FORM PTO-1594 (Modified)
(Rev. 6-93)
OMB No. 0651-0011 (exp 4/94)
Copyright 1994-97 LegalStar
TM05/REV03

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Docket No :
14804.1

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To the Honorable Commissioner of Patents

ched original documents or copy thereof.

1. Name of conveying party(ies):

STRATA, INC.

☐ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☒ Corporation-State Utah
☐ Other

Additional names(s) of conveying party(ies) ☐ Yes ☒ No

2. Name and address of receiving

Name: J and S FARMS, LTI

12-04-1998
U.S. Patent & TMOfc/TM Mail Rcpt Dt. #1

Internal Address:

Street Address: 471 North 100 West

City: St. George State: UT ZIP: 84770

☐ Individual(s) citizenship
☐ Association
☐ General Partnership
☒ Limited Partnership Utah
☐ Corporation-State
☐ Other

If assignee is not domiciled in the United States, a domestic designation is ☐ Yes ☐ N
(Designations must be a separate document from
Additional name(s) & address(es) ☐ Yes ☐ N

3. Nature of conveyance:

☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other

Execution Date: June 7, 1996

4. Application number(s) or registration numbers(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

1,606,234 2,022,656 2,098,858
1,727,240 2,042,281 2,018,213
1,892,027

Additional numbers ☐ Yes ☒ No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: John C. Stringham,

Internal Address:

WORKMAN, NYDEGGER & SEELEY

Suite 1000

Street Address: 60 East South Temple Street

City: Salt Lake City, State: UT ZIP: 84111

6. Total number of applications and registrations involved:..... 7

7. Total fee (37 CFR 3.41):.....$ $190.00

☒ Enclosed

☐ Authorized to be charged to deposit account

8. Deposit account number:

23-3178

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

John C. Stringham
Name of Person Signing

Signature

December 4, 1998
Date

Total number of pages including cover sheet, attachments, and 1

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement"), dated as of June 7 1996, made by **J and S FARMS, LTD.** a Utah limited partnership, ("Secured Party"), 471 North 100 West. St. George, Utah 84770, in favor of **STRATA, INC.,** 2 West St. George Blvd., Ancestor Square #2100, St. George, 84770, ("Debtor").

R E C I T A L S :

A. Lender is a Limited Partnership organized according to the laws of the State of Utah and desires to make a loan to the Borrower.

B. Borrower is a corporation organized pursuant to the laws of the State of Utah, and has applied to Lender for a loan in the amount of Seven Hundred Fifty Thousand Dollars, ($750.000.00).

C. Lender is willing to make such a loan on the terms and conditions hereinafter set forth.

D. Such loan amount is evidenced by a Promissory Note, also of even date herewith (the "Note") in the amount of US $750,000.00.

E. It is a condition precedent to advancing any amounts to Debtor pursuant to the Note that Debtor shall have entered into this Agreement granting Secured Party a security interest in the Collateral described in this Agreement.

F. Borrower has also issued a Warrant to Lender, of even date herewith (the "Warrant"), which is secured by this Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce Secured Party to enter into the loan, Debtor agrees with Secured Party as follows:

1. Defined Terms. The following terms used in this Agreement have the meanings specified below (such meanings being equally applicable to both the singular and plural forms of the terms defined):

"Collateral" has the meaning assigned to such term in Section 2 of this Agreement.

"Event of Default" means any event of default under the Note or the Warrant and any default by Debtor under the terms of this Agreement or any other document evidencing or securing the Obligations.

"General Intangibles" means, with respect to Debtor, any "general intangibles," as such term is defined in Section 9-106 of the UCC, now owned or hereafter acquired by Debtor.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of Utah; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of Secured Party's security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Utah, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

"Loan Documents" are the documents listed in the Loan Agreement, Article III Section 3.2.

"Obligations" means any acts or actions required to be taken by the Debtor in favor and for the benefit of the Secured Party.

2. Grant of Security Interest.

As collateral security for the full and prompt payment and performance when due (whether as stated maturity, by acceleration or otherwise) of the Note, and for full performance of the Warrant, and any obligation issued thereunder, Debtor hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to Secured Party, and hereby grants to Secured Party a security interest in, all of Debtor's right, title and interest in, to

ALL GENERAL INTANGIBLES AND INTELLECTUAL PROPERTY

including but not limited to Software, source code in development, trademarks, servicemarks, copyrights, and products and proceeds thereof (the "Collateral").

3. Covenants. Debtor covenants and agrees with Secured Party that from and after the date of this Agreement and until the Note and the other Obligations have been paid in full and are fully satisfied:

a. Further Documentation Pledge of Collateral. At any time and from time to time, upon the written request of Secured Party, and at the sole expense of Debtor, Debtor will promptly and duly execute and deliver any and all such further documents and take such further action as Secured Party may reasonably deem desirable to obtain the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, using its best efforts to secure all consents and approvals necessary or appropriate for the assignment to Secured Party of any General Intangibles held by Debtor or in which Debtor has any rights not heretofore assigned, the filing of any financing or continuation statements under the UCC with respect to the liens and security interests granted hereby and transferring Collateral to Secured Party's possession (if a security interest in such Collateral can be perfected by possession). Debtor also hereby authorizes Secured Party to file any such financing or continuation statement without the signature of Debtor to the extent permitted by applicable law.

b. Compliance with Laws, Etc. Debtor will comply with the requirements of all applicable laws, rules, regulations and orders of any governmental authority or arbitrator applicable to the Collateral or any part thereof or to the operation of Debtor's business, the noncompliance with which, individually or in the aggregate, would, or would be reasonably likely to, materially adversely affect the business, condition (financial or other), assets, property or operations of Debtor; provided, however, that Debtor may contest the

requirement of any applicable law, rule, regulation or order in any reasonable manner which shall not, in the sole opinion of Secured Party, adversely affect Secured Party's rights hereunder or adversely affect the first priority of its lien on and security interest in the Collateral.

c. Payment of Obligations. Debtor will pay, before the same shall become delinquent and before any penalty or interest accrues thereon, all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom and all claims of any kind (including, without limitation, claims for labor, materials and supplies), except that no such item need be paid if (i) such non-payment does not involve any danger of the sale, forfeiture or loss of any of the Collateral or any interest therein which, individually or in the aggregate, would, or would be reasonably likely to, materially adversely affect the business, condition (financial or other), assets, properties, or operations of Debtor.

d. Limitations on Disposition. Debtor will not sell, lease, transfer or otherwise dispose of any of the Collateral, or attempt or contract to do so, except in the ordinary course of business.

e. Further Identification of Collateral. Debtor will, if so requested by Secured Party, furnish to Secured Party, as often as Secured Party reasonably requests, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request (without imposing any undue burden on Debtor), all in reasonable detail.

f. Right of Inspection. Upon reasonable notice to Debtor (unless an Event of Default has occurred and is continuing, in which case no notice is necessary), Secured Party shall at all times have full and free access during normal business hours to all the books and records and correspondence of Debtor, and Secured Party or its representatives may examine the same, take extracts therefrom and make photocopies thereof; provided, however, that the expenses incurred by Secured Party in connection with the foregoing shall be borne by Secured Party unless an Event of Default has occurred and is continuing, in which case such expenses shall be borne by Debtor. Upon reasonable notice to Debtor (unless an Event of Default has occurred and is continuing, in which case no notice is necessary), Secured Party and its representatives shall also have the right to enter into and upon any premises where evidence of any of the General Intangibles and intellectual property of Debtor is located for the purpose of inspecting the same.

g. Continuous Perfection. Debtor will not change its name, identity or corporate structure in any manner which might make any financing or continuation statement filed in connection herewith seriously misleading within the meaning of Section 9-402(8) of the UCC (or any other then applicable provision of the UCC) unless Debtor shall have given Secured Party at least 30 days prior written notice thereof and shall have taken all action (or made arrangements to take such action substantially simultaneously with such change if it is impossible to take such action in advance) necessary or reasonably requested by Secured Party to amend such financing statement or continuation statement so that it is not seriously misleading. Debtor will not change its principal place of business or remove its records unless it gives Secured Party at least 30 days' prior written notice thereof and has taken such action as is necessary to cause the security interest of Secured Party in the Collateral to continue to be perfected.

h. No Material Adverse Action. The Debtor shall not take or fail to take any action the consequence of which would have a material adverse effect on the enforceability of Secured Party's interest in the collateral.

4. Secured Party's Appointment as Attorney-in-Fact.

a. Debtor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in its own name, from time to time in Secured Party's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute and deliver any and all documents which Secured Party may deem necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives Secured Party the power and right, on behalf of Debtor, without notice to or assent by Debtor to do the following:

(i) to ask, demand, collect, receive and give acquittance and receipts for any and all monies due and to become due under any Collateral and, in the name of Debtor or in its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of monies due under any Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Secured Party for the purpose of collecting any and all such monies due under any Collateral whenever payable;

(ii) to pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral, to effect any repairs or obtain any insurance called for by the terms of this Agreement and to pay all or any part of the premiums therefor and the costs thereof; and

(iii) (a) to direct any party liable for any payment under any of the Collateral to make payment of any and all monies due, and to become due thereunder, directly to Secured Party or as Secured Party shall direct; (b) to receive payment of and receipt for any and all monies, claims and other amounts due, and to become due at any time, in respect of or arising out of any Collateral; (c) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with or relating to the Collateral; (d) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (e) to defend any suit, action or proceeding brought against Debtor with respect to any Collateral; (f) to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate; and (g) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option and Debtor's expense, at any time, or from time to time, all acts and things which Secured Party reasonably deems necessary to protect, preserve or realize upon the Collateral and Secured Party's lien therein, in order to effect the intent of this Agreement, all as fully and effectively as Debtor might do.

b. Secured Party agrees that, unless an Event of Default has occurred and is continuing, it will forbear from exercising the power of attorney or any rights granted to Secured Party pursuant to this Section 4. Debtor hereby ratifies, to the extent permitted by law, all that any said attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted pursuant to this Section 4, being coupled with an interest, shall be irrevocable until the Note and the other Obligations are indefeasibly paid in full.

c. The powers conferred on Secured Party hereunder are solely to protect Secured Party's interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act, except for its own gross negligence or willful misconduct.

d. Debtor also authorizes Secured Party, at any time and from time to time following the occurrence and during the continuance of an Event of Default, (i) to communicate in Debtor's own name with any party to any contract with regard to the assignment of the right, title and interest of Debtor in and under the Collateral hereunder and other matters relating thereto and (ii) to execute, in connection with the sale provided for in Section 7 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

5. Performance by Secured Party of Debtor's Obligations. If Debtor fails to perform or comply with any of its agreements contained herein and Secured Party, as provided for by the terms of this Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of Secured Party incurred in connection with such performance or compliance, together with interest thereon at the highest rate then in effect in respect of the Note, shall be payable by Debtor to Secured Party on demand and shall constitute Obligations secured hereby.

6. Remedies, Rights Upon an Event of Default.

a. If any Event of Default shall occur and be continuing, Secured Party may exercise in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Debtor expressly agrees that in any such event Secured Party, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Debtor or any other person (all and each of which demands, advertisements and/or notices are hereby expressly waived to the maximum extent permitted by the UCC and other applicable law), may forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give an option or options to purchase or sell, or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or any of Secured Party's offices or elsewhere at such prices as it may in its sole discretion elect, for cash or on credit or for future delivery without assumption of any credit risk. Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase, by bidding in its debt or otherwise, the whole or any part of said Collateral so sold, free of any right or equity of redemption, which equity of redemption Debtor hereby releases. Debtor further agrees, at Secured Party's request, to assemble the Collateral and make it available to

Secured Party at places which Secured Party shall reasonably select, whether at Debtor's premises or elsewhere. Secured Party shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale as provided in Section 6(d) hereof, Debtor remaining liable for any deficiency remaining unpaid after such application, and only after so paying over such net proceeds and after the payment by Secured Party of any other amount required by any provision of law, including Section 9-504(1)(c) of the UCC, need Secured Party account for the surplus, if any, to Debtor. To the maximum extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention or sale of the Collateral. Debtor agrees that Secured Party need not give more than ten days notice of the time and place and that such notice is reasonable notification of such matters. Debtor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which Secured Party is entitled, Debtor also being liable for the fees and expenses of any attorneys employed by Secured Party to collect such deficiency.

b. Debtor also agrees to pay all costs of Secured Party including, without limitation, attorneys' fees and disbursements, incurred in connection with the enforcement of any of its rights and remedies hereunder.

c. Debtor hereby waives presentment, demand, protest, or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Agreement or any Collateral.

d. The Proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be applied by Secured Party to the Note and the Obligations in such manner as Secured Party shall, in its sole and absolute discretion, determine.

7. Limitation on Secured Party's Duty in Respect of Collateral. Secured Party shall not have any duty as to any Collateral in its possession or control or in the possession or control of its agents or nominees or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto, except that Secured Party shall use reasonable care with respect to the Collateral in its possession or under its control. Upon request of Debtor, Secured Party shall account for any monies received by it in respect of any foreclosure on or disposition of the Collateral.

