

JAY E. ZINE
TIM R. JOHNS
COURT CLERK

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

OKLAHOMA DEPARTMENT OF)
SECURITIES, *ex rel.* Irving L. Faught,)
Administrator)

Plaintiff,)

v.)

SEABROOKE INVESTMENTS, LLC,)
an Oklahoma limited liability)
company, *et al.*)

Defendants.)

Case No: CJ-2014-4515

**INTERVENORS', PEGGY JOHNSTON AND HPJ FAMILY LIMITED PARTNERSHIP,
MOTION FOR ORDER DETERMINING RIGHTS TO PROCEEDS FROM SALE OF
REAL ESTATE AND BRIEF IN SUPPORT**

COMES NOW Peggy Johnston, HPJ Family Trust, and HPJ Family Limited Partnership (“Intervenor”), and moves this Court for an Order determining Intervenor’s rights to proceeds from the sale of real estate.

BACKGROUND

1. On August 11, 2014, the Oklahoma Department of Securities filed its Petition for Injunction alleging violations of the Oklahoma Securities Act by Defendants in their offering and selling of securities.
2. As result, a Receiver was appointed. The Receiver identified several properties belonging to the Defendants, including 1609 NW 15th Street, Oklahoma City, Oklahoma (15th Street Property”) and 425 NW 11th Street, Oklahoma City, Oklahoma

("11th Street Property"). During the administration of the Receivership, the Receiver sold the 15th Street Property and the 11th Street Property. Upon information and belief, the sale of each of these properties sold for an amount greater than the undisputed mortgages.

3. Intervenor asserts it had a mortgage on the 15th Street Property that was filed in the Oklahoma County Clerk's Office from Tom and Judith Seabrooke to HPJ Family Trust. It was signed on September 20, 2005 and filed on September 27, 2005. See Note and Mortgage attached as Exhibits A and B. On September 19, 2007, someone filed a release of mortgage with a forged signature purporting to be Ms. Johnston's. See Release of Mortgage attached as Exhibit "C." Barely a month later, Mr. Seabrooke obtained a loan from Bank of the West mortgaging the 15th Street property as collateral. There is currently an outstanding balance of \$78,906.25 as of September 1, 2014.

4. Intervenor asserts it had a mortgage on the 11th Street Property filed in the Oklahoma County Clerk's Office from KAT Properties LLC to HPJ Family Limited Partnership. It was signed on December 2, 2003 and filed on July 29, 2004. See Note and Mortgage attached as Exhibits D and E. On December 5, 2007, someone filed a release of mortgage with a forged signature purporting to be Ms. Johnston's. See Release of Mortgage attached as Exhibit "F." Less than a month later, Mr. Seabrooke had obtained a new loan from Citizens State bank mortgaging the same Office Property as collateral. The balance due to HPJ Family Limited Partnership on the Office Property is \$42,411.61 as of September 1, 2014.

5. Intervenors agreed to allow Receiver to liquidate these properties to preserve the assets of the Receivership as long as Intervenor's rights in the mortgaged property would be extended and attach to the proceeds from the sale of each property.
6. Intervenors are mortgage lienholders with properly filed mortgages. If not for someone's illegal conduct in forging and filing unauthorized releases of mortgages, Intervenor's mortgage liens would have held first priority on both properties.
7. Based on information and belief, the Receiver and/or the Department of Securities has paid other secured creditors their outstanding principal balance and unpaid accrued interest on secured debts at the time the security has sold.
8. On the same date of this filing, Intervenor also filed an Application to Intervene and Brief in Support.

BRIEF IN SUPPORT

THIS COURT HAD AUTHORITY TO DETERMINE INTERENORS' RIGHTS TO THE PROCEEDS FROM THE SALE OF THE 15th STREET PROPERTY AND THE 11th STREET PROPERTY.

The Court has broad discretion to protect the rights of creditors in receivership proceedings. *Dept. of Securities ex rel. Faught v. Blair*, 2010 OK 16, ¶38. Further, the Oklahoma Uniform Securities Act authorizes the Court to "Order such other relief as the court considers appropriate." Certainly, this court has the authority to enter orders determining the rights of defrauded investors in the assets of the Defendants.

INTERVENOR IS ENTITLED TO ENFORCE ITS MORTGAGE RIGHTS

Intervenor entered into valid promissory notes secured by mortgages. These mortgages were properly filed, but illegally released by forged mortgage releases. The forged releases should not eliminate intervenor's rights. Intervenor reached an agreement with the Receiver to allow the Receiver to liquidate the real estate to avoid any further costs of maintaining and operating the real property. The agreement provided that Intervenor's rights would remain the same in the proceeds of the sale as they were in the real estate prior to the sale. The remaining proceeds from the sales of 15th Street and 11th Street should be distributed to Intervenor.

THE SECURED INTERESTS APPLY TO THE OUTSTANDING PRINCIPAL, ACCRUED INTEREST, LATE FEES, ATTORNEYS FEES AND COSTS.

