

SECURITY AGREEMENT

In consideration of this loan made by Lender and to secure payment thereof and of any extensions or renewals thereof, Borrowers hereby grant to Lender a security interest in the property herein called collateral and described on the reverse hereof.

Borrowers agree: (1) Until all obligations secured hereby are fully satisfied, Borrowers will not, without written consent of Lender, sell, transfer, exchange lease, or otherwise dispose of such collateral, nor permit any lien or security interest to attach thereto, nor permit such collateral to be removed from the herein designated location, except in the case of a motor vehicle or similar item which shall not be removed from this state. (2) to exhibit and permit Lender or its agent to inspect collateral at any reasonable time. (3) To maintain collateral in good condition and repair, preserve it against loss or damage, and at all times keep it fully insured for coverages required herein naming Lender as loss payee.

(4) Upon expiration, cancellation, or modification of, or Borrower's failure to supply prior to payment in full of this loan any insurance required herein, Lender is authorized (but not required) to place, renew, or replace same in any company of Lender's choice. (5) Lender is authorized to add premiums for insurance procured by Lender to the amount due hereunder plus charges at the agreed rate of charge and payable in installments over the remainder of the term hereof. (6) In the event of a default herein of more than 10 days, Borrowers authorize Lender to cancel any insurance policy paid from loan proceeds, and Borrowers authorize and direct any insurance carrier who cancels or modifies any insurance policy paid from loan proceeds to deliver to Lender for credit to the amount due hereunder any and all premium refunds, but Lender thereby assumes no responsibility for any loss or damage to property covered by such policies. (7) Any difference in amounts indicated on the reverse hereof and actual premiums charged by an insurer for insurance procured by Lender hereunder, may, at Lender's option be added or credited to the amount due hereunder, and, if added, shall bear charges at the agreed rate of charge until paid. (8) Lender shall receive, same being hereby assigned, the proceeds of any insurance coverings collateral on which Lender is named Loss Payee, paid by reason of loss, damage, or otherwise, for application to or payment of Borrowers' obligations hereunder, or, at Lender's option, for repair or replacement of collateral. (9) Borrowers assume all risks of damage to or loss of collateral whether insured against or not.

(10) To join with Lender in executing, filing, and doing whatever may be necessary to perfect, continue, and protect Lender's interest in collateral, including but not limited to, appearing in, prosecuting, and defending any action or proceeding, however instituted, which purports to affect such collateral or to affect, declare or construe the rights or powers of Lender therein, all at Borrowers' sole expense. Borrowers' expense in that regard unless prohibited by law, shall include any costs of Lender in connection with any such action or proceeding. (11) Except as prohibited or limited by law, all payments made by Lender for or on account of this agreement or of said collateral, including but not limited to insurance premiums, taxes, repairs, storage, and costs of foreclosure, litigation, repossession and return, may be added to the amount due hereunder and shall bear interest at the agreed rate of charge.

Should borrowers fail or neglect to comply with any term, condition, warranty, or agreement herein contained, commit any act for which collateral might be confiscated, or in case of Borrowers' insolvency or bankruptcy, Borrowers shall be in default. In case of default, in addition to any other remedies set forth in the California Commercial Code, this agreement, or any other pertinent laws, Lender may declare all secured obligations immediately due and payable, less any required rebates, and, in addition, may in any lawful manner take possession of any such collateral, or may require Borrowers to assemble collateral and made the collateral or any part of it available to Lender at a place designated by Lender which is reasonably convenient to both parties, surrendering possession of same to Lender at said place. In either event upon Lender obtaining possession of said collateral, Lender may dispose of same in any manner permitted by law. Borrower agrees to pay any deficiency after sale thereof.

Time is of the essence with respect to all provisions of this agreement.

Notice

IF A SUBSTANTIAL PORTION OF THE PROCEEDS OF THIS LOAN IS USED FOR THE PURCHASE OF CONSUMER GOODS, ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

NOTICE OF BORROWER'S RESPONSIBILITY

UNDER SECTION 1788.21 OF THE CALIFORNIA CIVIL CODE, YOU ARE REQUIRED TO NOTIFY LENDER OF ANY CHANGE IN YOUR NAME, ADDRESS OR EMPLOYMENT WITHIN A REASONABLE TIME AFTER SUCH CHANGE OCCURS.

FOR INFORMATION CONTACT THE DEPARTMENT OF CORPORATIONS, STATE OF CALIFORNIA

NOTICE: See other documents for important information.

Borrower's Signature _____