8. Notices. All notices and other communications provided for hereunder shall be given or made by telecopy, first class mail, overnight delivery, or personal delivery, if to Debtor, addressed to it at the address specified on page 1 of this Agreement, and if to Secured Party, addressed to it at the address specified on page 1 of this Agreement, and, as to each party, at such other address as shall be designated by such party in a written notice to each other party given in accordance with this Section 8. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when transmitted by telecopy, subject to telephone confirmation of receipt and the provision immediately thereafter of a copy by first class mail, overnight delivery or personal delivery or, in the case of a mailed notice, when duly deposited in the U.S. mails, first class postage prepaid, in each case given or addressed as aforesaid.

9. Amendments, Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by Debtor therefrom shall in any event be effective unless the same shall be in writing, signed by Secured Party, and then any such waiver or consent shall only be effective in the specific instance and for the specific purpose for which given.

10. No Waiver; Remedies.

a. No failure on the part of Secured Party to exercise, and no delay in exercising any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative, may be exercised singly or concurrently, and are not exclusive of any remedies provided by law, this Agreement, the Note, or any other document or instrument evidencing or securing the Note or Obligations (collectively, the "Loan Documents").

b. Failure by Secured Party at any time or times hereafter to require strict performance by Debtor or any other person of any of the provisions, warranties, terms or conditions contained in any of the Loan Documents now or at any time or times hereafter executed by Debtor or any such other person and delivered to Secured Party shall not waive, affect or diminish any right of Secured Party at any time or times hereafter to demand strict performance thereof, and such right shall not be deemed to have been modified or waived by any course of conduct or knowledge of Secured Party, or any agent, officer or employee of such Secured Party.

11. Successors and Assigns. This Agreement and all obligations of Debtor hereunder shall be binding upon the successors and assigns of Debtor, and shall, together with the rights and remedies of Secured Party hereunder, inure to the benefit of Secured Party and its respective successors and assigns.

12. Governing Law. This Agreement shall be governed by, and be construed in accordance with, the law of the State of Utah. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity and without invalidating the remaining provisions of this Agreement.

13. Further Indemnification. Debtor agrees to pay, and to save Secured Party harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all excise, sales or other similar taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

14. Consent to Jurisdiction. Courts within the State of Utah shall, to the extent permitted by applicable law, have non-exclusive jurisdiction over any and all disputes arising under or pertaining to this Agreement and all obligations of Debtor hereunder. In any and all such disputes, Debtor hereby irrevocably consents to the non-exclusive jurisdiction of all courts within the State of Utah and the service or process or any of the aforesaid courts by the mailing of copies thereof by registered or certified mail, postage prepaid, to Debtor at its address provided herein, and venue in any such dispute shall, to the extent permitted by applicable law, be proper in Washington County.

15. Section Titles. The Section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of this Agreement.

IN WITNESS WHEREOF, Debtor has caused this Agreement to be executed and delivered by its duly authorized officer on the date first above written.

STRATA, INC.
a Utah corporation

By _____
Kenneth Bringhurst
Chief Executive Officer

DN:J:Johnson 893101 Loan:secag 060596 893101 cle/gk

AMENDMENT NUMBER 1 TO LOAN AGREEMENT

This Amendment Number 1 to Loan Agreement, dated September 30, 1997 (the "**Amended Agreement**") is entered into by and between Strata Incorporated, a Utah corporation ("**Borrower**") and J and S Farms, Ltd., a Utah limited partnership ("**Lender**").

RECITALS

WHEREAS, Lender has extended a loan to Borrower ("**Loan**") in the principal amount of SEVEN HUNDRED FIFTY THOUSAND DOLLARS ($750,000) pursuant to a Loan Agreement, dated June 7, 1996 (the "**Loan Agreement**"), and evidenced by a Promissory Note, dated June 7, 1996 (the "**Note**"). To the extent not specifically provided herein, all capitalized terms used in this Amended Agreement shall have the same meaning ascribed to them in the Loan Agreement.

WHEREAS, the parties now desire to amend the Loan Agreement in accordance with and subject to the terms and conditions set forth herein.

WHEREAS, as part of this and one other loan modification, Ken Bringhurst and Gary Bringhurst, officers and controlling shareholders of the Company, have each agreed to make a contribution to the capital of the Borrower of 121,792 shares of Common Stock of the Borrower.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender agree as follows:

1. **MODIFICATION OF LOAN DOCUMENTS.**

The Loan Agreement is hereby modified as follows:

(a) **Section 2.1(c)** shall be amended in accordance with the shareholders list attached hereto as Exhibit "A" to reflect a 3.5 to 1 forward stock split of the Borrower's common stock.

(b) A new **Section 3.2** shall be inserted that reads as follows:

"Prepayment. Borrower shall have the right to prepay the Loan without penalty, in whole or in part, at any time.

(c) The previous **Section 3.2** shall be renumbered to be **Section 3.3** and subparagraphs "a" through "d" of such section shall be modified to reflect amendments to

each of the documents discussed in such subparagraphs. Such amendments are attached to this Amended Agreement as Exhibit "B" through "E".

(d) The previous **Section 3.3** shall be renumbered to be **Section 3.4.**

(e) A new **Section 3.5** shall be inserted that reads as follows:

"Refinancing of Lender's Promissory Note with Zions First National Bank. On or before June 1, 1998, Borrower shall arrange with a third party financial institution the refinancing of Lender's promissory note with Zions First National Bank (**"Lender's Zions Note"**), which is due and payable on June 1, 1998."

(f) **Section 4.1** of the Loan Agreement is hereby amended and replaced in its entirety to read as follows:

"Terms of Note.

a. Borrower shall deliver a Modified Promissory Note to Lender, which note is attached hereto, in the amount of Seven Hundred Fifty Thousand and No/100 Dollars ($750,000.00), which shall be paid in full, including all unpaid principal and interest, by January 31, 2000.

b. In the event that the Borrower successfully completes an initial public offering or private equity financing that generates to the Borrower in excess of $2,000,000.00 (the **"Offering"**), the Borrower shall pay Lender fifty percent (50%) of all proceeds of the Offering in excess of $2,000,000.00 as payment towards the outstanding principal under the Note (the **"Principal Reduction"**); provided that such Principal Reduction payment shall not exceed the lesser of $375,000.00 or the then current outstanding principal amount under the Note."

c. **Section 4.5** of the Loan Agreement is deleted in its entirety.

(g) A new **Section 7.3(f)** shall be inserted that reads as follows: "Failure of Borrower to arrange for the refinancing of the Lender's Zions Note as set forth in Section 3.5."

2. **RATIFICATION OF LOAN DOCUMENTS AND COLLATERAL.**

Other than as modified herein, the Loan Agreement is hereby ratified and affirmed by Borrower and shall remain in full force and effect as modified herein. Any property or rights to or

interests in property granted as security in the Loan Documents shall remain as security for the Loan and the obligations of Borrower in the Loan Documents.

3. **CHOICE OF LAW.**

This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, without giving effect to conflicts of law principles.

4. **COUNTERPART EXECUTION.**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

DATED as of the date first above stated.

STRATA INCORPORATED,
a Utah corporation

By: _____
Name: Kenneth Rasmussen
Title: CEO/Strata

J AND S FARMS, LTD.
a Utah limited partnership

By: _____
Name: J + S Farms LTD
Title: General Partner

MODIFIED PROMISSORY NOTE

$750.000.00 **St. George, Utah**
September 30, 1997

This Promissory Note modifies, replaces and supersedes that certain promissory note entered into by the parties hereto, dated June 7, 1996.

FOR VALUE RECEIVED, STRATA INCORPORATED, a Utah corporation ("**Borrower**"), promises to pay to the order of **J and S Farms, Ltd.**, a Utah limited partnership, ("**Lender**"), 471 North 100 West, St. George, Utah 84770, or at such other place as Lender may specify in writing to Borrower, the aggregate principal amount of U.S. $750,000.00 ("**Principal Amount**"), together with interest as follows:

Interest shall accrue on the unpaid principal balance of this Modified Promissory Note at the Zions First National Bank Prime Rate plus one percent (1%) per annum ("**Interest Rate**").

Payments shall be made by Borrower to Lender in twenty-four (24) equal monthly installment payments of unpaid principal and interest compounded monthly at the applicable Interest Rate. Such payments shall be due on the 1st day of each month, commencing on the 1st day of February, 1998 and continuing thereafter until paid in full.

In the event that the Borrower successfully completes an initial public offering or private equity financing that generates to the Borrower in excess of $2,000,000.00 (the "**Offering**"), the Borrower shall pay Lender fifty percent (50%) of all proceeds of the Offering in excess of $2,000,000.00 as payment towards the outstanding principal under the Note (the "**Principal Reduction**"); provided that, such Principal Reduction payment shall not exceed the lesser of $375,000.00 or the then current outstanding Principal Amount under the Note.

Any payment under this Modified Promissory Note shall be credited first to Lender's costs and expenses of collections, then to accrued and unpaid interest and then to principal. Borrower shall have the right to prepay all, or any portion, of the indebtedness owing under this Modified Promissory Note at any time without penalty.

This Modified Promissory Note is secured by a Security Agreement, and amendment thereto, executed by Borrower (collectively the "**Security Agreement**") encumbering all general intangibles and intellectual property assets of the Borrower (the "**Collateral**"). Notwithstanding any provision hereof, Borrower shall not sell, transfer or assign the Collateral, other than in the normal course of selling and replacing the same, without Lender's prior written consent, which consent shall not be unreasonably withheld.

Time is of the essence with regard to payment. Upon failure to make any payment as herein provided within fifteen (15) days of the date due, the unpaid principal balance hereof, together with accrued interest, at the option of the Lender, and without notice, shall at once become due and payable, and shall thereafter bear interest at the rate of eighteen percent (18%) per annum, until paid. The amounts specified in this paragraph are in addition to costs of enforcement and collection that may be due and payable under this Modified Promissory Note.

The acceptance of any sum less than a full installment shall not be construed as a waiver of the default in the payment of such full installment.

If an attorney is engaged or other action taken by Lender to enforce any provision of this Modified Promissory Note or the Security Agreement, or any other document or instrument evidencing or securing the indebtedness represented hereby, or as a consequence of any default, with or without the filing of any legal action or proceeding, then Borrower shall immediately pay, in demand, all attorney's fees and all other costs incurred by Lender, together with interest thereon from the date of such demand until paid at the default interest rate specified above.

No previous waiver and no failure or delay by Lender in acting with respect to the terms of this Modified Promissory Note or the Security Agreement, or any other document or instrument evidencing or securing the indebtedness represented hereby, shall constitute a waiver of any breach, default or failure of condition under this Modified Promissory Note, the Security Agreement or any other document or instrument evidencing or securing the indebtedness represented hereby.

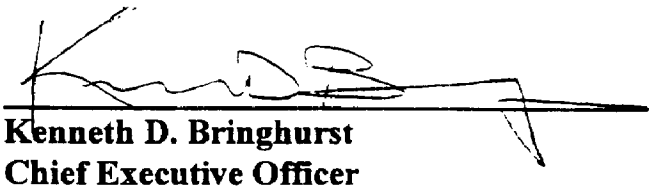
In the event of any inconsistencies between the terms of this Modified Promissory Note and the terms of any other document related to the loan evidenced by this Modified Promissory Note, the terms of this Modified Promissory Note shall prevail.

Borrower hereby waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of cost, expenses or losses and interest therein; notice of late charges; and diligence in taking any action to collect any sums owing under this Modified Promissory Note. The right of the undersigned to plead any and all statutes of limitation as a defense to any demand on this Modified Promissory Note is expressly waived to the full extent permissible by law.

This Modified Promissory Note shall be construed and enforced in accordance with the laws of the State of Utah, and all persons and entities in any manner obligated under this Modified Promissory Note consent to the jurisdiction of any federal or state court within the State of Utah having proper venue and also consent to service of process by any means authorized by Utah or federal law.

All terms and conditions of this Modified Promissory Note shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

STRATA INCORPORATED
a Utah corporation



Kenneth D. Bringhurst
Chief Executive Officer

AMENDMENT NO. 1 TO SECURITY AGREEMENT

This Amendment No. 1 to Security Agreement (this "**Amendment**") is made as of the 23rd day of September, 1997, by and between J and S Farms, Ltd., a Utah limited partnership ("**Lender**") and Strata Incorporated, a Utah corporation ("**Borrower**").

RECITALS:

WHEREAS, Lender and Borrower entered into that certain Security Agreement dated as of June 7, 1996 (the "**Security Agreement**");

WHEREAS, the Borrower and Lender have renegotiated the payment of the remaining balance of the Note; and

WHEREAS, the parties desire to amend the Security Agreement as set forth herein. To the extent not specifically provided herein, all capitalized terms used in this Amendment shall have the same meanings ascribed to them in the Security Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Note. All references to the Note set forth in the Security Agreement shall now refer to the Modified Promissory Note attached hereto as Exhibit "A".

2. Loan Documents. All references to the Loan Documents shall be amended to refer to the loan documents as set forth in Amendment No. 1 to the Loan Agreement of even date herewith, a copy of which is attached hereto as Exhibit "B".

Other than as set forth above, the original Security Agreement is ratified and affirmed by the parties and shall remain in full force and effect as modified herein. This Amendment may be

executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document.

DATED as of the date first above stated.