The mortgages secure all indebtedness owed to Intervenor under the mortgages. Both mortgages state "[T]o secure the mortgagee the payment of the aforesaid indebtedness, with interest thereon, the payment of all other monies secured hereby or advanced hereunder, and the performance of the covenants and agreements herein contained..."

Further, both mortgages state "It is agreed that if, and as often as, this mortgage or the note hereby secured is placed in the hands of an attorney for collection, or to protect the priority or validity of this mortgage, or to defend any suit affecting the title of the mortgaged premises, or to enforce or defend any of the Mortgagee's rights hereunder, the Mortgagor herein shall pay to the Mortgagee reasonable attorney's fees, together with all court costs, expenses for title examination, title insurance or other disbursements relating to the mortgaged Premises, which sums shall be secured hereby." See Mortgages attached as Exhibits B and D.

CERTIFICATE OF SERVICE

This is to certify that on the 1st day of May, 2015, a true and correct copy of the above and foregoing document was mailed, postage prepaid, to the following:

Patricia A. Labarthe
Jennifer L. Shaw
Oklahoma Department of Securities
120 N. Robinson, Suite 860
Oklahoma City, OK 73102

Jim W. Lee
Lee & Kiser
One Broadway, Executive Park
201 NW 63rd Street, Suite 230
Oklahoma City, OK 73116

Mark A. Robertson
Michael P. Kirshner
Robertson & Williams
9658 N. May Ave, Suite 200
Oklahoma City, OK 73120

Robert Edinger
Robert Edinger, PLLC
116 E. Sheridan, Suite 207
Oklahoma City, OK 73104

David L. Nunn
David L. Nunn, PC
PO Box 230
Edmond, OK 73083

John M. Thompson
Crowe & Dunlevy
Braniff Building
324 N. Robinson Ave., Suite 100
Oklahoma City, OK 73102

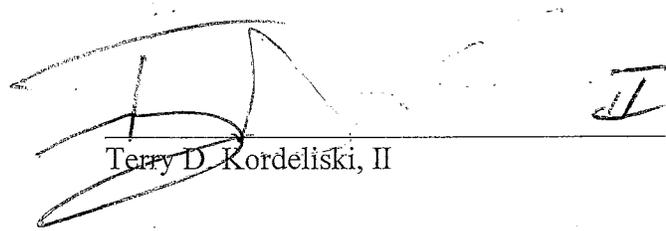
Ryan Leonard
Meyer Leonard & Allison, PLLC
116 E. Sheridan Ave., Suite 207
Oklahoma City, OK 73104

Kelsey Dulin
Dunlin Law Firm
15310 N. May Ave, Suite 102
Edmond, OK 73013

R. Stephen Haynes
Law Office of R. Stephen Haynes, P.C.
First Commercial Bank Building
3805 West Memorial Road
Oklahoma City, OK 73134

Rollin Nash Jr.
**Nash, Cohenour, Kelley, Giessman & Knight,
PC**
4101 Perimeter Center Drive, Suite 200
Oklahoma City, OK 73112

Billy Lewis
Lee, Goodwin, Lee, Lewis & Dobson
1300 E. 9th Street, Suite 1
Edmond, OK 73034



Terry D. Kordeliski, II

17th St

PROMISSORY NOTE
Tuesday, October 02, 2007

PURPOSE

This PROMISSORY NOTE between the undersigned Tom Seabrooke with KAT Properties LLC and HPJ FAMILY LIMITED PARTNERSHIP was hereby formed for the sole purpose of financing the immediate repairs and renovations of newly acquired properties located at 1419 NW 17th Street and 1507 NW 17th Street Oklahoma City.

COMPENSATION

The PROMISSORY NOTE from HPJ FAMILY LIMITED PARTNERSHIP is SEVENTY FIVE THOUSAND DOLLARS (75,000) and compensation shall be Twelve and one half percent interest (12&1/2%) effective October 2, 2007, with interest payments due monthly beginning November 1, 2007 and shall run for a period of 12 months at such time this PROMISSORY NOTE is due and payable in full. *Extended 12 months to Dec 1 2009*

Nov 20 2008

COLLATERAL

Property located at 1609 NW 15th Street owned by Tom & Karyn Seabrooke will be used as Collateral on this PROMISSORY NOTE.

DEFAULT

In the event Tom Seabrooke with KAT PROPERTIES LLC should default on any provision contained herein and this PROMISSORY NOTE is placed in the hands of an attorney for collection or to defend or enforce any of HPJ FAMILY LIMITED PARTNERSHIP rights hereunder, or any instrument securing payment of this PROMISSORY NOTE, the undersigned will pay to HPJ FAMILY LIMITED PARTNERSHIP its reasonable attorneys fees and all court costs and other expenses incurred in connection therewith.

This PROMISSORY NOTE is issued by Tom Seabrooke and accepted by HPJ FAMILY LIMITED PARTNERSHIP, pursuant to a lending transaction negotiated, consummated and to be performed in the State of Oklahoma and the laws of the State of Oklahoma shall govern the validity, construction, interpretation, and legal effect of this Agreement and the rights and duties of the parties hereunder.

HPJ FAMILY LIMITED PARTNERSHIP

HPJ F. L. P.

