

When Recorded Mail To;

Mr. Smith

P.O. 1195

Minden, NV 89423

00800956

A.P.N. 1220-04-111-002

SECURITY AGREEMENT

On the terms and conditions herein stated, RUTH E. SCHORZMAN, hereinafter referred to as "Debtor", transfers and grants to RAYMOND M. SMITH and MARGARET MAY SMITH, Trustees of THE RAYMOND M. SMITH AND MARGARET MAY SMITH FAMILY TRUST dated March 12, 1979, hereinafter referred to as "Secured Party", a security interest in a 1970 ~~56x24~~ Capewood Mobile Home, Serial No.C 01368. 24 X 60

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 1970 56x24 Capewood Mobile Home, Serial No. 01368, 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 THIRTY-FOUR THOUSAND and no/100's DOLLARS (\$34,000.00) executed by Debtor in favor of Secured Party, dated January 28, 2000, 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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McDONALD CARANO WILSON McCUNE

BERGIN FRANKOVICH & HICKS LLP

ATTORNEYS AT LAW

RENO, NEVADA 89505-2670

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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 1204 Kingslane, Gardnerville, 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 28 day of January, 2000.

"Debtor"

Ruth E. Schorzman
RUTH E. SCHORZMAN

"Secured Party"

THE RAYMOND M. SMITH AND MARGARET MAY SMITH FAMILY TRUST
dated March 12, 1979

By Raymond M. Smith
Raymond M. Smith, Trustee

By Margaret May Smith
Margaret May Smith, Trustee

STATE OF NEVADA)
COUNTY OF Douglas : ss.
WASHOE)

1/28 This instrument was acknowledged before me on
, 2000, by RUTH E. SCHORZMAN.

[Signature]
Notary Public



STATE OF NEVADA)
COUNTY OF WASHOE) : ss.

2-1 This instrument was acknowledged before me on
, 2000, by RAYMOND M. SMITH and MARGARET MAY SMITH,
Trustees of THE RAYMOND M. SMITH AND MARGARET MAY SMITH FAMILY
TRUST dated March 12, 1979.

[Signature: Mary H. Kelsh]
Notary Public



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

2000 FEB 11 AM 10:47

LINDA SLATER
RECORDER

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23⁰⁰ PAID [Signature] DEPUTY