STRATA INCORPORATED,
a Utah corporation

By _____

Its _____

J AND S FARMS, LTD.,
a Utah limited partnership

By _____

Its _____

MODIFIED PROMISSORY NOTE

$750,000.00

St. George, Utah
September 30, 1997

This Promissory Note modifies, replaces and supersedes that certain promissory note entered into by the parties hereto, dated June 7, 1996.

FOR VALUE RECEIVED, STRATA INCORPORATED, a Utah corporation (**"Borrower"**), promises to pay to the order of **J and S Farms, Ltd.**, a Utah limited partnership, (**"Lender"**), 471 North 100 West, St. George, Utah 84770, or at such other place as Lender may specify in writing to Borrower, the aggregate principal amount of U.S. $750,000.00 (**"Principal Amount"**), together with interest as follows:

Interest shall accrue on the unpaid principal balance of this Modified Promissory Note at the Zions First National Bank Prime Rate plus one percent (1%) per annum (**"Interest Rate"**).

Payments shall be made by Borrower to Lender in twenty-four (24) equal monthly installment payments of unpaid principal and interest compounded monthly at the applicable Interest Rate. Such payments shall be due on the 1st day of each month, commencing on the 1st day of February, 1998 and continuing thereafter until paid in full.

In the event that the Borrower successfully completes an initial public offering or private equity financing that generates to the Borrower in excess of $2,000,000.00 (the **"Offering"**), the Borrower shall pay Lender fifty percent (50%) of all proceeds of the Offering in excess of $2,000,000.00 as payment towards the outstanding principal under the Note (the **"Principal Reduction"**); provided that, such Principal Reduction payment shall not exceed the lesser of $375,000.00 or the then current outstanding Principal Amount under the Note.

Any payment under this Modified Promissory Note shall be credited first to Lender's costs and expenses of collections, then to accrued and unpaid interest and then to principal. Borrower shall have the right to prepay all, or any portion, of the indebtedness owing under this Modified Promissory Note at any time without penalty.

This Modified Promissory Note is secured by a Security Agreement, and amendment thereto, executed by Borrower (collectively the **"Security Agreement"**) encumbering all general intangibles and intellectual property assets of the Borrower (the **"Collateral"**). Notwithstanding any provision hereof, Borrower shall not sell, transfer or assign the Collateral, other than in the normal course of selling and replacing the same, without Lender's prior written consent, which consent shall not be unreasonably withheld.

Time is of the essence with regard to payment. Upon failure to make any payment as herein provided within fifteen (15) days of the date due, the unpaid principal balance hereof, together with accrued interest, at the option of the Lender, and without notice, shall at once become due and payable, and shall thereafter bear interest at the rate of eighteen percent (18%) per annum, until paid. The amounts specified in this paragraph are in addition to costs of enforcement and collection that may be due and payable under this Modified Promissory Note.

The acceptance of any sum less than a full installment shall not be construed as a waiver of the default in the payment of such full installment.

If an attorney is engaged or other action taken by Lender to enforce any provision of this Modified Promissory Note or the Security Agreement, or any other document or instrument evidencing or securing the indebtedness represented hereby, or as a consequence of any default, with or without the filing of any legal action or proceeding, then Borrower shall immediately pay, in demand, all attorney's fees and all other costs incurred by Lender, together with interest thereon from the date of such demand until paid at the default interest rate specified above.

No previous waiver and no failure or delay by Lender in acting with respect to the terms of this Modified Promissory Note or the Security Agreement, or any other document or instrument evidencing or securing the indebtedness represented hereby, shall constitute a waiver of any breach, default or failure of condition under this Modified Promissory Note, the Security Agreement or any other document or instrument evidencing or securing the indebtedness represented hereby.

In the event of any inconsistencies between the terms of this Modified Promissory Note and the terms of any other document related to the loan evidenced by this Modified Promissory Note, the terms of this Modified Promissory Note shall prevail.

Borrower hereby waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of cost, expenses or losses and interest therein; notice of late charges; and diligence in taking any action to collect any sums owing under this Modified Promissory Note. The right of the undersigned to plead any and all statutes of limitation as a defense to any demand on this Modified Promissory Note is expressly waived to the full extent permissible by law.

This Modified Promissory Note shall be construed and enforced in accordance with the laws of the State of Utah, and all persons and entities in any manner obligated under this Modified Promissory Note consent to the jurisdiction of any federal or state court within the State of Utah having proper venue and also consent to service of process by any means authorized by Utah or federal law.

All terms and conditions of this Modified Promissory Note shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

STRATA INCORPORATED
a Utah corporation

Kenneth D. Bringhurst
Chief Executive Officer

AMENDMENT NUMBER 1 TO LOAN AGREEMENT

This Amendment Number 1 to Loan Agreement, dated September 30, 1997 (the "**Amended Agreement**") is entered into by and between Strata Incorporated, a Utah corporation ("**Borrower**") and J and S Farms, Ltd., a Utah limited partnership ("**Lender**").

RECITALS

WHEREAS, Lender has extended a loan to Borrower ("**Loan**") in the principal amount of SEVEN HUNDRED FIFTY THOUSAND DOLLARS ($750,000) pursuant to a Loan Agreement, dated June 7, 1996 (the "**Loan Agreement**"), and evidenced by a Promissory Note, dated June 7, 1996 (the "**Note**"). To the extent not specifically provided herein, all capitalized terms used in this Amended Agreement shall have the same meaning ascribed to them in the Loan Agreement.

WHEREAS, the parties now desire to amend the Loan Agreement in accordance with and subject to the terms and conditions set forth herein.

WHEREAS, as part of this and one other loan modification, Ken Bringhurst and Gary Bringhurst, officers and controlling shareholders of the Company, have each agreed to make a contribution to the capital of the Borrower of 121,792 shares of Common Stock of the Borrower.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender agree as follows:

1. **MODIFICATION OF LOAN DOCUMENTS.**

The Loan Agreement is hereby modified as follows:

(a) **Section 2.1(c)** shall be amended in accordance with the shareholders list attached hereto as Exhibit "A" to reflect a 3.5 to 1 forward stock split of the Borrower's common stock.

(b) A new **Section 3.2** shall be inserted that reads as follows:

"Prepayment. Borrower shall have the right to prepay the Loan without penalty, in whole or in part, at any time.

(c) The previous **Section 3.2** shall be renumbered to be **Section 3.3** and subparagraphs "a" through "d" of such section shall be modified to reflect amendments to

Exhibit B

each of the documents discussed in such subparagraphs. Such amendments are attached to this Amended Agreement as Exhibit "B" through "E".

(d) The previous **Section 3.3** shall be renumbered to be **Section 3.4.**

(e) A new **Section 3.5** shall be inserted that reads as follows:

"Refinancing of Lender's Promissory Note with Zions First National Bank. On or before June 1, 1998, Borrower shall arrange with a third party financial institution the refinancing of Lender's promissory note with Zions First National Bank (**"Lender's Zions Note"**), which is due and payable on June 1, 1998."

(f) **Section 4.1** of the Loan Agreement is hereby amended and replaced in its entirety to read as follows:

"Terms of Note.

a. Borrower shall deliver a Modified Promissory Note to Lender, which note is attached hereto, in the amount of Seven Hundred Fifty Thousand and No/100 Dollars ($750,000.00), which shall be paid in full, including all unpaid principal and interest, by January 31, 2000.

b. In the event that the Borrower successfully completes an initial public offering or private equity financing that generates to the Borrower in excess of $2,000,000.00 (the **"Offering"**), the Borrower shall pay Lender fifty percent (50%) of all proceeds of the Offering in excess of $2,000,000.00 as payment towards the outstanding principal under the Note (the **"Principal Reduction"**); provided that such Principal Reduction payment shall not exceed the lesser of $375,000.00 or the then current outstanding principal amount under the Note."

c. **Section 4.5** of the Loan Agreement is deleted in its entirety.

(g) A new **Section 7.3(f)** shall be inserted that reads as follows: "Failure of Borrower to arrange for the refinancing of the Lender's Zions Note as set forth in Section 3.5."

2. **RATIFICATION OF LOAN DOCUMENTS AND COLLATERAL.**

Other than as modified herein, the Loan Agreement is hereby ratified and affirmed by Borrower and shall remain in full force and effect as modified herein. Any property or rights to or

interests in property granted as security in the Loan Documents shall remain as security for the Loan and the obligations of Borrower in the Loan Documents.

3. **CHOICE OF LAW.**

This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, without giving effect to conflicts of law principles.

4. **COUNTERPART EXECUTION.**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

DATED as of the date first above stated.

STRATA INCORPORATED,
a Utah corporation

By: _____
Name: _____
Title: _____

J AND S FARMS, LTD.
a Utah limited partnership

By: _____
Name: _____
Title: _____

rec'd 5/15/98

AMENDMENT NO. 1 TO WARRANT AGREEMENT

This Amendment No. 1 to Warrant Agreement (this "**Amendment**") is made as of the 30 day of September, 1997, by and between J and S Farms, Ltd., a Utah limited partnership ("**Lender**") and Strata Incorporated, a Utah corporation ("**Borrower**").

RECITALS:

WHEREAS, Lender and Borrower entered into that certain Warrant Agreement dated as of June 7, 1996;

WHEREAS, the parties desire to amend the Warrant Agreement as set forth herein;

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Number of Shares. Pursuant to a 3.5 to 1 forward stock split of the Borrower's common stock, the number of shares available for purchase under the Warrant shall be increased from 52,200 to 182,700.

2. Deletion of Paragraph. The third paragraph under Section 1 of the Warrant Agreement shall be deleted in its entirety.

Other than as set forth above, the original Warrant Agreement is ratified and affirmed by the parties and shall remain in full force and effect as modified herein. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document.

DATED as of the date first above stated.

STRATA INCORPORATED,
a Utah corporation

By _____

Its CFO

J AND S FARMS, LTD.,
a Utah limited partnership

By _____

Its Co Partner

LOAN AGREEMENT

This Loan Agreement ("Agreement") dated June 7, 1996, is made by **J and S Farms, LTD.**, a Utah limited partnership ("Lender"), 471 North 100 West, St. George, Utah 84770, and **Strata, Inc.,** ("Borrower"), 2 West St. George Blvd., Ancestor Square, #2100, St. George, Utah 84770, as follows:

R E C I T A L S

A. Lender is a limited partnership organized according to the laws of the State of Utah and desires to make a loan to the Borrower.

B. Borrower is a corporation organized pursuant to the laws of the State of Utah, and has applied to Lender for a loan in the amount of Seven Hundred Fifty Thousand Dollars ($750.000).

C. Lender is willing to make such a loan on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained, the parties hereto agree as follows:

ARTICLE I
Incorporation of Recitals and Exhibits

1.1 Incorporation of Terms. The foregoing preamble and all other recitals set forth herein are made part of this Agreement.

1.2 Incorporation of Exhibits. Exhibits A, B, C, D, E, F, G, and H attached hereto, are incorporated herein and expressly made a part hereof and with this Loan Agreement constitute the "Loan Documents."

ARTICLE II
Borrower's Representations and Warranties

2.1 Borrower's Representations. To induce Lender to execute the Loan Documents and perform the same, Borrower hereby represents and warrants as follows:

a. That Borrower is a Utah corporation in good standing and is duly organized and authorized to enter into the Loan Documents;

b. That the execution and performance of the Loan Documents has been properly authorized by Borrower's Board of Directors and by the holders of the requisite number of shares:

c. Borrower has full power and authority to execute, deliver and perform the Loan Documents;

d. The execution, delivery and performance of the Loan Documents shall not constitute a breach or default under any other agreements to which Borrower is a party or may be bound or affected;

e. That all outstanding shares of Borrower are held by the persons indicated in the amounts indicated:

Name	Number of Shares
Kenneth Bringhurst	436,750
Gary Bringhurst	436,750
LaVerna Bringhurst Johnson	62,000
Richard Whitehead	25,000
Nancy Perkins	16,833
Cheri Atkin	5,000
Kelley Bringhurst	1,000
Evans & Sutherland	109,259
J and S Farms, LTD.	52,200[1]

f. That no consents, approvals or authorizations other than those recited in subparagraph b are required for execution, delivery or performance of the Loan Documents; and

h. That no governmental approvals or permission are required for execution, delivery or performance of the Loan Documents.

ARTICLE III
Terms of Loan and Documents

3.1 Agreement to Borrow and Lend. Borrower agrees to borrow from Lender and Lender agrees to lend Borrower the amount of Seven Hundred Fifty Thousand Dollars ($750,000.00).

3.2 Loan Documents. Borrower agrees that it will execute and deliver to Lender the following documents in form, substance and execution acceptable to the Lender:

a. A Promissory Note in the form attached hereto as Exhibit A, payable to the order of the Lender in the full amount of the loan in accordance with the terms of this Agreement;

b. A valid Security Agreement in the form attached hereto as Exhibit B;

c. A valid UCC-1 document in the form attached hereto as Exhibit C;

d. A valid Warrant, in the form attached as Exhibit D;

e. A certified copy of a Resolution of the Borrower's Board of Directors, authorizing the execution of the Loan Document, in the form attached hereto as Exhibit E;

f. A Waiver of Pre-emptive rights executed by all Shareholders of Borrower as set forth on the Waiver of Pre-emptive Rights attached hereto as Exhibit F;

g. An opinion of Borrower's counsel, in the form attached hereto as Exhibit G;

---

[1] This amount represents the J and S Farms, Ltd. warrant issued as a part of this loan transaction.

h. A Certificate of Borrower's principals, in the form attached hereto as Exhibit H; and

i. Such other papers and documents as Lender may reasonably require.

