

SECURITY AGREEMENT

THIS SECURITY AGREEMENT made between RONALD R. KENNEDY and SUZANNE L. KENNEDY, husband and wife (hereinafter referred to as the "secured party"), and BILLY C. WIGGINS and MARY LOU WIGGINS, husband and wife, (hereinafter referred to as the "debtor").

1. Creation of Security Interest. The debtor, to secure the payment of the indebtedness created by that certain promissory note dated October 2, 1986, and hereafter referred to and in consideration paid by the secured party to the debtor, the receipt of which is hereby acknowledged, does hereby grant to the secured party, its successors, and assigns a security interest in that certain cabin and membership certificate described below. The security interest will attach to said cabin and all additions and assessments thereto, including outbuildings, furnishings, and appliances, hereinafter collectively referred to as the collateral.

2. The Debt. This security agreement is given to secure the payment and performance of all indebtedness and obligations of debtor to secured party presently existing and hereafter arising and interest thereon as follows:

The purchase price which it is agreed shall be paid for said cabin, membership certificate, and stock, is the sum of Twenty Nine Thousand Nine Hundred and no/100 Dollars (\$29,900.00) of which the sum of Eight Thousand Five Hundred and No/100 Dollars (\$8,500.00) has been paid, receipt of which is hereby acknowledged, and the balance in the amount of Twenty-One Thousand Four Hundred (\$21,400.00) shall be paid as follows:

In monthly installments of Two Hundred Eighty-Two and 80/100 Dollars (\$282.80) or more, beginning on the 1st day of November, 1986, and continuing monthly thereafter on the first day of each and every month, until the whole balance of the purchase price, including both principal and interest, shall be fully paid. The unpaid balance of the purchase price shall at all times bear interest at the rate of ten per cent (10%) per annum and from each payment shall first be deducted the interest to date and the balance shall be applied on the principal. Interest shall begin to accrue as of October 2, 1986. The balance, including interest thereon, shall be fully paid within ten (10) years from date of closing.

At time of disbursement, the secured party shall execute a proxy on the above described stock to the debtor. The debtor shall have the right to vote said stock so long as the security agreement is not in default.

3. Possession. Possession of the above described property shall be upon execution of this agreement.

4. Taxes. The debtor shall pay before delinquency any taxes or other governmental charge which is or can become through assessment or distraint or otherwise a lien on the collateral.

5. Insurance. The debtor shall keep the collateral continuously insured at his expense against the hazards in amounts equal to the full insurable value of the collateral. It is agreed that any insurance proceeds collected may be applied at the option of the secured party to any obligations secured hereby whether matured or not matured or to restoration or repair of the collateral.

6. Other Liens. The debtor shall neither create, cause or permit the creation or any other lien, incumbrance or security interest in the collateral, save upon prior written consent of the party.

7. Location of Collateral. The collateral is located at Lot 25, SWIFT CREEK ESTATES, Skamania County, Washington.

8. Sale and Assignment. The security interest may not be sold or assigned without the prior written consent of the secured party. Such written consent will not be unreasonably withheld by secured party.

Registered	\$
Indexed	\$
Filed	\$
Mailed	

Transaction in compliance with County subdivision ordinances.
Suzanne Kennedy, County Assessor. By: JLD. 27-06-35-2-2-125

9. Inspection. The secured party may inspect the collateral and debtor's books and records at reasonable times and intervals and may enter debtor's premises to do so.

10. Acceleration on Default. Time is of the essence of this security agreement and in the event of default in the payment of the principal of, or interest on, any obligations secured hereby, or breach of any covenant, warranty or agreement of debtor contained herein, or if debtor becomes insolvent or bankrupt, or if debtor makes an assignment for the benefit of creditors, or if a receiver is appointed for any of debtor's assets, or if any of the collateral is in danger of being wasted, injured or destroyed, or if any of the collateral is seized under attachment or levy the entire amount of secured obligations shall, at secured party's option, become immediately due and payable without notice or demand.

11. Remedies. In the event of a default hereunder the secured party shall have all remedies provided by the laws of the State of Washington.

12. Merger. This security agreement expresses the full and final purpose of the parties and will not be qualified or supplemented by course of dealing.

13. Waiver and Modification. No waiver or modification of any term or condition of this security agreement shall be effective unless in writing and signed by the secured party; and that no waiver or indulgence by secured party of any deviation or departure by debtor from full performance of this security agreement or of any obligation secured by it shall be a waiver of secured party's right to subsequent or other full, direct and timely performance.

SIGNED this 4th day of October, 1986.

Secured Party:

Debtor:

Ronald R. Kennedy
Ronald R. Kennedy

Billy C. Wiggins
Billy C. Wiggins

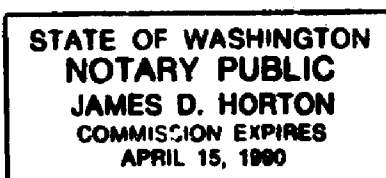
Suzanne L. Kennedy
Suzanne L. Kennedy

Mary Lou Wiggins
Mary Lou Wiggins

STATE OF WASHINGTON)
: ss.
County of Clark)

I certify that I know or have satisfactory evidence that RONALD R. KENNEDY and SUZANNE L. KENNEDY, husband and wife, signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 4th day of October, 1986.



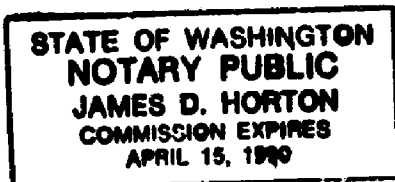
James D. Horton
Notary Public
My Appointment Expires 4-15-90

STATE OF WASHINGTON)
: ss.
County of Clark)

I certify that I know or have satisfactory evidence that BILLY C. WIGGINS and MARY LOU WIGGINS, husband and wife, signed this instrument and

acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 4 day of October, 1986.



James D. Horton
Notary Public
My Appointment Expires 4-15-90

FILED FOR RECORD
SKAMANIA CO. WASH
BY JAMES D. HORTON
NOTARILY AT LAW
Oct 7 4 42 PM '86
d. New. Dep.
GARY M. OLSON

11006
REAL ESTATE EXCISE TAX
OCT 7 1986
PAID 133.22
John C. Springer, Jr.
SKAMANIA COUNTY TREASURER

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