

WHEN RECORDED MAIL TO:
MR. AND MRS. DON GIOVANNONI
106 YELLOW JACKET LANE
CARSON CITY, NV 89706

#99020179

SECURITY AGREEMENT

On the terms and conditions herein stated, DAVID G. HURFORD and JEAN M. HURFORD, husband and wife, as Joint Tenants, hereinafter referred to as "Debtor", transfer and grant to DON GIOVANNONI and FAYE M. GIOVANNONI, husband and wife, as Joint Tenants, hereinafter referred to as "Secured Party", a security interest in that certain 1966 20'x54' Cornell Mobile Home, Series No. 2055CDJ6S834XXOXX.

As an inducement to Secured Party to extend or continue credit to Debtor, and as security for all such credit so extended, as hereinafter provided, Debtor agrees:

(1) Creation of Security Interest. Pursuant to the provisions of the Nevada Uniform Commercial Code, Debtor hereby grants to Secured Party a security interest in the collateral described above to secure the payment or performance of Debtor's obligations to Secured Party described in Paragraph 3.

(2) Collateral. The collateral covered by this Security Agreement is a 1966 20'x54' Cornell Mobile Home, Series No. 2055CDJ6S834XXOXX, and all products, increases, improvements, accessions, and additions thereto and replacements and proceeds thereof and fixtures contained therein.

(3) Obligations Secured Hereby. The obligations secured hereby are:

(a) That certain Promissory Note in the amount of FORTY-FIVE THOUSAND and no/100's DOLLARS (\$45,000.00) dated FEBRUARY 25, 1999, a copy of which is attached hereto.

(b) Payment and performance of all existing and future obligations of Debtor to Secured Party including those arising under this agreement, and;

(c) The expenses, including attorneys' fees and legal expenses, incurred or paid by Secured Party in the preservation or enforcement of the rights of Secured Party, or the obligations of Debtor hereunder, including such expenses incurred by Secured Party in performing for the account of Debtor and obligation of Debtor.

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(4) Collateral--Sale or Transfer. Debtor will not sell or offer to sell or otherwise transfer the collateral, or any part thereof, or any interest therein, without the prior written consent of Secured Party.

(5) Collateral--Location. Except on the prior written consent of Secured Party, the collateral shall be kept and maintained at 170 Sage Drive, Stateline, Nevada.

(6) Collateral--Not Covered by Other Financing Statement. No financing statement covering any of the collateral or proceeds thereof is on file in any public office.

(7) Protection of Collateral--Use. The collateral will not be used for any unlawful purpose, nor 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 liens and adverse claims and as appropriate and applicable, will keep it in good condition and repair, and otherwise deal with the collateral in all such ways as are considered good practice by owners of like collateral.

(8) Protection of Collateral--Insurance; Taxes; Advances. The collateral will be insured against all risks commonly insured by owners of like collateral as Secured Party may designate, with policies acceptable to Secured Party and payable to both Secured Party and Debtor, as their interest appear, and with duplicate policies deposited with Secured Party. Debtor agrees to pay when due all premiums for such insurance, and all taxes, license fees and other charges in connection with the collateral. Any advances made by the Secured Party for any such purposes shall bear interest at ONE PERCENT (1%) per month and shall become due on demand. If Secured Party takes possession of the collateral, Secured Party may surrender the policies and receive and retain the unearned premiums thereon.

(9) Possession of Collateral. On default hereunder or under any obligation secured hereby, or if at any time the Secured Party believes that the collateral is in jeopardy, or if they otherwise deem themselves insecure, they may, without notice to Debtor, take possession of the collateral and may enter and remain on the premises for the purposes hereof. On written notice to Debtor, Debtor will make it available to Secured Party at such time as is reasonably convenient to both parties.

(10) Acceleration. On default hereunder or under any obligation secured hereby, or whenever Secured Party deem themselves insecure, Secured Party may, without notice to Debtor, accelerate the payment or performance of any or all of the obligations of Debtor hereunder.

(11) Use and Operation of Collateral by Secured Party. Whenever the collateral is in the possession of Secured Party, they

may use and operate the collateral as appropriate for the purpose of performing the obligations of Debtor with respect thereto.

(12) Disposition of Collateral in a Commercially Reasonable Manner. It is agreed that public or private sales, for cash or on credit, to a wholesaler, or retailer or user of collateral of the types subject to this Security Agreement, or at public auction, are all commercially reasonable since differences in the sales prices generally realized in the different kinds of sales are ordinarily offset by the differences in the costs and credit risks of such sales.


(13) Place of Sale. Any public sale may be at the place of business of Debtor or any other place permitted by law.

(14) Power of Attorney. Debtor appoints Secured Party the Attorney-in-Fact of Debtor to prepare, sign and file or record for Debtor in the name of Debtor, any financing statements, applications for registration and like papers, and to take any other action deemed by Secured Party necessary or desirable in order to perfect security interests of Secured Party hereunder, and to perform any obligation of Debtor, at the expense of Debtor, but without obligation to do so.

(15) Duration. This Security Agreement shall remain in effect until such time as Debtor has paid to Secured Party all obligations secured hereby.

DATED: This 25TH day of FEBRUARY, 1999.

Debtor:



DAVID G. HURFORD



JEAN M. HURFORD

Secured Party:



DON GIOVANNONI



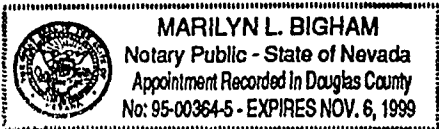
FAYE M. GIOVANNONI

STATE OF NEVADA)
 : SS.
COUNTY OF ~~WASHOE~~)
 DOUGLAS

This instrument was acknowledged before me on
feb. 25, 1999, 1999, by DAVID G. HURFORD and JEAN M. HURFORD,
husband and wife.

Marilyn L. Bigham

Notary Public

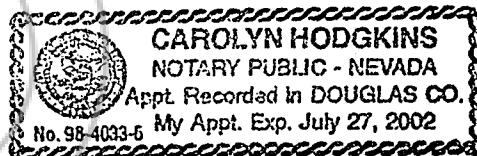


STATE OF NEVADA)
 : SS.
COUNTY OF ~~WASHOE~~)
 DOUGLAS

This instrument was acknowledged before me on
FEBRUARY 25, 1999, by DON GIOVANNONI and FAYE M. GIOVANNONI,
husband and wife.

Carolyn Hodgkins

Notary Public



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

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McDONALD CARANO WILSON McCUNE
BERGIN FRANKOVICH & HICKS LLP
ATTORNEYS AT LAW
RENO, NEVADA 89505-2670

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LINDA SLATER
RECORDER.
\$24.00 PAID *KD* DEPUTY