3.3 Deposit of Funds. Borrower shall deposit $12,500 with Lender concurrent with the disbursement of Loan Funds which shall be held by Lender and applied to the balance owing Lender:

a. Upon the occurrence of any default by Borrower or

b. At the time of final payment of the amounts due under the Loan Documents.

The application of funds under subparagraph a shall not operate to cure any default in payment of the Promissory Note by Borrower, but shall immediately create an obligation of Borrower to replenish and restore the balance of $12,500 held by Lender by making the payment which was not made.

ARTICLE IV
Specific Terms and Conditions of Loan

4.1 Terms of Note. Borrower shall deliver a Promissory Note to Lender, which Note is attached as Exhibit A, in the amount of Seven Hundred Fifty Thousand Dollars ($750,000.00), on the same terms and conditions as a Note issued by Lender to Zions First National Bank ("Zions").

4.2 Renewal of Note. Borrower may request that Lender renew, or extend the maturity of, the Promissory Note delivered by Borrower to Lender. If Borrower makes such a request, Lender shall make a reasonable effort to renew or refinance its Note payable to Zions. If Lender is successful in making that renewal or refinance of the Zions Note, Lender shall renew, or extend the maturity of, the Promissory Note signed by Borrower. The renewal or extension of the Promissory Note shall be on terms similar to the renewal or refinance of the Zions Note, with the result that Borrower shall be subject to the same terms as Lender is subject. The Promissory Note of Borrower, as extended or renewed, shall be subject to all of the terms of this Agreement and the security and other rights referenced herein. If Lender is not successful in making a renewal or refinance of the Zions Note, Borrower shall pay its Promissory Note to Lender on or before the due date thereof.

4.3 Security. The security provided to Lender by Borrower shall consist of all general intangibles and intellectual property of the Borrower, as such term is defined in Section 9-106 of the Utah Uniform Commercial Code, now owned or hereafter acquired by the Borrower, and is described in the Security Agreement Exhibit B.

4.4 Warrant and Purchase Rights. Lender shall receive a Warrant, Exhibit D, under which Lender shall have at its sole election and without notice to Borrower, the option to purchase capital stock of the Company pursuant to the terms of the Warrant, Exhibit D, issued to Lender by the Company.

4.5 Payoff of Promissory Note. If Borrower pays in full to Lender all sums owing under the Promissory Note prior to May 20, 1997, Lender's rights under the Warrant shall be modified as follows: Lender may only exercise the Warrant as to 34,800 shares of capital stock, or in lieu of capital stock, Lender may only exchange the Warrant for a new Promissory Note in the

face amount of $1,500,00.00. All other terms and provisions of the Warrant shall remain unchanged.

ARTICLE V
Issues Regarding Security

5.1 Intangibles and Intellectual Property. Lender understands that the general intangibles and intellectual property pledged by Borrower to Lender under the terms of the Security Agreement, Exhibit B, are already encumbered by security on loans to the Borrower from LaVerna Bringhurst Johnson, the Utah Technology Finance Corporation and Zions First National Bank, all of which loans Borrower covenants to keep current.

ARTICLE VI
Loan Expenses

6.1 Payments of Loan Expenses. Borrower agrees to pay all expenses of the loan, including, without limiting the generality of the foregoing, all filing charges, printing and photocopying expenses, and other such charges and expenses as the Lender may reasonably incur in connection with this Agreement. In addition, Borrower will pay charges and expenses of Lender's counsel and fees incurred, if any.

ARTICLE VII
General Terms and Conditions

7.1 Lender's Right to Assign. Lender may assign, negotiate, pledge or transfer the Promissory Note and all other loan documents to any banks or financial institutions to secure a loan from such banks or financial institutions, and may further transfer and assign its rights pursuant to this Agreement upon consent of Borrower, which consent shall not be unreasonably withheld.

7.2 Time is of the Essence. Borrower agrees that time is of the essence in this Agreement.

7.3 Events of Default. The occurrence of any one or more of the following shall constitute an "event of default", as said term is used herein:

a. Failure of Borrower for a period of twenty (20) days after written notice from Lender to Borrower to observe or perform any of the conditions by Borrower to be performed under this Agreement;

b. The occurrence of any event of default under the Promissory Note, Exhibit A, or the Security Agreement, Exhibit B;

c. If all or a substantial part of the assets of Borrower are attached, seized, subjected to a writ or distress warrant, or are levied upon or come into the possession of any receiver, trustee, custodian or assignee for the benefit of creditors;

d. If Borrower is enjoined, restrained or in any way prevented by court order, or if any proceeding is filed or commenced seeking to enjoin, restrain or in any way prevent Borrower from conducting all or substantial part of its business affairs; or

e. If any petition is filed by or against Borrower under the Federal Bankruptcy Act, or under any similar law, state or federal, whether now or hereinafter existing and, in the case of involuntary proceedings, Borrower fails to cause the same to be vacated, stayed or set aside within ten (10) days after filing.

7.4 Remedies Conferred Upon Lender. Upon the occurrence of any event of default, Lender shall have all remedies conferred upon Lender by law, including but not limited to its rights as a secured party under Article 9 of the Utah Uniform Commercial Code, and may pursue any one or more it its remedies concurrently or successively, it being the intent hereof that none of such remedies shall be to the exclusion of any other and that it may exercise or pursue any other remedy or cause of action permitted under this Agreement.

7.5. Non-Waiver of Remedies. No waiver of any breach or default hereunder shall constitute or be construed as a waiver by Lender of any subsequent breach or default or any breach or default of any other provision of this Agreement.

7.6. Attorney Fees and Costs. If Lender shall engage legal counsel for the purpose of enforcing any of its rights under the terms of this Agreement and all attachments hereto, Borrower shall pay all reasonable costs and attorney fees incurred by Lender in connection therewith.

7.7. Notice. Any notice that any party hereto may be required or may desire to give hereunder shall be deemed to have been given if mailed by United States registered or certified mail, and addressed to the other party at its address as set forth in the preamble above, or at such address as the party to serve may have furnished to the party seeking or desiring to serve notice.

EXECUTED as of the date first written above.

J and S FARMS, LTD., a Utah limited partnership
(LENDER)

By _____
Sheldon B. Johnson, General Partner

STRATA, INC., a Utah corporation
(BORROWER)

By _____
Kenneth D. Bringhurst
Chief Operating Officer

STATE OF UTAH)
: ss.
COUNTY OF WASHINGTON)

On the 7 day of June, 1996, personally appeared before me Sheldon B. Johnson, who, being by me duly sworn, did say that he is the General Partner of J and S Farms, LTD., that said instrument was signed in behalf of said partnership, and said Sheldon B. Johnson acknowledged to me said partnership executed the same.

NOTARY PUBLIC
Residing at: St George Utah

My Commission Expires:
2/13/00

DAVID NUFFER
Notary Public
State of Utah
My Comm. Expires Feb 13, 2000
90 East 200 North St George UT 84770

STATE OF UTAH)
: ss.
COUNTY OF WASHINGTON)

On the 7 day of June, 1996, personally appeared before me Kenneth D. Bringhurst, who, being by me duly sworn, did say that he is the Chief Operating Engineer Officer of Strata, Inc., , that said instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its board of directors, and said Kenneth D. Bringhurst acknowledged to me that said corporation executed the same.

NOTARY PUBLIC
Residing at: St George Utah

My Commission Expires:
2/13/00

DN:J Johnson 893101 Loan:LoAg 060696 893101 cle/gk

DAVID NUFFER
Notary Public
State of Utah
My Comm. Expires Feb 13, 2000
90 East 200 North St George UT 84770

EXHIBIT "A"
to Loan Agreement between
J and S Farms, Ltd., and Strata, Inc.

PROMISSORY NOTE

PROMISSORY NOTE

$750,000.00

St. George, Utah
June ___, 1996

FOR VALUE RECEIVED, STRATA, INC., a Utah corporation, ("**Borrower**")", promises to pay to the order of **J and S Farms, Ltd.**, a Utah limited partnership, ("**Lender**"), 471 North 100 West, St. George, Utah 84770, or at such other place as Lender may specify in writing to Borrower, the aggregate principal amount of U.S. $750,000.00, together with interest as follows:

> Interest shall accrue on the unpaid principal balance of this Promissory Note at the same rate charged by Zions First National Bank of its $750,000.00 loan to Lender of even date herewith ("Zions Loan"), as evidenced by a Promissory Note, a copy of which is attached hereto as Attachment 1.
>
> Monthly payments shall be made by Borrower to Lender in the amount of Six Thousand Two Hundred Fifty Dollars ($6,250.00) or such greater amount as is due under the Zions Loan), such payments due on the 1st day of each month, commencing on the ____ day of _____, 1996. Unpaid interest and principal under this Promissory Note shall be due and payable in full on or before May 31, 1997.

Any payment under this Promissory Note shall be credited first to Lender's costs and expenses of collections, then to accrued and unpaid interest and then to principal. Borrower shall have the right to prepay all, or any portion, of the indebtedness owing under this Promissory Note at any time without penalty.

This Promissory Note is secured by a Security Agreement of even date herewith executed by Borrower ("**Security Agreement**") encumbering all general intangibles and intellectual property assets of the Borrower (**the** "**Collateral**"). Notwithstanding any provision hereof, Borrower shall not sell, transfer or assign the Collateral, other than in the normal course of selling and replacing the same, without Lender's prior written consent, which consent shall not be unreasonably withheld. Moreover, in the event of any change of ownership of the Borrower, as outlined in the Loan Agreement of even date, all principal and accrued and unpaid interest hereunder shall be immediately due and payable in full. Lender may, at its sole option, elect to accept payment of the Note by exercise of a Warrant.

Time is of the essence of payment. Upon failure to make any payment as herein provided within fifteen (15) days of the date due, the unpaid principal balance hereof, together with accrued interest, at the option of the Lender, and without notice, shall at once become due and payable, and shall thereafter bear interest at the rate of eighteen percent (18%) per annum, until paid. The amounts specified in this paragraph are in addition to costs of enforcement and collection that may be due and payable under this Promissory Note.

The acceptance of any sum less than a full installment shall not be construed as a waiver of the default in the payment of such full installment.

If an attorney is engaged or other action taken by Lender to enforce any provision of this Promissory Note or the Security Agreement, or any other document or instrument evidencing or securing the indebtedness represented hereby, or as a consequence of any default, with or without the filing of any legal action or proceeding, then Borrower shall immediately pay, on demand, all attorney's fees and all other costs incurred by Lender, together with interest thereon from the date of such demand until paid at the default interest rate specified above.

No previous waiver and no failure or delay by Lender in acting with respect to the terms of this Promissory Note or the Security Agreement, or any other document or instrument evidencing or securing the indebtedness represented hereby, shall constitute a waiver of any breach, default or failure of condition under this Promissory Note, the Security Agreement or any other document or instrument evidencing or securing the indebtedness represented hereby.

In the event of any inconsistencies between the terms of this Promissory Note and the terms of any other document related to the loan evidenced by this Promissory Note, the terms of this Promissory Note shall prevail.

Borrower hereby waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of cost, expenses or losses and interest therein; notice of late charges; and diligence in taking any action to collect any sums owing under this Promissory Note. The right of the undersigned to plead any and all statutes of limitation as a defense to any demand on this Promissory Note is expressly waived to the full extent permissible by law.

This Promissory Note shall be construed and enforced in accordance with the laws of the State of Utah, and all persons and entities in any manner obligated under this Promissory Note consent to the jurisdiction of any federal or state court within the State of

Utah having proper venue and also consent to service of process by any means authorized by Utah or federal law.

