

any litigation with the holder, whether or not arising out of or relating to this note or any collateral security therefor, said parties expressly waive trial by jury, and in addition, expressly waive the right to interpose any defense based on any Statute of Limitations or any claim of laches and any set-off, counterclaim or cross-claim of any nature or description. In any litigation which may arise out of this note, or in any way connected therewith, the same parties agree that New York County shall, at the holder's sole option, be the only proper county for purposes of venue and jurisdiction and that, at holder's sole option, all such parties will submit to the personal jurisdiction of any court (Federal or State) located within the State of New York. It is agreed that the holder's service of process by registered mail, return receipt requested, with copy by regular mail, to the last address of the party served known to the holder, shall be sufficient to confer personal jurisdiction upon the person or entity so served, and that all relevant time periods shall be counted from the day of mailing as though proper service by personal delivery within the State of New York had then occurred.

The maker shall not, without the prior written consent of the holder hereof, enter into any transaction of merger, sale or consolidation, or transfer, sell, assign, lease or otherwise dispose of (other than sales of finished products in the ordinary course of business) all or a substantial part of its assets or stock in trade, or wind up, liquidate or dissolve its business.

The holder hereof may negotiate, assign and transfer this note and may deliver all or any part of any collateral security held in connection herewith to any transferee, who shall thereupon become vested with all the rights, powers and privileges given to the holder with respect to any collateral security transferred and the holder shall thereafter be forever released and discharged of and from any and all liability to the maker for and on account of any collateral security so delivered, and the holder shall retain all powers and rights with respect to any collateral security not so delivered.

This note shall be governed and construed in accordance with the laws of the State of New York. Any provision hereof which is to any extent prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and shall be enforced to the extent permitted by law.

This note may not be changed or terminated orally, but only by a writing signed by the party charged therewith.

Corporate Name: Tallman & Tallman Jewelers, Inc.

520 W. 23rd St., Suite F, Lawrence, KS 66046

ATTEST:

Sign Here--> By

  
Title: Ralph Tallman

Title:

PERSONAL GUARANTY BY INDIVIDUAL(S)  
(Corporate Title After Signature Improper and Ineffective)

In consideration of the loans, advances or extension of credit by the holder of the within note to the maker thereof, the undersigned (jointly and severally) upon maker's request, hereby unconditionally guarantee(s) to the holder and to the successors and assigns of the holder, irrespective of the genuineness, validity, regularity or enforceability thereof, that all obligations of the maker to the holder described in the grant of security interest in this note shall be paid when due, by acceleration or otherwise, in accordance with the provisions thereof; and hereby consent(s), without notice to the undersigned, to any and all extensions of time or terms of payment or modification of any of the terms thereof, and agree(s) to indemnify and hold the holder thereof harmless against all losses, costs, damages, liabilities, and expenses incurred or paid by the holder as a result of or in any way arising out of said obligations and notes. The signature(s) of the undersigned hereto is/are intended as an endorsement of the within note as well as the execution of a guaranty by the undersigned. The provisions hereof may not be changed orally, but only by a writing signed by the party charged therewith. The undersigned hereby grant(s) the holder a security interest in all the undersigned's personal property, including inventory and accounts receivable, now in the possession of the undersigned or hereafter acquired by the undersigned, wherever located and whether under the dominion and control of the undersigned or the dominion and control of any agent or representative of the undersigned, and the proceeds thereof, to secure the obligations of the undersigned hereunder, subject to all the interest, indemnity, default, jurisdiction, venue, service, financing statement filing and acceleration provisions contained in the within note, as fully as though set forth at length herein with respect to the undersigned. This is an individual and personal guaranty by the undersigned; any addition of a corporate title with relation to a signature is in error and is to be disregarded.

WITNESS:

Sign Here-->

 [L.S.]  
Print Name: Ralph Tallman, Individually

WITNESS:

Sign Here-->

\_\_\_\_\_[L.S.]  
Print Name: \_\_\_\_\_, Individually