Date *10-2-07*

By Peggy Johnston, Trustee

Tom Seabrooke

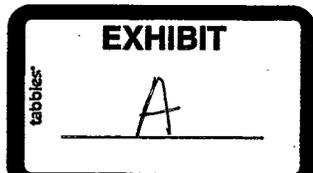
[Signature]

Date *10-2-07*

Witness Thereof

Anabel Zavala

Date *10-2-07*



AMERICAN GUARANTY TITLE CO.
4040 N. TULSA
OKLAHOMA CITY, OK 73112

1609 N. W 15th
60000

Terry/NK

Loan No. _____

RETURN TO:
HPJ FAMILY TRUST
16632 Parkhurst Rd.
Edmond, OK 73003

TAX ID # 049007605

Doc # 2005151025
Bk 9870
Pa 918-920
DATE 09/27/05 14:57:16
Filing Fee \$17.00
Documentary Tax \$0.00
State of Oklahoma
County of Oklahoma
Oklahoma County Clerk
Carolynn Caudill



REAL ESTATE MORTGAGE WITH POWER OF SALE

"A POWER OF SALE HAS BEEN GRANTED IN THIS MORTGAGE. A POWER OF SALE MAY ALLOW THE MORTGAGEE TO TAKE THE MORTGAGED PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT BY THE MORTGAGOR UNDER THIS MORTGAGE"

This Mortgage is made this 20th day of September, 2005, by JUDITH K. SEABROOKE and TOM SEABROOKE, wife and husband (hereinafter collectively called the "Mortgagor") and HPJ FAMILY TRUST (hereinafter collectively called "Mortgagee"), whose address is 16632 Parkhurst Rd., Edmond, OK 73003

WHEREAS, the Mortgagor is justly indebted to the Mortgagee in the sum of \$ 60,000.00 with interest thereon, according to the terms of a certain Promissory Note ("Note") bearing an even date herewith, having a final maturity date of 09/20/2006

NOW THEREFORE, to secure the Mortgagee the payment of the aforesaid indebtedness, with interest thereon, the payment of all other monies secured hereby or advanced hereunder, and the performance of the covenants and agreements herein contained, the Mortgagor does hereby grant, bargain, sell, convey and mortgage unto the Mortgagee and specifically grants to and confirms upon Mortgagee the power to sell in the manner provided in the "Oklahoma Power of Sale Mortgage Foreclosure Act," 46 O.S. §40-48, the following described real property located in Oklahoma County, Oklahoma, to wit:

00176

Lots NINE (9) and TEN (10), of
Block ONE (1), in
HADLOCKS SUB DITTMER to
Oklahoma City, Oklahoma County, Oklahoma,
according to the recorded plat thereof.

TREASURER'S ENDORSEMENT
I hereby certify that I received \$ 7100 issued rec No. _____
Therefore in payment of mortgage due on the within mortgage.
Dated this 27th day of SEPTEMBER, 2005.
FORREST BUTCHER FREEMAN, County Treasurer
By: Paula Wells Deputy

Address, 1609 N.W. 15th Street, OKC, OK 73106

together with all and singular the tenements, appurtenances and hereditaments thereof; all buildings and improvements now or hereafter constructed thereon; all fixtures, equipment, machinery, apparatus and articles of personal property of every kind and character now owned, or hereafter acquired by, the Mortgagor, and now or hereafter located in, or used for, the operation and maintenance of the aforesaid buildings and improvements. The above described real estate, appurtenances, improvements and collateral are hereafter collectively called the "Mortgaged Premises", are hereby declared to be subject to the Mortgage Lien and security interest created by this Mortgage as security for the payment of all indebtedness and obligations herein described.

Mortgagor hereby covenants that Mortgagor is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Mortgaged Premises, that the Mortgaged Premises are unencumbered and the Mortgagor will warrant and defend generally the title of the Mortgaged Premises against all claims and demands subject to any oil and gas leases, easements or restrictive covenants of record.

If, the Mortgagor shall pay the indebtedness as herein described, and shall in all things do and perform all other acts and agreements herein contained to be done, then, in that event only, this Mortgage shall be and become null and void.

The Mortgagor and Mortgagee herein do hereby covenant and agree, while this Mortgage remains in force as follows:

1. Mortgagor shall promptly pay when due the principal and interest on the indebtedness evidenced by the Note and to comply with all provisions thereof.
2. The Mortgagor herein agrees to pay all taxes, special assessments, if any, when they become due, upon said premises before same become delinquent, and to keep the premises, free and clear of any liens or claims which might become prior to the lien of this Mortgage and to furnish Mortgagee proof of same upon request.
3. The Mortgagor herein agrees to maintain insurance acceptable to, and for the benefit of, the Mortgagee insuring against loss by fire and other hazards included within the term "Extended Coverage", and such insurance policy shall name the Mortgagee herein as additional named insured. Such insurance shall be in an amount not less than the indebtedness due under the terms of this Mortgage and Mortgagor shall furnish Mortgagee proof of same upon request. Such insurance shall provide for at least ten days notice of cancellation to Mortgagee. In the event of damage or destruction to the Mortgaged Premises, unless otherwise agreed in writing by Mortgagee, the insurance proceeds, at the sole option of Mortgagee, shall be applied to the sums secured by this Mortgage with any excess paid to Mortgagor, or to restoration or repair of the Mortgaged Premises.
4. The Mortgagor herein will not sell, convey or otherwise transfer all, or any part of, the Mortgaged Premises. Occurrence of any of the foregoing events without the Mortgagee's prior written approval, at the Mortgagee's option, will constitute an event of default hereunder, and the Mortgagee will have the option to declare the indebtedness hereby secured immediately due and payable and exercise any or all of the Mortgagee's rights herein provided.