All terms and conditions of this Promissory Note shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

STRATA, INC.
a Utah corporation

_____

Kenneth D. Bringhurst
Chief Executive Officer

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call	Collateral	Account	Officer	Initials
$750,000.00	06-06-1996	06-01-1997	9001	Y	5100	4796088		

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: J AND S FARMS, LTD., SHELDON B. JOHNSON, KERRY V. JOHNSON AND BARBARA JOHNSON
471 NORTH 100 WEST
ST. GEORGE, UT 84770

Lender: ZIONS FIRST NATIONAL BANK
SOUTHERN UTAH COMMERCIAL BANKING CENTER
#1 SOUTH MAIN STREET
P O BOX 25822
SALT LAKE CITY, UT 84125

Principal Amount: $750,000.00 **Initial Rate: 9.750%** **Date of Note: June 6, 1996**

PROMISE TO PAY. **J AND S FARMS, LTD., SHELDON B. JOHNSON, KERRY V. JOHNSON AND BARBARA JOHNSON ("Borrower") promises to pay to ZIONS FIRST NATIONAL BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of Seven Hundred Fifty Thousand & 00/100 Dollars ($750,000.00), together with interest on the unpaid principal balance from June 6, 1996, until paid in full.**

PAYMENT. **Borrower will pay this loan in one principal payment of $750,000.00 plus interest on June 1, 1997. This payment due June 1, 1997, will be for all principal and accrued interest not yet paid. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning July 1, 1996, with all subsequent interest payments to be due on the same day of each month after that.** Interest on this Note is computed on a 365/360 simple interest basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to any unpaid collection costs and any late charges, then to any unpaid interest, and any remaining amount to principal.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an index which is the ZIONS FIRST NATIONAL BANK PRIME RATE (the "Index"). "PRIME RATE" MEANS AN INDEX WHICH IS DETERMINED DAILY BY THE PUBLISHED COMMERCIAL LOAN VARIABLE RATE INDEX HELD BY ANY TWO OF THE FOLLOWING BANKS: CHASE MANHATTAN BANK, WELLS FARGO BANK N.A., AND BANK OF AMERICA N.T. & S.A. IN THE EVENT NO TWO OF THE ABOVE BANKS HAVE THE SAME PUBLISHED RATE, THE BANK HAVING THE MEDIAN RATE WILL ESTABLISH LENDERS' PRIME RATE. IF, FOR ANY REASON BEYOND THE CONTROL OF LENDER, ANY OF THE AFOREMENTIONED BANKS BECOMES UNACCEPTABLE AS A REFERENCE FOR THE PURPOSE OF DETERMINING THE PRIME RATE USED HEREIN, LENDER MAY, FIVE DAYS AFTER POSTING NOTICE IN LENDERS OFFICES, SUBSTITUTE ANOTHER COMPARABLE BANK FOR THE ONE DETERMINED UNACCEPTABLE. AS USED IN THIS PARAGRAPH, "COMPARABLE BANK" SHALL MEAN ONE OF THE TEN LARGEST COMMERCIAL BANKS HEADQUARTERED IN THE UNITED STATES OF AMERICA. THIS DEFINITION OF PRIME RATE IS TO BE STRICTLY INTERPRETED AND IS NOT INTENDED TO SERVE ANY PURPOSE OTHER THAN PROVIDING AN INDEX TO DETERMINE THE VARIABLE INTEREST RATE USED HEREIN. IT IS NOT THE LOWEST RATE AT WHICH LENDER MAY MAKE LOANS TO ANY OF ITS CUSTOMERS, EITHER NOW OR IN THE FUTURE.. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The interest rate change will not occur more often than each DAY. **The Index currently is 8.250% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 1.500 percentage points over the Index, resulting in an initial rate of 9.750% per annum.** NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due.

DEFAULT. Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due. (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender. (c) Borrower defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the Related Documents. (d) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any material respect either now or at the time made or furnished. (e) Any partner dies or any of the partners or Borrower becomes insolvent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws. (f) Any creditor tries to take any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts with Lender. (g) Any of the events described in this default section occurs with respect to any general partner of Borrower or any guarantor of this Note. (h) A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired. (i) Lender in good faith deems itself insecure.

If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured (and no event of default will have occurred) if Borrower, after receiving written notice from Lender demanding cure of such default: (a) cures the default within fifteen (15) days; or (b) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon default, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, increase the variable interest rate on this Note to 4.500 percentage points over the Index. The interest rate will not exceed the maximum rate permitted by applicable law. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law. **This Note has been delivered to Lender and accepted by Lender in the State of Utah. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of SALT LAKE County, the State of Utah Subject to the provisions on arbitration, this Note shall be governed by and construed in accordance with the laws of the State of Utah.**

RIGHT OF SETOFF. Borrower grants to Lender a contractual possessory security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Lender (whether checking, savings, or some other

account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA and Keogh accounts, and all trust accounts for which the grant of a security interest would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

COLLATERAL. This Note is secured by A Deed of Trust from Trustor to Lender of even date on real property located in Washington County, State of Utah, all the terms and conditions of which are hereby incorporated and made a part of this Note.

ARBITRATION DISCLOSURES:

1. **AS USED IN THIS ARBITRATION SECTION, THE TERM "PARTIES" MEANS THE LENDER, ANY OTHER SIGNERS HERETO AND PERMITTED SUCCESSORS AND ASSIGNS.**
2. **ARBITRATION IS USUALLY FINAL AND BINDING ON THE PARTIES AND SUBJECT TO ONLY VERY LIMITED REVIEW BY A COURT.**
3. **THE PARTIES ARE WAIVING THEIR RIGHT TO LITIGATE IN COURT, INCLUDING THEIR RIGHT TO A JURY TRIAL.**
4. **PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED AND DIFFERENT FROM COURT PROCEEDINGS.**
5. **ARBITRATORS' AWARDS ARE NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING AND ANY PARTY'S RIGHT TO APPEAL OR TO SEEK MODIFICATION OF RULINGS BY ARBITRATORS IS STRICTLY LIMITED.**
6. **A PANEL OF ARBITRATORS MIGHT INCLUDE AN ARBITRATOR WHO IS OR WAS AFFILIATED WITH THE BANKING INDUSTRY.**
7. **IF YOU HAVE QUESTIONS ABOUT ARBITRATION, CONSULT YOUR ATTORNEY OR THE AMERICAN ARBITRATION ASSOCIATION**

ARBITRATION PROVISIONS:

(a) Any controversy or claim between or among the parties, including but not limited to those arising out of or relating to this Agreement or any agreements or instruments relating hereto or delivered in connection herewith, and including but not limited to a claim based on or arising from an alleged tort, shall at the request of any party be determined by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration proceedings shall be conducted in Salt Lake City, Utah. The arbitrator(s) shall have the qualifications set forth in subparagraph (c) hereto. All statutes of limitations which would otherwise be applicable in a judicial action brought by a party shall apply to any arbitration or reference proceedings hereunder.

(b) In any judicial action or proceeding arising out of or relating to this Agreement or any agreements or instruments relating hereto or delivered in connection herewith, including but not limited to a claim based on or arising from an alleged tort, if the controversy or claim is not submitted to arbitration as provided and limited in subparagraph (a) hereto, all decisions of fact and law shall be determined by a reference in accordance with Rule 53 of the Federal Rules of Civil Procedure or Rule 53 of the Utah Rules of Civil Procedure or other comparable, applicable reference procedure. The parties shall designate to the court the referee(s) selected under the auspices of the American Arbitration Association in the same manner as arbitrators are selected in Association-sponsored arbitration proceedings. The referee(s) shall have the qualifications set forth in subparagraph (c) hereto.

(c) The arbitrator(s) or referee(s) shall be selected in accordance with the rules of the American Arbitration Association from panels maintained by the Association. A single arbitrator or referee shall be knowledgeable in the subject matter of the dispute. Where three arbitrators or referees conduct an arbitration or reference proceeding, the claim shall be decided by a majority vote of the three arbitrators or referees, at least one of whom must be knowledgeable in the subject matter of the dispute and at least one of whom must be a practicing attorney. The arbitrator(s) or referee(s) shall award recovery of all costs and fees (including reasonable attorneys' fees, administrative fees, arbitrators' fees, and court costs). The arbitrator(s) or referee(s) also may grant provisional or ancillary remedies such as, for example, injunctive relief, attachment, or the appointment of a receiver, either during the pendency of the arbitration or reference proceeding or as part of the arbitration or reference award.

(d) Judgment upon an arbitration or reference award may be entered in any court having jurisdiction, subject to the following limitation: the arbitration or reference award is binding upon the parties only if the amount does not exceed Four Million Dollars ($4,000,000.00); if the award exceeds that limit, either party may commence legal action for a court trial de novo. Such legal action must be filed within thirty (30) days following the date of the arbitration or reference award; if such legal action is not filed within that time period, the amount of the arbitration or reference award shall be binding. The computation of the total amount of an arbitration or reference award shall include amounts awarded for arbitration fees, attorneys' fees, interest, and all other related costs.

(e) At the Lender's option, foreclosure under a deed of trust or mortgage may be accomplished either by exercise of a power of sale under the deed of trust or by judicial foreclosure. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(f) Notwithstanding the applicability of other law to any other provision of this Agreement, the Federal Arbitration Act, 9 U.S.C. 1 et seq., shall apply to the construction and interpretation of this arbitration paragraph.

GENERAL PROVISIONS. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party, partner, or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

J AND S FARMS, LTD., SHELDON B. JOHNSON, KERRY V. JOHNSON AND BARBARA JOHNSON

x _____
J AND S FARMS, LTD., BY: SHELDON B. JOHNSON, GENERAL PARTNER

x _____
KERRY V. JOHNSON, INDIVIDUALLY AND PERSONALLY

x _____
BARBARA JOHNSON, INDIVIDUALLY AND PERSONALLY

x _____
SHELDON B. JOHNSON, INDIVIDUALLY AND PERSONALLY

Exhibit B to Loan Agreement
between
J and S Farms, LTD., and Strata, Inc.

SECURITY AGREEMENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement"), dated as of June ___ 1996, made by **J and S FARMS, LTD.** a Utah limited partnership, ("Secured Party"), 471 North 100 West, St. George, Utah 84770, in favor of **STRATA, INC.,** 2 West St. George Blvd., Ancestor Square #2100, St. George, 84770, ("Debtor").

R E C I T A L S :

A. Lender is a Limited Partnership organized according to the laws of the State of Utah and desires to make a loan to the Borrower.

B. Borrower is a corporation organized pursuant to the laws of the State of Utah, and has applied to Lender for a loan in the amount of Seven Hundred Fifty Thousand Dollars, ($750,000.00).

C. Lender is willing to make such a loan on the terms and conditions hereinafter set forth.

D. Such loan amount is evidenced by a Promissory Note, also of even date herewith (the "Note") in the amount of US $750.000.00.

E. It is a condition precedent to advancing any amounts to Debtor pursuant to the Note that Debtor shall have entered into this Agreement granting Secured Party a security interest in the Collateral described in this Agreement.

F. Borrower has also issued a Warrant to Lender, of even date herewith (the "Warrant"), which is secured by this Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce Secured Party to enter into the loan, Debtor agrees with Secured Party as follows:

1. Defined Terms. The following terms used in this Agreement have the meanings specified below (such meanings being equally applicable to both the singular and plural forms of the terms defined):

"Collateral" has the meaning assigned to such term in Section 2 of this Agreement.

"Event of Default" means any event of default under the Note or the Warrant and any default by Debtor under the terms of this Agreement or any other document evidencing or securing the Obligations.

"General Intangibles" means, with respect to Debtor, any "general intangibles," as such term is defined in Section 9-106 of the UCC, now owned or hereafter acquired by Debtor.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of Utah; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of Secured Party's security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Utah, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

"Loan Documents" are the documents listed in the Loan Agreement, Article III Section 3.2.

"Obligations" means any acts or actions required to be taken by the Debtor in favor and for the benefit of the Secured Party.

2. Grant of Security Interest.

As collateral security for the full and prompt payment and performance when due (whether as stated maturity, by acceleration or otherwise) of the Note, and for full performance of the Warrant, and any obligation issued thereunder, Debtor hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to Secured Party, and hereby grants to Secured Party a security interest in, all of Debtor's right, title and interest in, to

ALL GENERAL INTANGIBLES AND INTELLECTUAL PROPERTY

including but not limited to Software, source code in development, trademarks, servicemarks, copyrights, and products and proceeds thereof (the "Collateral").

3. Covenants. Debtor covenants and agrees with Secured Party that from and after the date of this Agreement and until the Note and the other Obligations have been paid in full and are fully satisfied:

a. Further Documentation Pledge of Collateral. At any time and from time to time, upon the written request of Secured Party, and at the sole expense of Debtor, Debtor will promptly and duly execute and deliver any and all such further documents and take such further action as Secured Party may reasonably deem desirable to obtain the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, using its best efforts to secure all consents and approvals necessary or appropriate for the assignment to Secured Party of any General Intangibles held by Debtor or in which Debtor has any rights not heretofore assigned, the filing of any financing or continuation statements under the UCC with respect to the liens and security interests granted hereby and transferring Collateral to Secured Party's possession (if a security interest in such Collateral can be perfected by possession). Debtor also hereby authorizes Secured Party to file any such financing or continuation statement without the signature of Debtor to the extent permitted by applicable law.

b. Compliance with Laws, Etc. Debtor will comply with the requirements of all applicable laws, rules, regulations and orders of any governmental authority or arbitrator applicable to the Collateral or any part thereof or to the operation of Debtor's business, the noncompliance with which, individually or in the aggregate, would, or would be reasonably likely to, materially adversely affect the business, condition (financial or other), assets, property or operations of Debtor; provided, however, that Debtor may contest the

requirement of any applicable law, rule, regulation or order in any reasonable manner which shall not, in the sole opinion of Secured Party, adversely affect Secured Party's rights hereunder or adversely affect the first priority of its lien on and security interest in the Collateral.

c. Payment of Obligations. Debtor will pay, before the same shall become delinquent and before any penalty or interest accrues thereon, all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom and all claims of any kind (including, without limitation, claims for labor, materials and supplies), except that no such item need be paid if (i) such non-payment does not involve any danger of the sale, forfeiture or loss of any of the Collateral or any interest therein which, individually or in the aggregate, would, or would be reasonably likely to, materially adversely affect the business, condition (financial or other), assets, properties, or operations of Debtor.

