

## SECURITY AGREEMENT -- PLEDGE

NEIL COOPER and BARBARA COOPER				Box 71
(NAME)				(NO. AND STREET)
Hereford	Deaf Smith	Texas	79045	hereinafter called "Debtor", and
(CITY)	(COUNTY)	(STATE)	(ZIP CODE)	
HEGEL BRANCH				17330 Hwy. 160 West
(NAME)				(NO. AND STREET)
Del Norte	Rio Grande	Colorado	81132	hereinafter called "Secured Party",
(CITY)	(COUNTY)	(STATE)	(ZIP CODE)	

and from whom information concerning this security interest may be obtained at the address shown above, agree as follows:

Debtor hereby grants to Secured Party a security interest in the Collateral described in this Security Agreement to secure performance and payment of all obligations and indebtedness of Debtor to Secured Party of whatever kind and whenever or however created or incurred.

The Collateral of this Security Agreement is \_\_\_\_\_ of the following description:  
 Promissory Note in the original amount of \$146,000.00, dated Sept. 30, 1976, payable to Neil Cooper and wife, signed by Joseph L. Rand and Ellen M. Rand, payable in annual installments of \$7,300.00, beg. Dec. 20, 1977, along with Deed of Trust covering Sec. 12, T21N, R53 E, Eureka County, Nevada, which Deed of Trust secures said note.

(Said Note and Deed of Trust placed in Collection Dept. of First National Bank of Hereford)

deposited with Secured Party contemporaneously with the execution of this Security Agreement, and all other property previously, presently or in the future deposited with Secured Party. Collateral includes, without limitation, all money and property this day delivered to and deposited with Secured Party, and all money and property heretofore delivered or which shall hereafter be delivered to or come into the possession, custody or control of Secured Party in any manner or for any purpose whatever during the existence of this Security Agreement, and whether held in a general or special account, or deposited for safekeeping or otherwise, together with any stock rights, rights to subscribe, liquidating dividends, stock dividends, dividends paid in stock, new securities, or other property which Debtor may hereafter become entitled to receive on account of such securities or other property, and in the event Debtor receives any such property, Debtor will immediately deliver same to Secured Party to be held by Secured Party in the same manner as the property originally deposited as Collateral. The Collateral of this Security Agreement also includes the proceeds of any and all property described above.

Debtor shall pay to Secured Party any sum or sums due or which may become due pursuant to any promissory note or notes now or hereafter executed by Debtor to evidence Debtor's indebtedness to Secured Party, in accordance with the terms of such promissory note or notes and the terms of this Security Agreement. Debtor shall pay to Secured Party on demand all expenses and expenditures, including reasonable attorneys' fees and other legal expenses incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Security Agreement, plus interest thereon at the rate of ten per cent (10%) per annum. Debtor shall pay immediately, without notice, the entire unpaid indebtedness of Debtor to Secured Party, whether created or incurred pursuant to this Security Agreement or otherwise, upon Debtor's default under this Security Agreement.

Debtor represents, warrants and agrees that: (1) All financial or credit statements and Collateral deposited with or relied upon by Secured Party prior to, contemporaneously with, or subsequent to execution of this Security Agreement are or will be true, correct, complete, valid and genuine. (2) All investment securities, instruments, chattel paper, and any like property delivered to Secured Party as Collateral: (a) are genuine, free from adverse claims or other security interests, default, prepayment or defenses; (b) all persons appearing to be obligated thereon have authority and capacity to contract and are bound thereon as they appear to be from the face thereof; and (c) the same comply with applicable laws concerning form, content and manner of preparation and execution. (3) Debtor owns the Collateral and has the right to transfer any interest therein; the Collateral is not subject to the interest of any third person; and Debtor will defend the Collateral and its proceeds against the claims and demands of all third persons. (4) Secured Party's duty with reference to the Collateral shall be solely to use reasonable care in the custody and preservation of Collateral in Secured Party's possession. (5) Demand, notice, protest and all demands and notices of any action taken by Secured Party under this Security Agreement or in connection with any note or notes, except as otherwise provided in this Security Agreement, are hereby waived, and any indulgence of Secured Party, substitution for, exchange of or release of Collateral, in whole or in part, or addition or release of any person liable on the Collateral is hereby assented and consented to. (6) Secured Party shall not be responsible in any way for any depreciation in the value of the Collateral, nor shall any duty or responsibility whatsoever rest upon Secured Party to take necessary steps to preserve rights against prior parties or to enforce collection of the Collateral by legal proceedings or otherwise, the sole duty of Secured Party, its successors and assigns, being to receive collections, remittances and payments on such Collateral as and when made and received by Secured Party, and at Secured Party's option, applying the amount or amounts so received, after deduction of any collection costs incurred, as payment upon any indebtedness of Debtor to Secured Party pursuant to the provisions of this Security Agreement, or holding the same for the account and order of Debtor. (7) Debtor shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Debtor's failure to do so, Secured Party at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the indebtedness secured by this Security Agreement and shall be paid to Secured Party by Debtor immediately and without demand, with interest thereon at the rate of ten per cent (10%) per annum. (8) If Secured Party should at any time be of the opinion that the Collateral is not sufficient or has declined or may decline in value or should Secured Party deem payment of Debtor's obligations to Secured Party to be insecure, then Secured Party may call for additional Collateral satisfactory to Secured Party, and Debtor promises to furnish such additional security forthwith. The call for additional security may be oral or by telegram or by United States mail addressed to the address of Debtor shown at the beginning of this Security Agreement.

Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"): (1) Debtor's failure to pay when due any indebtedness secured by this Security Agreement, either principal or interest; or (2) Default by Debtor in the punctual performance of any of the obligations, covenants, terms or provisions contained or referred to in this Security Agreement or in any note secured hereby; or (3) Any warranty, representation, or statement contained in this Security Agreement or made or furnished to Secured Party by or on behalf of Debtor in connection with this Security Agreement or to induce Secured Party to make a loan to Debtor proves to have been false in any respect when made or furnished; or (4) The making of any levy on or seizure or attachment of any of the Collateral; or (5) Debtor's death, dissolution, termination of existence, insolvency or business failure; the appointment of a receiver of all or any part of the property of Debtor; an assignment for the benefit of creditors by Debtor; the calling of a meeting of creditors of Debtor; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor or any guarantor, surety or endorser for Debtor; or (6) Any statement of the financial condition of Debtor or of any guarantor, surety or endorser of any liability of Debtor to Secured

Party submitted to Secured Party by Debtor or any such guarantor, surety or endorser proves to be false; or (7) The Collateral becomes, in the judgment of Secured Party, unsatisfactory or insufficient in character or value; or (8) Any guarantor, surety or endorser for Debtor defaults in any obligation or liability to Secured Party.

This Security Agreement, Secured Party's rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Secured Party, and Debtor will assert no claims or defenses he may have against Secured Party against the Assignee except those granted in this Security Agreement. Secured Party may at any time transfer the Collateral to itself or its nominee, receive income, including money, thereon and hold the income as Collateral or apply the income to any of Debtor's indebtedness to Secured Party, the manner and distribution of the application to be in the sole discretion of Secured Party. Secured Party may at any time demand, sue for, collect or make any compromise or settlement with reference to the Collateral as Secured Party, in its sole discretion, chooses. Secured Party may delay exercising or omit to exercise any right or remedy under this Security Agreement without waiving that or any other past, present or future right or remedy, except in writing signed by Secured Party.

Upon the occurrence of an Event of Default, or if Secured Party deems payment of Debtor's obligations to Secured Party to be insecure, and at any time thereafter: (1) Secured Party may declare all obligations secured hereby immediately due and payable; (2) Secured Party shall have, then or at any time thereafter, the rights and remedies provided in the Uniform Commercial Code in force in the State of Texas at the date of execution of this Security Agreement; and (3) In addition to the rights and remedies referred to above, Secured Party may in its discretion, sell, assign and deliver all or any part of the Collateral at any Broker's Board or at public or private sale without notice or advertisement, and bid and become purchaser at any public sale or at any Broker's Board. If notice to Debtor is required by the Uniform Commercial Code of Texas of public or private sale of Collateral, Secured Party may give written notice to Debtor five days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made, by mailing such notice to Debtor at the address designated at the beginning of this Security Agreement. Secured Party may apply the proceeds of any disposition of Collateral available for satisfaction of Debtor's indebtedness and the expenses of sale in any order of preference which Secured Party, in its sole discretion, chooses. Debtor shall remain liable for any deficiency.

The term "Debtor" as used in this instrument shall be construed as singular or plural to correspond with the number of persons executing this instrument as Debtor. The pronouns used in this instrument are in the masculine gender but shall be construed as feminine or neuter as occasion may require. "Secured Party" and "Debtor" as used in this instrument include the heirs, executors or administrators, successors, representatives, receivers, trustees and assigns of those parties. If more than one person executes this instrument as Debtor, their obligations under this instrument shall be joint and several. Terms used in this instrument which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined. The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument.

EXECUTED this 1st day of August, 19 78

SECURED PARTY:

Hegel Branch  
By Hegel Branch

DEBTOR:

Neil Cooper  
NEIL COOPER  
Barbara Cooper  
BARBARA COOPER

65814

RECORDED AT THE REQUEST OF Hegel Branch  
on August 11, 19 78, at 50 min. past 4 P. M. in  
Book 55 of OFFICIAL RECORDS, page 203-204 RECORDS OF  
EUREKA COUNTY, NEVADA. WILLIS A. DeFAOLI Recorder  
File No. 65814 Fee \$ 4.00