1200
60000.00

EXHIBIT

tabbles

B

5. In the event of the failure of the Mortgagor to maintain hazard insurance and/or pay all taxes, special assessments or other charges as they become due, the Mortgagee herein may effect and maintain hazard insurance for their own benefit and pay such taxes, assessments or other charges against the property and the sum or sums so paid by the Mortgagee shall be a lien against the property and secured by this Mortgage and bear interest at the same rate provided in the Note.

6. In the event of default under the terms of this Mortgage or the Promissory Note, the Mortgagor shall furnish to the Mortgagee upon demand, an abstract of title to the Mortgaged Premises, or the title search of continuation evidence and documentation satisfactory to Mortgagee, certified by a bonded abstractor or other appropriate authority satisfactory to Mortgagee from Government Patent or origination down to then current date. In the event such abstract or other required title search or evidence is not furnished within ten (10) days after such demand, Mortgagee herein may order an abstract or other title evidence, search or documentation, and add the costs thereof, to the debt secured and collectible under this Mortgage.

7. Upon the Mortgagor's breach of any covenant or agreement of Mortgagor in this Mortgage, or the Note secured hereby, Mortgagee prior to acceleration shall mail notice to Mortgagor as provided herein specifying: (1) the breach; (2) the action required to cure such breach; (3) a date by which such breach must be cured, which shall be at least thirty (30) days from the date Notice is mailed; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of sums secured by this Mortgage, foreclosure by judicial proceedings or power of sale and sale of the Property. If any sum to be paid hereunder or under the Note is not paid on the due date thereof, or if a non-monetary breach is not cured on or before the date specified in the notice, Mortgagee, at Mortgagee's option, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. Mortgagee shall be entitled to collect in such proceeding all expenses of foreclosure, including, but not limited to, reasonable attorney's fees, and costs of documentary evidence, abstracts and title reports.

Mortgagee, as an alternative to judicial foreclosure, may elect to foreclose by power of sale as provided under and pursuant to the Oklahoma Power of Sale Mortgage Foreclosure Act, 46 O.S. §40-48, and for such purposes Mortgagor authorized Mortgagee or Mortgagee's attorney or agent the power, to sell and convey the Property to a purchaser and to foreclose all right, title, interest and estate of Mortgagor and all other persons having an interest subject to the lien of this Mortgage in and to the Property.

8. Notice to the Mortgagor provided for in the Mortgage shall be given by mailing such notice by certified mail, return receipt requested, addressed to the Mortgagor at the following address:

425 N.W. 11TH STREET
OKC, OK 73103

9. Appraisal of the Mortgaged Premises is hereby expressly waived or not, at the option of the Mortgagee, such option to be exercised at the time the judgment is rendered in any foreclosure of this Mortgage or at any time prior thereto.

10. The rights of the Mortgagee arising under the clauses and covenants contained in this Mortgage shall be separate, distinct and cumulative, and none of them shall be in exclusion of others; and no act of the Mortgagee herein shall be construed as an election to proceed under any one provision herein to the exclusion to proceed under any other provision, anything herein or otherwise to the contrary notwithstanding.

11. If any term, covenant or condition of this Mortgage shall be held to be invalid, illegal or unenforceable in any such respect, this Mortgage shall be construed without such provision.

12. This Mortgage may not be changed, added to, modified, amended or terminated except by written agreement signed by both the Mortgagor and Mortgagee herein.

13. This Mortgage will be binding on the Mortgagor and all heirs, personal representatives, successors and assigns of the Mortgagor and will inure to the benefit of the Mortgagee and all successors and assigns of the Mortgagees.

14. It is agreed that if, and as often as, this Mortgage or the Note hereby secured is placed in the hands of an attorney for collection, or to protect the priority or validity of this Mortgage, or to defend any suit affecting the title of the Mortgaged Premises, or to enforce or defend any of the Mortgagees' rights hereunder, the Mortgagor herein shall pay to the Mortgagee reasonable attorney's fees, together with all court costs, expenses for title examination, title insurance or other disbursements, relating to the Mortgaged Premises, which sums shall be secured hereby.

15. It is expressly understood that this Mortgage may not be assumed without the written consent of the Mortgagee.

IN WITNESS WHEREOF, the Mortgagor has duly executed this instrument this September 20, 2005.

Signed and delivered September 20, 2005.