d. Limitations on Disposition. Debtor will not sell, lease, transfer or otherwise dispose of any of the Collateral, or attempt or contract to do so, except in the ordinary course of business.

e. Further Identification of Collateral. Debtor will, if so requested by Secured Party, furnish to Secured Party, as often as Secured Party reasonably requests, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request (without imposing any undue burden on Debtor), all in reasonable detail.

f. Right of Inspection. Upon reasonable notice to Debtor (unless an Event of Default has occurred and is continuing, in which case no notice is necessary), Secured Party shall at all times have full and free access during normal business hours to all the books and records and correspondence of Debtor, and Secured Party or its representatives may examine the same, take extracts therefrom and make photocopies thereof; provided, however, that the expenses incurred by Secured Party in connection with the foregoing shall be borne by Secured Party unless an Event of Default has occurred and is continuing, in which case such expenses shall be borne by Debtor. Upon reasonable notice to Debtor (unless an Event of Default has occurred and is continuing, in which case no notice is necessary), Secured Party and its representatives shall also have the right to enter into and upon any premises where evidence of any of the General Intangibles and intellectual property of Debtor is located for the purpose of inspecting the same.

g. Continuous Perfection. Debtor will not change its name, identity or corporate structure in any manner which might make any financing or continuation statement filed in connection herewith seriously misleading within the meaning of Section 9-402(8) of the UCC (or any other then applicable provision of the UCC) unless Debtor shall have given Secured Party at least 30 days prior written notice thereof and shall have taken all action (or made arrangements to take such action substantially simultaneously with such change if it is impossible to take such action in advance) necessary or reasonably requested by Secured Party to amend such financing statement or continuation statement so that it is not seriously misleading. Debtor will not change its principal place of business or remove its records unless it gives Secured Party at least 30 days' prior written notice thereof and has taken such action as is necessary to cause the security interest of Secured Party in the Collateral to continue to be perfected.

h. No Material Adverse Action. The Debtor shall not take or fail to take any action the consequence of which would have a material adverse effect on the enforceability of Secured Party's interest in the collateral.

4. Secured Party's Appointment as Attorney-in-Fact.

a. Debtor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in its own name, from time to time in Secured Party's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute and deliver any and all documents which Secured Party may deem necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives Secured Party the power and right, on behalf of Debtor, without notice to or assent by Debtor to do the following:

(i) to ask, demand, collect, receive and give acquittance and receipts for any and all monies due and to become due under any Collateral and, in the name of Debtor or in its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of monies due under any Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Secured Party for the purpose of collecting any and all such monies due under any Collateral whenever payable;

(ii) to pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral, to effect any repairs or obtain any insurance called for by the terms of this Agreement and to pay all or any part of the premiums therefor and the costs thereof; and

(iii) (a) to direct any party liable for any payment under any of the Collateral to make payment of any and all monies due, and to become due thereunder, directly to Secured Party or as Secured Party shall direct; (b) to receive payment of and receipt for any and all monies, claims and other amounts due, and to become due at any time, in respect of or arising out of any Collateral; (c) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with or relating to the Collateral; (d) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (e) to defend any suit, action or proceeding brought against Debtor with respect to any Collateral; (f) to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate; and (g) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option and Debtor's expense, at any time, or from time to time, all acts and things which Secured Party reasonably deems necessary to protect, preserve or realize upon the Collateral and Secured Party's lien therein, in order to effect the intent of this Agreement, all as fully and effectively as Debtor might do.

b. Secured Party agrees that, unless an Event of Default has occurred and is continuing, it will forbear from exercising the power of attorney or any rights granted to Secured Party pursuant to this Section 4. Debtor hereby ratifies, to the extent permitted by law, all that any said attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted pursuant to this Section 4, being coupled with an interest, shall be irrevocable until the Note and the other Obligations are indefeasibly paid in full.

c. The powers conferred on Secured Party hereunder are solely to protect Secured Party's interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act, except for its own gross negligence or willful misconduct.

d. Debtor also authorizes Secured Party, at any time and from time to time following the occurrence and during the continuance of an Event of Default, (i) to communicate in Debtor's own name with any party to any contract with regard to the assignment of the right, title and interest of Debtor in and under the Collateral hereunder and other matters relating thereto and (ii) to execute, in connection with the sale provided for in Section 7 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

5. Performance by Secured Party of Debtor's Obligations. If Debtor fails to perform or comply with any of its agreements contained herein and Secured Party, as provided for by the terms of this Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of Secured Party incurred in connection with such performance or compliance, together with interest thereon at the highest rate then in effect in respect of the Note, shall be payable by Debtor to Secured Party on demand and shall constitute Obligations secured hereby.

6. Remedies, Rights Upon an Event of Default.

a. If any Event of Default shall occur and be continuing, Secured Party may exercise in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Debtor expressly agrees that in any such event Secured Party, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Debtor or any other person (all and each of which demands, advertisements and/or notices are hereby expressly waived to the maximum extent permitted by the UCC and other applicable law), may forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give an option or options to purchase or sell, or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or any of Secured Party's offices or elsewhere at such prices as it may in its sole discretion elect, for cash or on credit or for future delivery without assumption of any credit risk. Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase, by bidding in its debt or otherwise, the whole or any part of said Collateral so sold, free of any right or equity of redemption, which equity of redemption Debtor hereby releases. Debtor further agrees, at Secured Party's request, to assemble the Collateral and make it available to

Secured Party at places which Secured Party shall reasonably select, whether at Debtor's premises or elsewhere. Secured Party shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale as provided in Section 6(d) hereof, Debtor remaining liable for any deficiency remaining unpaid after such application, and only after so paying over such net proceeds and after the payment by Secured Party of any other amount required by any provision of law, including Section 9-504(1)(c) of the UCC, need Secured Party account for the surplus, if any, to Debtor. To the maximum extent permitted by applicable law, Debtor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention or sale of the Collateral. Debtor agrees that Secured Party need not give more than ten days notice of the time and place and that such notice is reasonable notification of such matters. Debtor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which Secured Party is entitled, Debtor also being liable for the fees and expenses of any attorneys employed by Secured Party to collect such deficiency.

b. Debtor also agrees to pay all costs of Secured Party including, without limitation, attorneys' fees and disbursements, incurred in connection with the enforcement of any of its rights and remedies hereunder.

c. Debtor hereby waives presentment, demand, protest, or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Agreement or any Collateral.

d. The Proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be applied by Secured Party to the Note and the Obligations in such manner as Secured Party shall, in its sole and absolute discretion, determine.

7. Limitation on Secured Party's Duty in Respect of Collateral. Secured Party shall not have any duty as to any Collateral in its possession or control or in the possession or control of its agents or nominees or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto, except that Secured Party shall use reasonable care with respect to the Collateral in its possession or under its control. Upon request of Debtor, Secured Party shall account for any monies received by it in respect of any foreclosure on or disposition of the Collateral.

8. Notices. All notices and other communications provided for hereunder shall be given or made by telecopy, first class mail, overnight delivery, or personal delivery, if to Debtor, addressed to it at the address specified on page 1 of this Agreement, and if to Secured Party, addressed to it at the address specified on page 1 of this Agreement, and, as to each party, at such other address as shall be designated by such party in a written notice to each other party given in accordance with this Section 8. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when transmitted by telecopy, subject to telephone confirmation of receipt and the provision immediately thereafter of a copy by first class mail, overnight delivery or personal delivery or, in the case of a mailed notice, when duly deposited in the U.S. mails, first class postage prepaid, in each case given or addressed as aforesaid.

9. Amendments, Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by Debtor therefrom shall in any event be effective unless the same shall be in writing, signed by Secured Party, and then any such waiver or consent shall only be effective in the specific instance and for the specific purpose for which given.

10. No Waiver; Remedies.

a. No failure on the part of Secured Party to exercise, and no delay in exercising any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative, may be exercised singly or concurrently, and are not exclusive of any remedies provided by law, this Agreement, the Note, or any other document or instrument evidencing or securing the Note or Obligations (collectively, the "Loan Documents").

b. Failure by Secured Party at any time or times hereafter to require strict performance by Debtor or any other person of any of the provisions, warranties, terms or conditions contained in any of the Loan Documents now or at any time or times hereafter executed by Debtor or any such other person and delivered to Secured Party shall not waive, affect or diminish any right of Secured Party at any time or times hereafter to demand strict performance thereof, and such right shall not be deemed to have been modified or waived by any course of conduct or knowledge of Secured Party, or any agent, officer or employee of such Secured Party.

11. Successors and Assigns. This Agreement and all obligations of Debtor hereunder shall be binding upon the successors and assigns of Debtor, and shall, together with the rights and remedies of Secured Party hereunder, inure to the benefit of Secured Party and its respective successors and assigns.

12. Governing Law. This Agreement shall be governed by, and be construed in accordance with, the law of the State of Utah. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity and without invalidating the remaining provisions of this Agreement.

13. Further Indemnification. Debtor agrees to pay, and to save Secured Party harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all excise, sales or other similar taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

14. Consent to Jurisdiction. Courts within the State of Utah shall, to the extent permitted by applicable law, have non-exclusive jurisdiction over any and all disputes arising under or pertaining to this Agreement and all obligations of Debtor hereunder. In any and all such disputes, Debtor hereby irrevocably consents to the non-exclusive jurisdiction of all courts within the State of Utah and the service or process or any of the aforesaid courts by the mailing of copies thereof by registered or certified mail, postage prepaid, to Debtor at its address provided herein, and venue in any such dispute shall, to the extent permitted by applicable law, be proper in Washington County.

15. Section Titles. The Section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of this Agreement.

IN WITNESS WHEREOF. Debtor has caused this Agreement to be executed and delivered by its duly authorized officer on the date first above written.

STRATA, INC.
a Utah corporation

By_____
Kenneth Bringhurst
Chief Executive Officer

DN:J:Johnson 893101 Loancsecag 060596 893101 cle/gk

Exhibit C to Loan Agreement
between
J and S Farms, LTD., and Strata, Inc.

UCC-1 Financing Statement

Available From

UBN PRINTING SERVICES 74 West Vine Street • Murray, Utah 84107

STANDARD FORM

Rev. 8 / 90

INSTRUCTIONS:

UNIFORM COMMERCIAL CODE - FINANCING STATEMENT - FORM UCC-1

1. PLEASE TYPE this form. Fold only along perforation for mailing.
2. Remove Secured Party and Debtor copies and send other 2 copies with interleaved carbon paper to the filing officer. Enclose filing fee. The filing fee is $5.00 for each name listed in the Debtors box with Soc. Sec. No. and/or Emp. Fed. Tax I.D. No., otherwise the fee is $10.00.
3. If the space provided for any item(s) on the form is inadequate the item(s) should be continued on additional sheets, preferably 5" x 8" or 8" x 10". Only one copy of such additional sheets need be presented to the filing officer with a set of three copies of the financing statement. Long schedules of collateral, indentures, etc., may be on any size paper that is convenient for the secured party. Indicate the number of additional sheets attached.
4. If collateral is crops or goods which are or are to become fixtures, describe generally the real estate and give name of record owner.
5. When a copy of the security agreement is used as a financing statement, it is requested that it be accompanied by a completed but unsigned set of these forms, without extra fee.
6. At the time of original filing, filing officer should return third copy as an acknowledgment. At a later time, secured party may date and sign Termination Legend and use third copy as a Termination Statement.

This **FINANCING STATEMENT** is presented to a filing officer for filing pursuant to the Uniform Commercial Code.

1. Debtor(s) (Last Name First) and address(es)

STRATA, INC.
2 W. St. George Blvd.
Suite 2100
St. George, UT 84770

Social Security or
Emp. Fed. I.D. No. _____

2. Secured Party(ies) and address(es)

J and S Farms, Ltd., a Utah limited partnership
471 North 100 West
St. George, UT 84770

4. This financing statement covers the following types (or items) of property:

General intangibles and intellectual property, software, source code in development, trademarks, servicemarks, copyrights and products and proceeds

6. Gross sales price of collateral

$ 750,000.00

$ _____ Sales or use tax paid to State of

For Filing Officer (Date, Time, Number, and Filing Office)

The Secured party is ___ is not X a seller or purchase money lender of the collateral.

5. Assignee(s) of Secured Party and Address(es)

This statement is filed without the debtor's signature to perfect a security interest in collateral. (Check [X] if so)

☐ already subject to a security interest in another jurisdiction when it was brought into this state.

☐ which is proceeds of the original collateral described above in which a security interest was perfected:

Microfilm No.

Check [X] if covered: [X] Proceeds of Collateral are also covered. [X] Products of Collateral are also covered. No. of additional Sheets presented:

3. Maturity date (if any):

STRATA, INC.

Approved by the Division of Corporations and Commercial Code Department of Business Regulation.

By: _____

By: _____
Signature(s) of Debtor(s)

By: _____
Signature(s) of Secured Party(ies)

STANDARD FORM - FORM UCC-1.

Filing Officer Copy - Alphabetical

EXHIBIT "D"
to Loan Agreement between
J and S Farms, Ltd., and Strata, Inc.

