WHEN RECORDED MAIL	TO:	
CHARLES O. KLASON		
MILDRED I. KLASON		
3580 LA TINERRA TERRACE		
RENO, NV 89502		

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SECURITY AGREEMENT

This Agreement made and entered into this 1/2 2 5 0 cl
This Agreement, made and entered into this 10 day of October, 1996, at Minden, Nevada by and between
JOHN VINCENT NIGRA, A MARRIED MAN, AS HIS SOLE AND SEPARATE PROPERTY , hereinafter
referred to as "Debtor," and
CHARLES O. KLASON AND MILDRED I. KLASON, HUSBAND AND WIFF AS JOINT TENANTS WITH * referred to as "Secured Party." *RIGHTS OF SURVIVORSHIP
WITNESSETH
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 this security interest are briefly described as follows:
a. A Promissory Note of even date herewith in the face amount of \$\frac{17,144.44}{}, wherein Debtor is the 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, court 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.
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3. DESCRIPTION OF COLLATERAL. 66' X 14' 1972 Champoin Mobile Home ID # 1434
4. PURCHASE MONEY. Debtor acknowledges that the proceeds of said obligations secured hereby will be used to enable Debtor to acquire

- obligations secured hereby will be used to enable Debtor to acquire rights in, or the use of, said collateral.
- 5. CLASSIFICATION OF COLLATERAL. Debtor acknowledges that, at the time said security interest attaches, the collateral is consumer goods.
- 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 their 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

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- with interest thereon at the rate of THIRTEEN (13) % 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 of the covenants or terms of the deed of trust of even date hereof which also serves the obligation secured hereby.
 - c. breach by Debtor of any warranty, covenant or representation contained herein.
 - d. filing of a petition by or against Debtor under any state or federal law relating to the relief of Debtor.
- 8. ACCELERATION. Upon the occurrence of default, Secured Party may, at their 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 of 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 a waiver of any other right, power or remedy, nor as a continuing waiver.
- 10. LIABILITY. In all cases where this Agreement is executed by more than one person as Debtor or Secured Party, all references 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 of 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 procure and maintain said insurance policies, Security Party may, at their option, procure and maintain them. Debtor shall reimburse Secured Party for any sums and advanced by Secured Party hereunder, on demand, together with interest thereon at THIRTEEN (13) % 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 of 3930 Walker View Road, Wellington, Nevada 89444

 without the 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 herein, without the prior written consent of Secured Party. Secured Party shall not unreasonably withhold such written consent.

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- 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 law, 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 desirable 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.

20. **DEBTOR WARRANTS:**

- a. that the collateral is true, genuine and all that it purports on its face to be; and
- b. that the persons whose names appear on the collateral were the persons who executed the collateral; and
- c. that the collateral is not overdue nor in default; and
- d. that the Debtor has full right, power and authority and capacity to give Secured Party a security interest in the collateral.

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

DEBTOR: And Mi	SECURED PARTY:
JOHN VINCENT NIGRA	CHARLES O. KLASON
STATE OF NEVADA)	MILDRED I. KLASON
County of Douglas)	
On the 11 day of October, 1996, Public, Toboldiocent Oliaca	personally appeared before me, a Notary

the person whose name is subscribed to the above instrument and who acknowledged that she executed the instrument.

STEPHANIE THOMPSON
Notary Public - State of Nevada
Appointment Recorded in Douglas County
No: 92-2040-5 - EXPIRES JAN. 16, 2000

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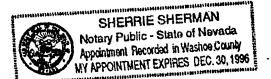
IN WITNESS WHEREOF, the parties hereto have executed and delivered this Security Agreement the day and year first above written.

DEBTOR:	SECURED PARTY:
JOHN VINCENT NIGRA	CHARLES O. KLASON
	Mildred J. Klason
•	MILDRED I. KLASON
STATE OF NEVADA)	
county of Washoe)	

On the 15th day of Oct , 1996, personally appeared before me, a Notary Public, Charles O. Klasson + Mildred I Klasson personally known or proved to me to be the person whose name is subscribed to the above instrument and who acknowledged that she executed the instrument.

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Notary Public



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LINDA SLATER
RECORDER
PAID DEPUTY