Judith K. Seabrooke

JUDITH K. SEABROOKE

[Signature]

TOM SEABROOKE

INDIVIDUAL ACKNOWLEDGMENT

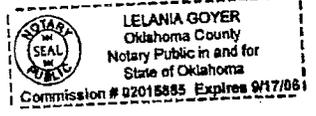
STATE OF Oklahoma)
COUNTY OF Oklahoma) SS:)

Before me, a Notary Public in and for this State, on this 09/20/05 (date), personally appeared JUDITH K. SEABROOKE and TOM SEABROOKE, wife and husband, to me known to be the identical person(s) who executed the within and foregoing instrument, and acknowledged to me that they executed the same as their free and voluntary act and deed, for the uses and purposes therein set forth.

SEAL

Lelania Goyer

Notary Public Commission Number: 02015885
My Commission Expires: 9/17/06



File # Courtesy Filing Only

Mtg. Tax _____

A AMERICAN GUARANTY TITLE CO.
4040 N. TULSA
OKLAHOMA CITY, OK 73112
Terri/NH

Doc # 2007137760
Bk 10611
Pg 849-849
DATE 09/19/07 14:42:03
Filing Fee \$13.00
Documentary Tax \$0.00
State of Oklahoma
County of Oklahoma
Oklahoma County Clerk
Carolynn Caudill

RELEASE OF MORTGAGE
Individual

In consideration of the payment of the indebtedness thereby secured, the undersigned does hereby release that mortgage made by JUDITH K. SEABROOKE AND TOM SEABROOKE to HPJ FAMILY TRUST which is recorded in Book 9870, Page 918, of the records in the office of the County Clerk of Oklahoma County, State of Oklahoma upon the following described real estate in said County, to-wit:

Lots NINE (9) and TEN (10) of
Block ONE (1) in
HADLOCK'S SUBDIVISION of Block 10, Dittmer Addition, to
Oklahoma City, Oklahoma County, Oklahoma
according to the recorded plat thereof.

Signed and delivered this 14th day of September, 2007.

[Signature]
HPJ FAMILY TRUST

STATE OF OKLAHOMA
COUNTY OF OKLAHOMA

}
}SS.
} ACKNOWLEDGMENT

Before me, a Notary Public in and for this state, on this September 13, 2007 (date), personally appeared HPJ FAMILY TRUST, to me known to be the identical person(s) who executed the within and foregoing instrument, and acknowledged to me that (he/she/they) executed the same as (his/her/their) free and voluntary act and deed, for the uses and purposes therein set forth.

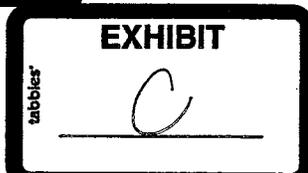
SEAL

[Signature]
Notary Public
My Commission expires: 08-10-10
Commission Number: 06007798

File # 07081081



13



425 NW 13th St
OKC 73103

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned jointly and severally, promise to pay to the order of HPJ FAMILY LIMITED PARTNERSHIP, _____, the principal sum of One Hundred Ten Thousand Dollars and No Cents DOLLARS, with interest thereon from date at the rate of 6% per annum, until paid.

The principal of this Note, plus accrued interest at the rate aforesaid, shall be due and payable in equal and consecutive monthly installments of \$928.24, each, commencing on January 1, 2004, and continuing on the 1st day of each month thereafter until December 1, 2018, at which time the entire principal balance, together with accrued and unpaid interest thereon, shall be due and payable.

If any monthly installment under this Promissory Note is not paid when due, and remains unpaid after a date specified by a notice to Note Maker, the entire principal amount outstanding and accrued interest thereon, shall at once become due and payable at the option of Note Holder. The date specified shall not be less than thirty (30) days from the date such notice is mailed. The Holder of this Note may exercise this option to accelerate during any default by Note Maker regardless of any prior forbearance.

Note Maker shall pay the Note Holder a late charge of 5% of any monthly installment not received by the Note Holder within 15 days after the installment is due.

Note Maker may prepay the principal amount outstanding in whole or in part at any time without penalty.

The Maker of this Note agrees that if, and as often as, this Note is placed in the hands of an attorney for collection or to defend or enforce any of the Holders' rights hereunder, or any instrument securing payment of this Note, the undersigned will pay to such Holder its reasonable attorneys fees and all court costs and other expenses incurred in connection therewith.

This Note is issued by the undersigned and accepted by the Holder hereof, pursuant to a lending transaction negotiated, consummated and to be performed in the State of Oklahoma and the laws of the State of Oklahoma shall govern the validity, construction, interpretation, and legal effect of this Note and the rights and duties of the parties hereunder.