STOCK WARRANT

Certificate No. _____

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD, OR OTHERWISE TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THE SECURITIES, SUCH OFFER, SALE, OR TRANSFER, PLEDGE, OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

WARRANT

(Void after 5:00 p.m., Mountain Standard Time on July 31, 1999
or such earlier date as provided herein)

This certifies that, for value received, J and S Farms Ltd., a Utah Limited Partnership, ("**J and S**"), or registered assigns (collectively, the "**Holder**"), is entitled at any time before 5:00 p.m., Mountain Daylight Savings Time, on July 31, 1999 (the "**Expiration Date**") to purchase from Strata, Inc., a Utah corporation (the "**Company**"), shares equal to Fifty Two Thousand Two Hundred Shares (52,200) of the Common Stock of the Company (the "**Warrant Shares**") at a total price of Five Hundred Twenty-two Dollars ($522.00) for all shares acquired (such price is hereafter referred to as the "**Exercise Price**"). The number of Warrant Shares to be received upon the exercise of this Warrant may be adjusted from time to time as hereinafter set forth: however, the **Exercise Price** of $522.00 for all shares acquired shall not be adjusted.

This Warrant is issued pursuant to the Loan Agreement (the "**Agreement**") between the Company and J and S, dated June ___, 1996, and is secured by a Security Agreement dated as of June ___, 1996, all subject to various Loan Documents identified in the Loan Agreement.

1. **Exercise of Warrant: Alternative**.

This Warrant may be exercised at any time prior to 5:00 p.m., Mountain Daylight Savings Time, on July 31, 1999, (or if such date is a day on which federal or state chartered banking institutions are authorized by law to close, then on the next succeeding day which shall not be such a day).

This Warrant shall be exercised by presentation and surrender of this Warrant certificate (the "Warrant Certificate") to the Company at its principal office (or at the office of its stock transfer agent, if any), with the Purchase Form annexed hereto duly executed and accompanied by payment of the Exercise Price in cash or by check, payable to the order of the Company, together with all taxes applicable upon such exercise. Upon receipt by the Company of this

Warrant Certificate at its office (or at the office of its stock transfer agent, if any) in proper form for exercise and accompanied by payment as herein provided, the Company shall promptly issue and cause to be delivered to the Holder a certificate, issued in the name of the Holder, for the full number of Warrant Shares so purchased, together with cash in respect of any fractional shares, calculated as provided in Section 3 below. Upon substantial compliance with the terms of exercise of this Warrant, the Holder shall be deemed to be the holder of record of the Warrant Shares issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such shares shall not then be actually delivered to the Holder.

If this Warrant has not been exercised by May 31, 1999, the Holder may, at its sole election, exchange the Warrant for a new Promissory Note executed by the Corporation in the principal amount of $2,250,000.00, bearing interest initially at the prime rate established by Zions First National Bank on the inception date of the new Promissory Note, plus two percent (2%) per annum, adjusted month, payable in quarterly installments of $112,000 plus interest, with the entire balance of principal and interest due three (3) years from the date of the new Promissory Note. The new Promissory Note so created shall be secured by the Security Agreement.

2. **Reservation of Shares**. The Company hereby covenants and agrees that, at all times during the period this Warrant is outstanding, it will reserve for issuance and delivery upon exercise of this Warrant such number of shares of its Common Stock (and/or other securities) as shall be required for issuance and delivery upon exercise of this Warrant. The number of shares of Common Stock that the Company shall initially reserve for issuance hereunder shall be 52,200 shares. If it becomes necessary at any time to increase the number of reserved shares for this purpose, the Board of Directors of the Company shall promptly increase the number of authorized and/or reserved shares to a number sufficient to provide for the number of shares that may be at that time issuable to the Holder as described above. If it is necessary to increase the number of authorized shares for this purpose, the Board of Directors will use its best efforts to obtain any required approval of this increase by the shareholders.

3. **Fractional Shares**. No fractional shares or stock representing fractional shares shall be issued upon the exercise of this Warrant. In lieu of any fractional shares which would otherwise be issuable, the Company shall pay to the Holder cash equal to the product of such fraction multiplied by the then current fair market value of one share of Common Stock, computed to the nearest whole cent. The then current fair market value of such shares shall be as determined for purposes of such payment in good faith by the Board of Directors of the Company, and subject to protest by Holder.

4. **Transfer, Exchange, Assignment, or Loss of Warrant**.

(a) This Warrant and the Warrant Shares may not be assigned or transferred except in accordance with the provisions of the Securities Act of 1933, as amended, and the Rules and Regulations promulgated thereunder (said Act and such Rules and Regulations being

hereinafter collectively referred to as the "Act"). Any purported transfer or assignment made other than in accordance with this Section 4 shall be null and void and of no force and effect.

(b) This Warrant and the Warrant Shares shall be transferable only upon the opinion of counsel satisfactory to the Company, which may be counsel to the Company, that (i) the Warrant or the Warrant Shares may be legally transferred without registration under the Act; and (ii) such transfer will not violate any applicable law or governmental rule or regulation including, without limitation, any applicable federal or state securities law, and the regulations of any exchange on which the securities of the Company may be registered. The Company may cause the following legend to be set forth on each certificate representing Warrant Shares or any other security issued or issuable upon exercise of this Warrant, unless counsel for the Company is of the opinion that such legend is unnecessary:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD, OR OTHERWISE TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THE SECURITIES, SUCH OFFER, SALE, OR TRANSFER, PLEDGE, OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

(c) Any assignment permitted hereunder shall be made by surrender of this Warrant Certificate to the Company at its principal office with the Assignment Form annexed hereto duly executed, together with funds sufficient to pay any transfer tax. In such event the Company shall, without charge, execute and deliver a new Warrant Certificate in the name of the assignee named in such Assignment Form and this Warrant Certificate shall promptly be cancelled.

(d) Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction, or mutilation of this Warrant Certificate, and, in the case of loss, theft, or destruction, of reasonably satisfactory indemnification, and, in the case of mutilation, upon surrender and cancellation of this Warrant Certificate, the Company will execute and deliver a new Warrant Certificate of like tenor and date, and any such lost, stolen, destroyed, or mutilated Warrant Certificate shall thereupon become void. Any such new Warrant Certificate executed and delivered shall constitute an additional contractual obligation on the part of the Company, whether or not the Warrant Certificate that was so lost, stolen, destroyed, or mutilated shall be at any time enforceable by anyone.

5. **Rights of the Holder**. The Holder shall not, by virtue of ownership of this Warrant, be entitled to any rights as a shareholder of the Company, either at law or equity, and the rights of the Holder are limited to those expressed in this Warrant and are not enforceable against the Company except to the extent set forth herein.

6. **Adjustments for Issuance of Stock**. The number of shares of the Common Stock subject to this Warrant shall be increased in the event the Company shall issue any additional stock during the term of the Warrant. Upon the issuance of additional stock as described in this paragraph, the number of shares of Common Stock purchasable upon the exercise of this Warrant shall be that number determined by multiplying the number of shares of Common Stock issuable upon exercise immediately prior to such adjustment by a fraction, the denominator of which is the number of shares of the Company outstanding immediately prior to such issuance and the numerator of which is the number of shares of the Company outstanding immediately after such issuance.

7. **Certain Other Adjustments**. The number of shares of Common Stock issuable upon the exercise of the Warrant shall be subject to adjustment from time to time as follows:

(a) **Adjustments for Stock Splits, Dividends**. In the event the Company should at any time or from time to time after the Purchase Date, fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock without payment of any consideration by such holder for the additional shares of Common Stock (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split, or subdivision if no record date is fixed), the number shares of Common Stock issuable under this Warrant shall be increased in proportion to such increase in the number of outstanding shares of Common Stock, so that the percentage interest in the Company represented by the shares subject to the Warrant is not reduced.

(b) **Adjustments for Stock Combinations**. If the number of shares of Common Stock outstanding at any time after the Purchase Date is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the number of shares of Common Stock issuable upon exercise of each share shall be decreased in proportion to such decrease in the number of outstanding shares of Common Stock.

8. **Asset Distributions**. In the event the Company shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by this Company or other persons, assets (excluding cash dividends) or options or rights not referred to in Section 7(a), then, in each such case for the purpose of this Section 8, the Holder of this Warrant shall be entitled to a proportionate share of any such distribution as though Holder was the holder of the number of shares of Common Stock of the Company as are issuable upon exercise of this Warrant as of the record date fixed for the determination of the holders of Common Stock of the Company entitled to receive such distribution.

9. **Recapitalizations**. If at any time or from time to time there shall be a recapitalization or reclassification of the Common Stock (other than a subdivision or combination provided for above in Sections 7(a) and (b)), provision shall be made so that the Holder hereof shall thereafter be entitled to receive upon exercise of this Warrant the number of shares of stock or other securities or property of the Company or otherwise to which a holder of Common Stock deliverable upon exercise of this Warrant would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 9 with respect to the rights of the Holder of the Warrant after the recapitalization to the end that the provisions set forth herein (including adjustment of the number of shares purchasable upon exercise of the Warrant) shall be applicable after that event as nearly equivalent as may be practicable.

10. **Merger, Consolidation, Etc**. In case of any consolidation or merger of the Company with or into another company or the conveyance of all or substantially all of the assets of the Company to another company, the Warrant shall thereafter be exercisable into the number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Company issuable upon exercise of the Warrant would have been entitled upon such consolidation, merger or conveyance; and, in any such case, appropriate adjustment (as determined by the Board of Directors) shall be made in the application of the provisions herein set forth with respect to the rights and interest thereafter of the Holder of the Warrant to the end that the provisions set forth herein shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the exercise of this Warrant.

11. **No Impairment**. The Company will not, by amendment of its articles of incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the exercise rights of the Holder of the Warrant against impairment.

12. **Notices to Warrant Holders of Certain Events**. So long as this Warrant shall be outstanding and unexercised (i) if the Company shall pay any dividend or make any distribution upon its Common Stock, or (ii) if the Company shall offer to the holders of its Common Stock the opportunity for subscription or purchase by them of any shares of stock of any class or any other rights, or (iii) in the event of any capital reorganization of the Company, reclassification of the capital stock of the Company, consolidation or merger of the Company with or into another corporation, sale, lease or transfer of all or substantially all of the property and assets of the Company to another corporation, or voluntary or involuntary dissolution, the Company shall cause to be delivered to the Holder a notice containing a brief description of the proposed transaction, together with the date, as the case may be, on which a record is to be taken for the purpose of such dividend, distribution, or rights or on which such reclassification, reorganization, consolidation, merger, conveyance, lease, dissolution, liquidation, or winding

up is to take place. In the case of a dividend or other distribution by the Company, the Company shall deliver such notice to Holder at least 20 days prior to record date for such dividend or distribution. In the case of a reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation, or winding up, the Company shall deliver such notice to Holder at least 20 days prior to the earlier of the date of a shareholders meeting called to approve such transaction, if any, or the date of such event.

13. **Notices Generally**. Notices and other communications to be given to the Holder of the Warrant evidenced by this Warrant Certificate shall be delivered by hand or mailed, postage prepaid, to 471 North 100 West, St. George, Utah 84770, or such other address as the Holder shall have designated by written notice to the Company as provided herein.

14. **Governing Law**. This Warrant shall be governed by and construed in accordance with the laws of the State of Utah applicable to contracts entered into and to be performed wholly within such State.

IN WITNESS WHEREOF, the Company has executed this Warrant Certificate as of the _____ day of June, 1996.

STRATA, INC.
a Utah corporation

By_____
Kenneth D. Bringhurst
Chief Executive Officer

PURCHASE FORM

The undersigned hereby elects to exercise the Warrant represented by the attached Warrant Certificate to the extent of purchasing _____ (_____) shares of Common Stock of Strata, Inc., a Utah corporation (the "Company"), and herewith presents to the Company cash or a check in the amount of _____ ($_____) in payment of the Exercise Price thereof.

_____
Name of Holder (please print)

By:_____
_____
Signature of Authorized Representative

_____
Name of Authorized Representative
(please print)

_____
Date

ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned Holder of the Warrant represented by the attached Warrant Certificate hereby sells, assigns, and transfers unto the Assignee named below the right to purchase _____ (_____) shares of Common Stock of STRATA, INC., a Utah corporation, (the "Company"), that are represented by the attached Warrant Certificate and does hereby irrevocably constitute and appoint the Company and/or its transfer agent as attorney to transfer the same on the books of the Company, with full power of substitution in the premises.

_____
Name of Assignee

_____
Address of Assignee

_____
Name of Holder (please print)

By:_____
Signature of Authorized Representative

_____
Name of Authorized Representative
(please print)

_____
Title of Authorized Representative
(please print)

_____
Date

Exhibit E to Loan Agreement
between
J and S Farms, LTD., and Strata, Inc.

RESOLUTION OF THE BOARD OF DIRECTORS
of
STRATA, INC.

RESOLUTION OF THE BOARD OF DIRECTORS
of
STRATA, INC.

A Board of Directors' meeting of Strata, Inc., was held on the _____ day of _____, 1996, at the Strata corporate offices. Present were

Name	In Person	By Telephone
Kenneth B. Bringhurst		
Gary Bringhurst		
LaVerna B. Johnson		
Richard Whitehead		
J. Ralph Atkin		
Gary Meredith		

All directors were therefore present.

