

Mortgage

This mortgage is made and entered into by More Hardware, LLC, a Wyoming limited liability company ("Mortgagor") whose address is 303 Broadway, Sheridan, WY 82801 and KKD, LLC, a Wyoming limited liability company ("Mortgagee") whose address is 1562 Big Horn Avenue, Sheridan, WY 82801.

1. *Mortgage.* In order to secure the payment of a promissory note of this date payable to Mortgagee in the principal amount of Three Hundred Thousand Dollars (\$300,000.00) payable on in monthly installments with the final payment due on the fifteenth anniversary of this mortgage, Mortgagor does hereby mortgage and warrant to Mortgagee with power of sale, the following described property situate in Sheridan County, Wyoming which is hereafter referred to as the "mortgaged property":

Lots 13, 15, 17, 19, 21, 23, 25, 27 and 29, Block 4, Grinnell Subdivision, City of Sheridan, Sheridan County, Wyoming

Together with all buildings, improvements and fixtures situate thereon.

2. *Representations and Warranties.* The Mortgagor represents and warrants as follows:

- (a) The Mortgagor has full power and authority to execute this mortgage and to mortgage to the Mortgagee the mortgaged property and to grant the Mortgagee a lien on the mortgaged property.
- (b) The execution and delivery of this mortgage will be binding upon the Mortgagor according to its terms and conditions.
- (c) Upon recording of this mortgage, Mortgagee will have a first mortgage lien upon the mortgaged property free and clear of all other liens and encumbrances.

3. *Mortgagor's Obligations.* The Mortgagor shall:

- (a) Keep the mortgaged property in good condition and repair and not commit or permit any waste thereon;
- (b) Cause the mortgaged property to be occupied in accordance with all applicable federal, state and local laws, statutes, rules and regulations;
- (c) Cause to be paid promptly and as and when due and payable all expenses incurred in or arising from the occupation or maintenance of the mortgaged property;
- (d) Cause to be paid promptly and as and when due and payable all taxes, assessments, and governmental charges legally imposed upon the mortgaged property before delinquency;
- (e) Cause the mortgaged property to be kept free and clear of all liens, charges and encumbrances of every character, kind and nature whatsoever, except the first mortgage to Mortgagee;
- (f) Indemnify, defend and hold harmless the Mortgagee, its officers, directors, employees, agents and affiliated companies from any and all fines, judgments, penalties, costs, suits, claims and actions of any kind arising out of or in any way connected with the operation or maintenance of the premises or with any spills or discharges of any hazardous or toxic wastes, substances or materials on the premises during the term of this mortgage. This provision shall survive any foreclosure of this mortgage or deed given in lieu of foreclosure and survive the payment of the secured indebtedness and the satisfaction of this mortgage and shall not be affected by Mortgagee's acquisition of any interest in the mortgaged property. If Mortgagor violates the terms of this provision, the Mortgagee may restrain the violation by injunction.

4. *Default and Remedies.* Time is of the essence. If the promissory note secured by this mortgage is not paid when due or is in default or if there is a default under the terms of this mortgage, then Mortgagee shall have the following rights and remedies in addition to any other rights and remedies available to Mortgagee at law or in equity:

- (a) To declare the entire indebtedness secured by this mortgage immediately due and

payable, at its option, without notice to Mortgagor;

- (b) To sell the mortgaged property under power of sale in accordance with the laws of the State of Wyoming then in force;
- (c) To commence a suit or suits in equity or at law, whether for a foreclosure hereunder or for the sale of the mortgaged property, or for a specific performance of this mortgage or for the enforcement of any other appropriate legal or equitable remedy;
- (d) To sell, to the extent permitted by law, at one or more sales, as an entirety or in parcels, as the Mortgagee may elect, the real property constituting the mortgaged property at such place or places and otherwise in such manner and upon such notice as may be required by law;
- (e) To enter upon and take possession of any of the mortgaged property and to exclude the Mortgagor and Mortgagor's agents and employees wholly therefrom and to use, hold, administer, manage and operate the same without any liability to the Mortgagor and to collect, receive and receipt for all revenues, proceeds, rents, profits and issues generated by the mortgaged property;
- (f) To have a receiver for the mortgaged property appointed without regard to the sufficiency of the security to discharge the obligation secured by the mortgage;
- (g) To exercise and enforce any and all rights or remedies available to the Mortgagee in equity or at law, including, without limitation, the right to obtain a deficiency judgment against the Mortgagor;
- (h) The Mortgagor shall reimburse the Mortgagee upon demand for all costs and expenses incurred by the Mortgagee in protecting and enforcing the Mortgagee's rights and remedies under this mortgage, including court costs and attorney fees, plus interest thereon at the default rate provided in the note from the date so paid or incurred until reimbursed by the Mortgagor.