On the breach of any provision of this Note or any Mortgage securing payment hereof, or the default in payment of any other indebtedness owing by the undersigned to the Holder hereof, at the option of the Holder of this Note, the entire indebtedness hereby evidenced shall become due, payable and collectible then, or thereafter, as the Holder may elect, regardless of the maturity hereof; however, failure to exercise such option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

Notwithstanding any provisions herein or in the Mortgage securing this Note to the contrary, the total liability for payments in the nature of interest shall not exceed the limits not imposed by the usury laws of the State of Oklahoma, and no Holder shall ever be entitled to receive, collect, or apply, as interest on the indebtedness, any amount in excess of the maximum legal rate of interest permitted to be charged by applicable law, and, in the event any Holder ever receives, collects or applies, as interest, any such excess, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance of the indebtedness, and if the unpaid principal of the indebtedness is paid in full, any remaining excess shall be forthwith paid to the Maker. In determining whether or not the interest paid or payable under any specific contingency exceeds the highest lawful rate, the Maker and Holder shall, to the extent permitted by applicable law: (a) characterize any nonprincipal payments as an expense, fee or premium rather than as interest; (b) exclude voluntary prepayments and the effect thereof; and (c) "spread" the total amount of interest throughout the entire term of the Note.

Presentment, notice of dishonor, and protest are hereby waived by all makers, sureties, guarantors and endorsers hereof. This Note shall be the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

EXECUTED December 2, 2003.

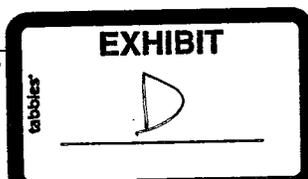
K A T PROPERTIES, L.L.C.

Judith K. Seabrooke
By: JUDITH K. SEABROOKE
Its: MANAGER

Attest:

Secretary

Tom Seabrooke
By: TOM SEABROOKE
Its: MANAGER



AMERICAN GUARANTY TITLE CO.
4040 N. TULSA
OKLAHOMA CITY, OK 73112

VANESSA / N#

Loan No. _____

Doc # 2004123680
Bk 9409
Pg 1055-1058
DATE 07/29/04 14:52:49
Filing Fee \$19.00
Documentary Tax \$0.00
State of Oklahoma
County of Oklahoma
Oklahoma County Clerk
Carolynn Caudill

RETURN TO:
HPJ FAMILY LIMITED PARTNERSHIP
16632 PARKHURST RD
EDMOND, OK 73003

TAX ID # 0304751145

(2)

REAL ESTATE MORTGAGE WITH POWER OF SALE

"A POWER OF SALE HAS BEEN GRANTED IN THIS MORTGAGE. A POWER OF SALE MAY ALLOW THE MORTGAGEE TO TAKE THE MORTGAGED PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT BY THE MORTGAGOR UNDER THIS MORTGAGE"

This Mortgage is made this 2nd day of December, 2003, by K A T PROPERTIES, L.L.C., a Limited Liability Company (hereinafter collectively called the "Mortgagor") and HPJ FAMILY LIMITED PARTNERSHIP (hereinafter collectively called "Mortgagee"), whose address is 16632 PARKHURST RD. EDMOND OK 73003

WHEREAS, the Mortgagor is justly indebted to the Mortgagee in the sum of \$ 110,000.00 with interest thereon, according to the terms of a certain Promissory Note ("Note") bearing an even date herewith, having a final maturity date of December 1, 2018.

NOW THEREFORE, to secure the Mortgagee the payment of the aforesaid indebtedness, with interest thereon, the payment of all other monies secured hereby or advanced hereunder, and the performance of the covenants and agreements herein contained, the Mortgagor does hereby grant, bargain, sell, convey and mortgage unto the Mortgagee and specifically grants to and confirms upon Mortgagee the power to sell in the manner provided in the "Oklahoma Power of Sale Mortgage Foreclosure Act," 46 O.S. §40-48, the following described real property located in Oklahoma County, Oklahoma, to wit:

See Exhibit "A" attached hereto and made a part hereof.

TREASURER'S ENDORSEMENT
I hereby certify that I received \$ 11000 of the amount rec'd.
Therefore in payment of mortgage on the within mortgage.
Dated this 27TH day of JULY, 2004.
FORREST "BUTCH" FREEMAN, County Treasurer

600127

By FALLA WELLS, Deputy

together with all and singular the tenements, appurtenances and hereditaments thereof; all buildings and improvements now or hereafter constructed thereon; all fixtures, equipment, machinery, apparatus and articles of personal property of every kind and character now owned, or hereafter acquired by, the Mortgagor, and now or hereafter located in, or used for, the operation and maintenance of the aforesaid buildings and improvements. The above described real estate, appurtenances, improvements and collateral are hereafter collectively called the "Mortgaged Premises", are hereby declared to be subject to the Mortgage Lien and security interest created by this Mortgage as security for the payment of all indebtedness and obligations herein described.

Mortgagor hereby covenants that Mortgagor is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Mortgaged Premises, that the Mortgaged Premises are unencumbered and the Mortgagor will warrant and defend generally the title of the Mortgaged Premises against all claims and demands subject to any oil and gas leases, easements or restrictive covenants of record.

If, the Mortgagor shall pay the indebtedness as herein described, and shall in all things do and perform all other acts and agreements herein contained to be done, then, in that event only, this Mortgage shall be and become null and void.

