

485039

*** anything to do with land? ***

SECURITY AGREEMENT

Thomas W. Karr, referred to herein as SECURED PARTY, and Loraine K. Pedri, referred to as DEBTOR, agree:

Loraine K. Pedri, DEBTOR, grants a security interest in the following property to Thomas W. Karr, SECURED PARTY:

A parcel of land located in SECTION 35, TOWNSHIP 33 NORTH, RANGE 55 EAST, M.D.B&M more particularly described in DEED OF TRUST. Said parcel being known as Parcel 13 in Block G of the amended record of Survey Map for Western Hills as recorded in the Office of the County Recorder of Elko County, Nevada on February 25, 1975, File No. 89141. The Real Property or its address is commonly known as HAMILTON STAGE RD WESTERN HILLS, ELKO NV 89801. The Real Property tax identification number is 077-007-013

This security agreement is made to secure an indebtedness of Loraine K. Pedri to Thomas W. Karr, described as follows:

A verbal promissory agreement, in the original principal amount of \$ 50,000.00, (fifty thousand & no/100 Dollars) dated July 10, 2000.

This security interest is also given to secure any other debts which may be owed by Loraine K. Pedri to Thomas W. Karr from time to time.

DEBTOR warrants to SECURED PARTY that the property in which a security interest is granted is subject to no other liens, charges or encumbrances and that there are no financing statements on file regarding debtor that might create a lien on the property secured herein other than those stated herein:

A PROMISSORY NOTE WITH GREAT BASIN BANK dated September 9, 2000

The SECURED PARTY understands protections of the Homestead provisions under Nevada Law may apply as the Debtor is widow and the Real Property of this security agreement is homesteaded. The SECURED PARTY also agrees this security agreement is subordinate to (but no others):

A PROMISSORY NOTE WITH GREAT BASIN BANK DATED September 9, 2000

A security agreement

The total of said lien(s) as of the date of the execution of this agreement does not exceed \$ 69,190.70 (sixty nine thousand one hundred ninety & 70/100 dollars).

DEBTOR shall maintain the collateral in good repair, ordinary wear and tear excepted, and shall insure the same for its full value. DEBTOR shall provide to secured party certificates of insurance. SECURED PARTY shall be named as a loss payee on a long form standard loss payable clause. Should DEBTOR fail to maintain such coverage, SECURED PARTY may obtain the same and DEBTOR shall pay SECURED PARTY for the same,

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together with interest at the highest legal rate on the amounts advanced by the SECURED PARTY.

Upon default, as is defined herein, SECURED PARTY shall have all of the rights given to a secured party under the Uniform Commercial Code, Article 9.

Default shall be defined as:

1. Any failure to comply with any covenant of the indebtedness secured by this agreement, including but not limited to a failure to timely pay as provided;
2. The entry of a judgment, tax lien or other charge against the DEBTOR which is not satisfied or superseded within thirty days of inception;
3. Such other commercially reasonable reason that leads SECURED PARTY to believe that its security is in peril.

DEBTOR shall execute any and all financing statements or other documents which are requested by SECURED PARTY and which SECURED PARTY determines is necessary to perfect SECURED PARTY'S LIEN.

DEBTOR appoints SECURED PARTY agent as its agent to file and any all financing statements which may be necessary or required to perfect SECURED PARTY's security interest, and DEBTOR authorizes SECURED PARTY to execute the same for DEBTOR.

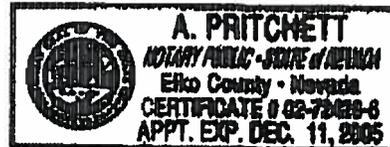
This document represents the entire agreement between the parties, and there are no agreements or representations which are not stated herein. This agreement may not be modified unless it is in writing and signed by both parties.

Dated: June 28, 2002

For Thomas W. Karr, SECURED PARTY:

Thomas W. Karr

For Loraine K. Pedri, DEBTOR:



Loraine K. Pedri

ACKNOWLEDGMENT

State of NEVADA
 County of ELKO
 On this 28 day of JUN 20 02 THOMAS KARR
 personally appeared before me, + LORAIN PEDRI
 who is personally known to me.
 whose identity I verified on the basis of NVOL
 whose identity I verified on the oath/affirmation of _____
 a credible witness,
 to be the signer of the foregoing document, and he/she acknowledged that
 he/she signed it.

A. Pritchett
 Notary Signature

My Commission Expires: 12-11-05



Loan Summary As Of June 27, 2002

Date	Amount of Loan	Loans Made to Loraine K. Pedri Or On Her Behalf by Thomas W. Karr
July 10, 2000	\$50,000.00	Loraine K. Pedri
August 3, 2000	\$1,000.00	Loraine K. Pedri
September, 2000	\$1,500.00	Loraine K. Pedri
January 5, 2001	\$1,648.00	Gateway
January 24, 2001	\$3,750.00	Dr. Morris Gallagher
July 10, 2001	\$3,442.50	Dr. Morris Gallagher
August 15, 2001	\$137.50	Intercity Radiology
August 15, 2001	\$245.85	Elko County Treasurer
November 14, 2001	\$340.00	Reno Radialogical
December 3, 2001	\$4,109.75	Dr. Karl Hapcic
December 3, 2001	\$807.74	Nevada Anesthesia Associates
December 6, 2001	\$146.00	Gregory Insurance
January 2, 2002	\$340.00	Reno Radialogical
February 6, 2002	\$521.08	Sierra Neurosurgery Group
February 6, 2002	\$285.20	Reno Radialogical
March 15, 2002	\$285.58	Lenscrafters
March 19, 2002	\$500.00	Sierra Neurosurgery Group
April 22, 2002	\$94.50	Pinon Road Clinic
June 21, 2002	\$37.00	Elko Diagnostic Imaging
Total amount	\$69,190.70	

I, Loraine K. Pedri, certify by my signature below that this summary is an accurate account of these loans made to me or on my behalf by Thomas W. Karr through June 27, 2002 and these loans are due and payable upon demand per our verbal agreements. I further state that this summary may not include all loans already made to me or on my behalf by Thomas W. Karr

Loraine K. Pedri

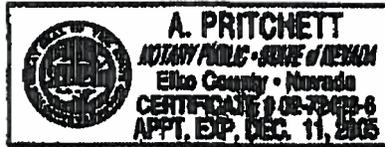
 Loraine K. Pedri

signed June 28, 2002

ACKNOWLEDGMENT

State of NEVADA
 County of ELKO
 On this 28 day of JUN 02 LORAIN
PEDRI
 personally appeared before me,
 who is personally known to me,
 whose identity I verified on the basis of NV DL
 whose identity I verified on the oath/affirmation of
 a credible witness,
 to be the signer of the foregoing document, and he/she acknowledged that
 he/she signed it *A. Pritchett*

 My Commission Expires: 12-11-02



INDEXED

485039
 FEE 16.00 FILE# _____
 REQUEST OF
Thomas W. Karr
 02 JUN 28 PM 3: 06
 BK 2 PG 22941
 JERRY D. REYNOLDS
 ELKO CO. RECORDER