5. *Application of Proceeds.* All amounts received by the Mortgagee under this Mortgage shall be applied by the Mortgagee as follows:

- (a) First, to payment of the costs and expenses incurred by the Mortgagee in connection with any taking of possession, or in any sale or advertisement of the Mortgaged Property, and of any conveyances of the Mortgaged Property, and court costs, compensation of agents and employees and attorney's fees, including, without limitation, any expenses incurred in bankruptcy or insolvency proceedings;
- (b) Second, to payment or repayment of all amounts owed on the promissory note secured by this Mortgage, in such order as the Mortgagee shall determine; and
- (c) Third, the balance (if any) of such proceeds shall be paid to the Mortgagor, or its successors and assigns, or as a court of competent jurisdiction may direct.

6. *Mortgagee's Right to Perform.* If the Mortgagor shall fail to perform any act required to be performed by it under this Mortgage, the Mortgagee, without notice to or demand upon the Mortgagor, and without waiving or releasing any obligation or breach or default, may (but shall not be under any obligation to) at any time thereafter perform such act for the account and at the expense of the Mortgagor, as in the opinion of the Mortgagee, may be necessary or appropriate. All such sums so paid by the Mortgagee and all costs and expenses (including, without limitation, attorney's fees and court costs) so incurred, together with interest thereon at the default rate provided in the note from the date so paid or incurred until reimbursed by the Mortgagor, shall be secured by this Mortgage and shall be paid by the Mortgagor to the Mortgagee on demand.

7. *Waivers.* No failure or delay by the Mortgagee to insist upon the strict performance of any term, condition, covenant or agreement of this Mortgage or to exercise any right, power or remedy under this Mortgage or consequent upon a breach hereof, shall constitute a waiver of any such term, condition, covenant, agreement, right, power or remedy or of any such breach, or preclude the Mortgagee from exercising any such right, power or remedy at any later time or times.

8. *Release of Mortgaged Property.* At any time and from time to time, without notice, the Mortgagee may release all or any part of the mortgaged property without in any way releasing any party's

liability on the promissory note and without in any way affecting the liability of any party under this mortgage.

9. **Costs and Expenses.** Mortgagor will pay all costs and expenses, including a reasonable attorney's fee, incurred by the Mortgagee in enforcing this mortgage or any rights of the Mortgagee under this mortgage.

10. **Insurance.** Mortgagor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the mortgaged property in an amount sufficient to avoid application of any co-insurance clause and with a standard mortgagee clause in favor of the Mortgagee. The policy shall be written by such insurance companies and in such a form as may be reasonably acceptable to Mortgagee. Mortgagor shall deliver to Mortgagee certificates of coverage from each insurer containing a stipulation that coverage will not be canceled or diminished without a minimum of ten (10) days prior notice to Mortgagee.

11. **Condemnation of Property.** If all or any part of the property is condemned, Mortgagee may at its election require that all or any portion of the proceeds of the condemnation award be applied to the indebtedness secured by this mortgage.

12. **Time.** Time is of the essence in the performance of this mortgage.

13. **Homestead Exemption.** Mortgagor releases and waives all rights and benefits of the homestead exemption laws of the State of Wyoming.

14. **Successors and Assigns.** This agreement shall be binding upon the successors and assigns of the parties.

15. **Governing Law.** This agreement shall be governed by and construed in accordance with the laws of the State of Wyoming.

DATED this 19 day of November, 2004.

More Hardware, LLC

By: Kurt W. Smith

Managing Member

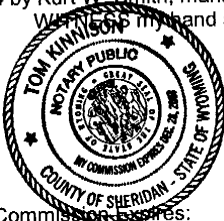
STATE OF WYOMING)

) ss.

COUNTY OF SHERIDAN)

The foregoing instrument was acknowledged before me this 19 day of Nov, 2004 by Kurt W. Smith, managing member of More Hardware, LLC.

Witness my hand and official seal.



Tom Kinnison
Notary Public

My Commission Expires: 12/28/2007