The Mortgagor and Mortgagee herein do hereby covenant and agree, while this Mortgage remains in force as follows:

1. Mortgagor shall promptly pay when due the principal and interest on the indebtedness evidenced by the Note and to comply with all provisions thereof.
2. The Mortgagor herein agrees to pay all taxes, special assessments, if any, when they become due, upon said premises before same become delinquent, and to keep the premises, free and clear of any liens or claims which might become prior to the lien of this Mortgage and to furnish Mortgagee proof of same upon request.
3. The Mortgagor herein agrees to maintain insurance acceptable to, and for the benefit of, the Mortgagee insuring against loss by fire and other hazards included within the term "Extended Coverage", and such insurance policy shall name the Mortgagee herein as additional named insured. Such insurance shall be in an amount not less than the indebtedness due under the terms of this Mortgage and Mortgagor shall furnish Mortgagee proof of same upon request. Such insurance shall provide for at least ten days notice of cancellation to Mortgagee. In the event of damage or destruction to the Mortgaged Premises, unless otherwise agreed in writing by Mortgagee, the insurance proceeds, at the sole option of Mortgagee, shall be applied to the sums secured by this Mortgage with any excess paid to Mortgagor, or to restoration or repair of the Mortgaged Premises.
4. The Mortgagor herein will not sell, convey or otherwise transfer all, or any part of, the Mortgaged Premises. Occurrence of any of the foregoing events without the Mortgagee's prior written approval, at the Mortgagee's option, will constitute an event of default hereunder, and the Mortgagor will have the option to declare the indebtedness hereby secured immediately due and payable and exercise any or all of the Mortgagee's rights herein provided.
5. In the event of the failure of the Mortgagor to maintain hazard insurance and/or pay all taxes, special assessments or other charges as they become due, the Mortgagee herein may effect and maintain hazard insurance for their own benefit and pay such

Handwritten signatures

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taxes, assessments or other charges against the property and the sum or sums so paid by the Mortgagee shall be a lien against the property and secured by this Mortgage and bear interest at the same rate provided in the Note.

6. In the event of default under the terms of this Mortgage or the Promissory Note, the Mortgagor shall furnish to the Mortgagee upon demand, an abstract of title to the Mortgaged Premises, or the title search of continuation evidence and documentation satisfactory to Mortgagee, certified by a bonded abstractor or other appropriate authority satisfactory to Mortgagee from Government Patent or origination down to then current date. In the event such abstract or other required title search or evidence is not furnished within ten (10) days after such demand, Mortgagee herein may order an abstract or other title evidence, search or documentation, and add the costs thereof, to the debt secured and collectible under this Mortgage.

7. Upon the Mortgagor's breach of any covenant or agreement of Mortgagor in this Mortgage, or the Note secured hereby, Mortgagee prior to acceleration shall mail notice to Mortgagor as provided herein specifying: (1) the breach; (2) the action required to cure such breach; (3) a date by which such breach must be cured, which shall be at least thirty (30) days from the date Notice is mailed; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of sums secured by this Mortgage, foreclosure by judicial proceedings or power of sale and sale of the Property. If any sum to be paid hereunder or under the Note is not paid on the due date thereof, or if a non-monetary breach is not cured on or before the date specified in the notice, Mortgagee, at Mortgagee's option, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may foreclose this Mortgage by judicial proceeding. Mortgagee shall be entitled to collect in such proceeding all expenses of foreclosure, including, but not limited to, reasonable attorney's fees, and costs of documentary evidence, abstracts and title reports.

Mortgagee, as an alternative to judicial foreclosure, may elect to foreclose by power of sale as provided under and pursuant to the Oklahoma Power of Sale Mortgage Foreclosure Act, 46 O.S. §40-48, and for such purposes Mortgagor authorized Mortgagee or Mortgagee's attorney or agent the power, to sell and convey the Property to a purchaser and to foreclose all right, title, interest and estate of Mortgagor and all other persons having an interest subject to the lien of this Mortgage in and to the Property.

8. Notice to the Mortgagor provided for in the Mortgage shall be given by mailing such notice by certified mail, return receipt requested, addressed to the Mortgagor at the following address:

425 NW 11th
OKLAHOMA CITY, OK

9. Appraisal of the Mortgaged Premises is hereby expressly waived or not, at the option of the Mortgagee, such option to be exercised at the time the judgment is rendered in any foreclosure of this Mortgage or at any time prior thereto.

10. The rights of the Mortgagee arising under the clauses and covenants contained in this Mortgage shall be separate, distinct and cumulative, and none of them shall be in exclusion of others; and no act of the Mortgagee herein shall be construed as an election to proceed under any one provision herein to the exclusion to proceed under any other provision, anything herein or otherwise to the contrary notwithstanding.

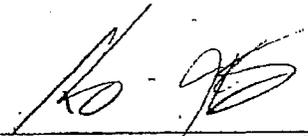
11. If any term, covenant or condition of this Mortgage shall be held to be invalid, illegal or unenforceable in any such respect, this Mortgage shall be construed without such provision.

12. This Mortgage may not be changed, added to, modified, amended or terminated except by written agreement signed by both the Mortgagor and Mortgagee herein.

13. This Mortgage will be binding on the Mortgagor and all heirs, personal representatives, successors and assigns of the Mortgagor and will inure to the benefit of the Mortgagee and all successors and assigns of the Mortgagees.

