

## LINE OF CREDIT AGREEMENT

**\$500,000**

**SEPTEMBER 1, 2001**

On or before August 31, 2004, for value received, the undersigned Acme Corporation, a Nevada Corporation, (hereinafter referred to as the Maker), promises to pay to the order of American Lenders, Inc., a \_\_\_\_\_ Corporation (hereinafter referred to as the Payee), or bearer, at \_\_\_\_\_, or at such other place as the subsequent bearer may designate, the principal sum of Five Hundred Thousand dollars (\$500,000.00) or so much thereof as may be disbursed, together with any additional payments provided for in this Line of Credit Agreement, and any accompanying Mortgage, or Security Agreement, together with interest thereon from the date of advances of outstanding principal balance at the rate of 8 percent (8%) per annum, interest only computed on the daily outstanding principal balance payable monthly on the first day of each month commencing on the 1<sup>st</sup> of the month following execution hereof and continuing on the 1<sup>st</sup> of each and every month thereafter with the final payment of interest payable on or before August 31, 2004.

The Payee hereof shall have the optional right to declare the principal sum disbursed hereunder and all accrued interest thereon to be due and forthwith payable in advance of the maturity date fixed herein as such date may be adjusted in the manner above provided upon the failure of the Maker to pay when due the interest payments or the principal sum disbursed, or upon the occurrence of any event of default in the Mortgage and any Security Agreement securing this Line of Credit Agreement or upon the occurrence of any event of default in any of the terms, covenants, conditions, warranties, or representations of this note. Failure to exercise this option with respect to any failure or breach by the Maker shall not constitute a waiver of the right as to any subsequent failure or breach.

The Maker reserves the right to prepay all or any part of the principal balance owing on this Line of Credit Agreement at any time or times prior to maturity without payment of premium or penalty.

From time to time, without notice to Maker, endorsers, and guarantors, said Note may be extended or renewed in whole or in part. As to any extension or renewal, the rate of interest thereon may be changed or fees in consideration of loan extensions may be imposed and any related right or security therefore may be waived, exchanged, surrendered, or otherwise dealt with and any of the acts mention in said Note may be done, all without affecting the liability of the Maker, endorsers, and guarantors, each of whom agrees to remain liable under said Note until the debt represented thereby is actually paid in full to the holder. The release of any party liable upon or in respect to said Note shall not release any other such party. Each of the guarantors and endorsers and the Maker hereby waives presentment, demand of payment, protest and notice of nonpayment, and of protest and any and all other notices and demands whatsoever. The acceptance by the Payee of additional security for the performance of the terms and provisions herein contained shall not in any way affect the liability of the Maker.

Maker, endorsers, and guarantors agree to pay on demand any expenditures made by the Payee in accordance with the Mortgage, securing this Line of Credit Agreement, including not by way of limitation, but rather enumeration for the payment of taxes, special assessments, insurance premiums, cost of completing the construction of improvements, cost of maintenance and preservation of such improvements, including monies advanced for utility charges in

connection with said security, interest, and loan expenses incurred in connection with any matter pertaining hereto and /or the security pledged for this indebtedness.

At the option of the Payee, all such expenditures may be added to the unpaid principal balance on this Line of Credit Agreement and become a part of and on a parity with the principal indebtedness secured by the Mortgage and other instruments executed herewith, and shall accrue interest at the rate as may be payable from time to time on the original principal indebtedness or may be declared immediately due and payable. In no event shall advances exceed twice the original amount of Note as first provided above.

Makers, endorsers, and guarantors expressly agree that upon failure to pay any sums herein specified when due, or the occurrence of an event of default under the Mortgage pledged as security, the entire principal debt, or so much thereof as may remain unpaid at the time, together with all accrued interest, shall at the option of the Payee, become immediately due and payable, and any sum not so paid when due shall bear interest at a rate of twelve percent (12%) per annum, and in addition thereto, there shall be due and payable all costs incurred and reasonable attorney fees in the event collection efforts are commended by the placement of this Line of Credit Agreement into the possession of an attorney, such reasonable attorney fees to be paid irrespective of whether or not actions or foreclosure proceedings are commenced or continued into judgment.

If a default is committed in the provisions hereof or in the Mortgage pledged as security, and the Payee has not then disbursed all of the loan proceeds and holds a portion thereof, then at the option of the Payee, all of such un-disbursed proceeds may forthwith be applied toward partial satisfaction of the total indebtedness owed, and for that purpose the Maker, endorsers, and guarantors hereby make, constitute, and appoint an officer of the Payee as its true and lawful attorney to apply such un-disbursed funds toward a partial satisfaction of said indebtedness, whereupon the Maker, endorsers, and guarantors will pay the balance owed thereon.

In no event shall interest (including any charge or fee held to be interest by a Court of competent jurisdiction) accrue to be payable hereof in excess of the highest contract rate allowable by law at the time such indebtedness shall be outstanding and unpaid, and if, by reason of the acceleration of maturity of such indebtedness or for any other reason, interest in excess of the highest legal rate shall be due or paid, any such excess shall constitute and be treated as a payment on the principal hereof and shall operate to reduce such principal by the amount of such excess, or if in excess of the principal indebtedness, such excess shall be waived or refunded to the Maker.

This Line of Credit Agreement is to be construed in accordance with the laws of Nevada. If any charges made in connection with this loan at any time whatsoever or provisions hereof are judicially determined to be invalid, then the interest rate shall be reduced to an amount that is legally permissible, and that portion thereof which is declared invalid shall not affect the remaining provisions hereof.

The Mortgage of even date herewith, together with the Security Agreements of even date herewith above described shall constitute security for the payment and full performance of this obligation as well as all expenditures made and sums advanced on principal hereunder. Incorporated herein by reference are the terms, conditions, covenants, representations, and warranties of the Mortgage and any other instrument securing this Line of Credit Agreement, all of even date herewith.

In this Line of Credit Agreement and any instrument securing the payment of the same, the singular shall include the plural; the masculine shall include the feminine and the neuter genders; "Maker" or "undersigned" shall include the Maker, endorser, guarantor, and assumer. In the event this Note is executed, indorsed, guaranteed, or assumed by more than one person and/or firm, and/or corporation, all of the obligations herein contained shall be joint and several as among all of said parties.

All persons liable, either now or hereafter, for the payment of this Note shall be jointly and severally liable, and waive presentment, demand, protest, including any right or claim to a homestead exemption, and notice of nonpayment and of protest, and agrees that any modification of the terms of payment or extension of time or payment shall in no way impair its joint and several liability.

**NOTICE TO BORROWER**

Read this Line of Credit Agreement before you sign. Do not sign this Line of Credit Agreement if it contains blank spaces.

Date: \_\_\_\_\_  
\_\_\_\_\_, President  
Acme Corporation

**NOTICE TO BEARER**

Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(J) and 1287(A) of the Internal Revenue Code.

This note is not intended for sale, transfer, or negotiation to United States citizens of lawful United States residents, including corporations, partnerships, trusts and estates. This note is specifically targeted to non-United States persons. Any sale, transfer, or negotiation of this note to a United States citizen, lawful resident, corporation, partnership, trust, or estate may create withholding duties under the United States income tax laws.