIGHAM Notary Public - Mayada

Douglas County My Appt. Expires Nov. 6, 1987



DOUGLAS COUNTY TITLE IN OFFICIAL RECORDS OF DOUGLAS CO. NEVADA

85 SEP -9 P12:43

SUZANNE BEAUDREAU
RECORDER
PAID JUL DEPUTY

122957 BOOK 985 PAGE 822