14. It is agreed that if, and as often as, this Mortgage or the Note hereby secured is placed in the hands of an attorney for collection, or to protect the priority or validity of this Mortgage, or to defend any suit affecting the title of the Mortgaged Premises, or to enforce or defend any of the Mortgagees' rights hereunder, the Mortgagor herein shall pay to the Mortgagee reasonable attorney's fees, together with all court costs, expenses for title examination, title insurance or other disbursements, relating to the Mortgaged Premises, which sums shall be secured hereby.

15. It is expressly understood that this Mortgage may not be assumed without the written consent of the Mortgagee.



IN WITNESS WHEREOF, the Mortgagor has duly executed this instrument this December 2, 2003.

Signed and delivered December 2, 2003.

INDIVIDUAL ACKNOWLEDGMENT.

STATE OF OKLAHOMA)
) SS:
COUNTY OF OKLAHOMA)

Before me, a Notary Public in and for this State, on this 2nd day of December, 2003 (date), personally appeared , to me known to be the identical person(s) who executed the within and foregoing instrument, and acknowledged to me that they executed the same as their free and voluntary act and deed, for the uses and purposes therein set forth.

SEAL

see acknowledgment
Julian
Notary Public Vanessa B. Shadix Commission Number:03005810
My Commission Expires: 5/10/07

K A T PROPERTIES, L.L.C.

Judith K. Seabrooke
By: JUDITH K. SEABROOKE
Its MANAGER

Tom Seabrooke
By: TOM SEABROOKE
Its MANAGER

STATE OF OKLAHOMA)
) SS:
COUNTY OF OKLAHOMA)

This instrument was acknowledged before me on 2nd day of December, 2003 (date) by of K A T PROPERTIES, L.L.C. *
Given under my hand and seal the day and year last above written. * BY JUDITH K. SEABROOKE
AND TOM SEABROOKE
MANAGERS

SEAL

Vanessa B. Shadix
Notary Public Vanessa B. Shadix Commission Number:03005810
My Commission Expires: 5/10/07



The East 14.8 feet of Lot Nineteen (19) in Block Six (6) and the West 27.7 feet of Lot Twenty (20) in Block Six (6) and the West 5 feet of the East 79.7 feet of Lot Twenty (20) in Block Six (6) in VERDOME ADDITION to Oklahoma City, Oklahoma County, being an amended plat of Blocks 6 and 7, McClure's Addition to Oklahoma City, Oklahoma County, Oklahoma



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RELEASE OF MORTGAGE
Individual

In consideration of the payment of the indebtedness thereby secured, the undersigned does hereby release that mortgage made by SEABROOKE REALTY to HPJ FAMILY LIMITED PARTNERSHIP which is recorded in Book 9411, Page 1794, of the records in the office of the County Clerk of Oklahoma County, State of Oklahoma upon the following described real estate in said County, to-wit:

The East 14.8 feet of Lot NINETEEN (19) in Block SIX (6) and the West 27.7 feet of Lot TWENTY (20) in Block SIX (6) and the West 5 feet of the East 79.7 feet of Lot TWENTY (20) in Block SIX (6) in, VENDOME ADDITION to, Oklahoma City, Oklahoma County, Oklahoma, being an amended plat of Blocks 6 and 7, MCCLURE'S ADDITION to Oklahoma City, Oklahoma County, Oklahoma.

Signed and delivered this 27th day of November, 2007.

HPJ FAMILY LIMITED PARTNERSHIP

Peggy Johnston

PEGGY JOHNSTON

STATE OF OKLAHOMA)
)SS.
COUNTY OF OKLAHOMA)

ACKNOWLEDGMENT

Doc # 2007174103
Bk 10677
Pg 1423-1423
DATE 12/05/07 14:55:43
Filings Fee \$13.00
Documentary Tax \$0.00
State of Oklahoma
County of Oklahoma
Oklahoma County Clerk
Carolynn Gaudill

Before me, a Notary Public in and for this state, on this 27th day of November, 2007 (date), personally appeared PEGGY JOHNSTON, to me known to be the identical person(s) who executed the within and foregoing instrument, and acknowledged to me that (he/she/they) executed the same as (his/her/their) free and voluntary act and deed, for the uses and purposes therein set forth.

Anabel Zavala

Signature Of Notary Public Or Other Official

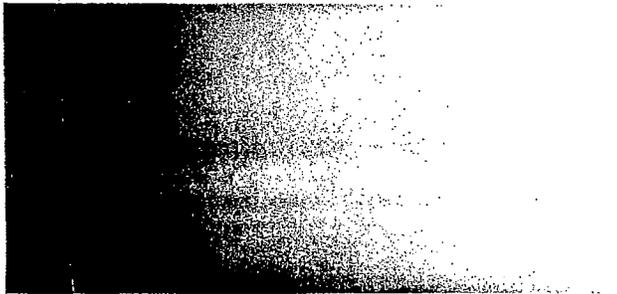
Notarial Stamp Or Seal (Or Other Title Or Rank)

File # 07083622



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