Upon motions duly made, seconded and passed unanimously, the following resolutions were adopted:

RESOLVED, that the corporation is hereby authorized to enter into a loan with J and S Farms, LTD., a Utah limited partnership, in the principal amount of $750.000.00, with interest to accrue at the rate charged by Zions First National Bank to J and S Farms, LTD. on a loan (the "Zions Loan") taken out by it to fund the loan to the corporation. The term of the note shall be identical to the Zions Loan, with monthly payments in the amount J and S Farms is required to pay to Zions, but in an amount not less than Six Thousand Two Hundred Fifty Dollars ($6.250.00). The loan shall be secured by the general intangibles and intellectual property of the corporation. The Loan Documents shall include a Loan Agreement, Note and Security Agreement.

FURTHER RESOLVED, that the Warrant presented to the meeting for 52,200 shares and containing an option for conversion to debt is authorized.

FURTHER RESOLVED that Kenneth Bringhurst is directed to execute such documents as may be necessary to effectuate the transactions contemplated by this Resolution and the transactions authorized herein.

There being no further business, the meeting was adjourned.

_____

GARY D. BRINGHURST
CHAIRMAN OF THE BOARD

DNJ Johnson 893101 Loan:resolution 060596 893101 gk

5660.1

Exhibit F to Loan Agreement
between
J and S Farms, LTD., and Strata, Inc.

LIMITED WAIVER OF RIGHTS OF STOCKHOLDERS/WARRANT HOLDERS OF STRATA, INC.

LIMITED WAIVER OF RIGHTS OF STOCKHOLDERS/WARRANT HOLDERS OF STRATA, INC.

The undersigned stockholders/warrant holders of Strata, Inc. ("**Strata**'), acknowledge that Strata is entering into a Seven Hundred Fifty Thousand Dollar ($750,000.00) Loan Agreement with J and S Farms, LTD., a Utah Limited Partnership ("**J and S**"). A portion of the Loan Agreement calls for issuance of a Stock Warrant to J and S exercisable for 52,200 shares of stock and convertible on certain terms to debt. ("**J and S Warrant**"). It is also understood that the current shareholders may have certain preferential or pre-emptive rights that would require Strata to offer first to the shareholders (individually or severally as determined by their respective agreements) any offer to a third party (such as the J and S Warrant contemplated herein) for an interest in the equity of the company including shares of stock, stock options or warrants or instruments of similar nature or purpose.

Accordingly, in order to comply with J and S's precondition to the Loan between it and Strata, Inc.. each of the respective shareholders, upon execution of this document, hereby expressly waives any and all rights of first refusal, preference, pre-emption or any such similar right that would in any manner delay or prohibit issuance of the J and S Warrant, and consent to the Warrant, having reviewed the same.

The undersigned stockholder(s) provide this waiver for the limited purpose of allowing the J and S Loan to go forward. Each respective shareholder acknowledges that he/she has read this document and understands the significance of the waiver given.

This document may be executed in counterpart and shall be deemed a valid and enforceable waiver only upon delivery of a document or signed counterparts thereof which include the signatures of all stockholders.

DATED this _____ day of June, 1996.

_____
Kenneth Bringhurst

_____
Gary Bringhurst

_____
LaVerna Bringhurst Johnson

_____
Richard Whitehead

_____
Nancy Perkins

_____
Cheri Atkin

_____
Kelley Bringhurst

EVANS & SUTHERLAND COMPUTER CORPORATION

By:_____

Its:_____

nsco 893101 Loan:waiver 060596 893101 gk

Exhibit G to Loan Agreement
between
J and S Farms, LTD., and Strata, Inc.

OPINION OF BORROWER'S COUNSEL

JONES, WALDO, HOLBROOK & MCDONOUGH
A PROFESSIONAL CORPORATION
ATTORNEYS AND COUNSELORS
1500 FIRST INTERSTATE PLAZA
170 SOUTH MAIN STREET
POST OFFICE BOX 45444
SALT LAKE CITY, UTAH 84145-0444
TELEPHONE (801) 521-3200
FAX (801) 328-0537

WASHINGTON, D.C. OFFICE
SUITE 900
2300 M STREET, N.W.
WASHINGTON, D.C. 20037-1436
TELEPHONE (202) 296-5950
FAX (202) 293-2509

ST. GEORGE OFFICE
THE TABERNACLE TOWER BLDG.
249 EAST TABERNACLE
ST. GEORGE, UTAH 84770-2978
TELEPHONE (801) 628-1627
FAX (801) 628-5225

IN REPLY REFER TO:

St. George

June 5, 1996

J and S Farms, Ltd.
471 North 100 West
St. George, UT 84770

Attn: Sheldon Johnson

Re: Loan Documents - Strata

Dear Sheldon:

You have requested an opinion regarding the loan transaction between J and S Farms, Ltd., and Strata, Inc., in the amount of $750,000, together with the issuance of a stock warrant for 52,200 shares of the capital stock of Strata, Inc., as more fully set forth in the Loan Agreement, and documents identified therein (the "Loan Documents"). We, as general counsel for Strata, are familiar with the corporate records and documents of Strata, Inc., and have reviewed and participated in the drafting of documents for this transaction.

Based upon the foregoing, we are of the opinion that:

1. Strata, Inc., (the "Borrower") is a corporation of the State of Utah (the "State"), duly created, organized and existing under the laws of the State and duly qualified to engage in its business.

2. Borrower has full legal right, power and authority to enter into the Loan Documents (as defined in the Loan Agreement entered into between Borrower and J and S Farms) and to carry out and consummate all of the transactions contemplated thereby, and has complied with the provisions of applicable law which would be a condition precedent to carrying out and consummating such transactions.

3. No approval, consent or authorization of any governmental or public agency, authority, commission or person of the Loan Documents or of Borrower's participation in the transactions contemplated thereby is required.

4. By resolutions duly adopted on May 31, 1996, the Loan Documents have been duly authorized, executed and delivered by Borrower and constitute the legal, valid and binding obligations of Borrower, and the obligation of Borrower to make payments thereunder is enforceable under the present laws of the State in accordance with the terms of the Loan Documents, except that the rights and remedies set forth therein may be limited by

any applicable bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

5. The authorization, execution and delivery of the Loan Documents and compliance with the respective provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of Borrower, any commitment, agreement, indenture, bond, note, resolution or other instrument to which Borrower is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which Borrower (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State relating to Borrower and its affairs.

6. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting Borrower or any entity affiliated with Borrower or any of its officers in their respective capacities as such (nor, to the best of our knowledge, is there any basis therefor), which challenges the creation, organization or existence of Borrower or the titles of its officers to their respective offices or which questions the powers of Borrower referred to in paragraph 2 above or the validity of the proceedings taken by Borrower in connection with the authorization, execution or delivery of the Loan Documents, or wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Documents or which, in any way, would adversely affect the validity or enforceability of the Loan Documents, and there is no litigation pending or, to the best of our knowledge, threatened against Borrower or involving any of the business, affairs, property or assets of the Borrower which involves the possibility of any judgment or liability, not fully covered by insurance, which may result in any material adverse change in the business, affairs, properties, assets or in the condition, financial or otherwise, of the Borrower.

The exception to the foregoing is a letter from California counsel to Roy Neil of Neil Media, Inc., from which Borrower purchased software and products and underlying code known as "Movie Studio" and "Video Graffiti" on October 1, 1994, Borrower has not developed the Video Graffiti product, but has incorporated the code of Movie Studio into certain elements of Borrower's Media Paint product. It is intended that approximately $25,000 of the loan proceeds will be made to bring payments current to Neil Media, Inc. The letter from counsel demands recision of all technology, based upon an anticipatory breach of agreement, which is of questionable merit. The Agreement requires arbitration in Utah. To date, no arbitration has been requested. It is assumed that payment of the $25,000 will resolve the issue. However, if Neil Media, Inc. pursues it claim, Borrower will

strenuously resist. It is our opinion that success on the Neil Media Inc. claim, if strenuously resisted by Borrower, is remote at this time.

7. Borrower has good and merchantable title to the security under the Loan Documents as it now exists.

8. Borrower has obtained all necessary permits, licenses and approvals required by law, whether state or federal, to be obtained by Borrower in connection with the operation of its business, and such permits, licenses and approvals are in full force and effect.

9. Based upon our participation in certain matters related to the Loan Documents, including the execution and delivery of Loan Documents, which may have involved, among other things, written communications and discussions and inquiries concerning various legal and related subjects and review of certain records, documents and proceedings and participation in conferences, no facts have come to our attention which would lead us to believe that the certificate of the officers of Borrower contained at its date or contains on the date hereof any untrue statement of a material fact or omitted to state at its date or omits at the date hereof to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, misleading.

This opinion is furnished solely to the addressee hereof for use in connection with the above-stated transaction, and it may be relied upon only by the addressee hereof and no one else without our prior written consent.

Very truly yours,

JONES, WALDO, HOLBROOK & McDONOUGH

Timothy B. Anderson

Exhibit H to Loan Agreement
between
J and S Farms, LTD., and Strata, Inc.

Certificate of Officers and Shareholders of Strata, Inc.

Certificate of Officers and Shareholders of Strata, Inc.

STATE OF UTAH)
) ss.
COUNTY OF WASHINGTON)

The undersigned hereby certify:

1. They are respectively the Chairman of the Board and Chief Executive Officer of Strata, Inc., a Utah Corporation, and major shareholders.

2. With respect to the Loan Documents (as that term is defined in the Loan Agreement between J and S Farms, LTD., a Utah limited partnership and Strata, Inc.. (and definitions therein), they each hereby represent and warrant as follows:

a. Borrower is a Utah corporation in good standing and is duly organized and authorized to enter into the Loan Documents;

b. The execution and performance of the Loan Documents has been properly authorized by Borrower's Board of Directors and by the holders of the requisite number of shares;

c. Borrower has full power and authority to execute, deliver and perform the Loan Documents;

d. The execution, delivery and performance of the Loan Documents shall not constitute a breach or default under any other agreements to which Borrower is a party or may be bound or affected;

e. All outstanding shares or warrants of Borrower are held by the persons indicated in the amounts indicated:

Name	Number of Shares
Kenneth Bringhurst	436,750
Gary Bringhurst	436,750
LaVerna Bringhurst Johnson	62,000
Richard Whitehead	25,000
Nancy Perkins	6,833
Cheri Atkin	5,000
Kelley Bringhurst	1,000
Evans & Sutherland	109,259
J and S Farms, LTD.	52,200[1]

[1] This amount represents the J and S Farms, LTD. warrant issued as a part of this loan transaction.

f. No consents, approvals or authorizations other than those recited in subparagraph b are required for execution, delivery or performance of the Loan Documents.

h. No governmental approvals or permission are required for execution, delivery or performance of the Loan Documents.

DATED this _____ day of _____, 1996.

_____ _____

Gary Bringhurst Kenneth D. Bringhurst

SUBSCRIBED AND SWORN TO before me by Gary Bringhurst and Kenneth D. Bringhurst this _____ day of _____, 1996.

My Commission Expires: _____

_____

NOTARY PUBLIC

Residing at: _____

DN:J:Johnson 893101 Loan:certificate 060596 893101 gk

Certificate No. _____

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD, OR OTHERWISE TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THE SECURITIES, SUCH OFFER, SALE, OR TRANSFER, PLEDGE, OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

WARRANT

(Void after 5:00 p.m., Mountain Standard Time on July 31, 1999
or such earlier date as provided herein)

This certifies that, for value received, J and S Farms Ltd., a Utah Limited Partnership, ("**J and S**"), or registered assigns (collectively, the "**Holder**"), is entitled at any time before 5:00 p.m., Mountain Daylight Savings Time, on July 31, 1999 (the "**Expiration Date**") to purchase from Strata, Inc., a Utah corporation (the "**Company**"), shares equal to Fifty Two Thousand Two Hundred Shares (52.200) of the Common Stock of the Company (the "**Warrant Shares**") at a total price of Five Hundred Twenty-two Dollars ($522.00) for all shares acquired (such price is hereafter referred to as the "**Exercise Price**"). The number of Warrant Shares to be received upon the exercise of this Warrant may be adjusted from time to time as hereinafter set forth; however, the **Exercise Price** of $522.00 for all shares acquired shall not be adjusted.

This Warrant is issued pursuant to the Loan Agreement (the "**Agreement**") between the Company and J and S, dated June 7, 1996, and is secured by a Security Agreement dated as of June 7, 1996, all subject to various Loan Documents identified in the Loan Agreement.

1. **Exercise of Warrant: Alternative**.

This Warrant may be exercised at any time prior to 5:00 p.m., Mountain Daylight Savings Time, on July 31, 1999, (or if such date is a day on which federal or state chartered banking institutions are authorized by law to close, then on the next succeeding day which shall not be such a day).

This Warrant shall be exercised by presentation and surrender of this Warrant certificate (the "Warrant Certificate") to the Company at its principal office (or at the office of its stock transfer agent, if any), with the Purchase Form annexed hereto duly executed and accompanied by payment of the Exercise Price in cash or by check, payable to the order of the Company, together with all taxes applicable upon such exercise. Upon receipt by the Company of this

Warrant Certificate at its office (or at the office of its stock transfer agent, if any) in proper form for exercise and accompanied by payment as herein provided, the Company shall promptly issue and cause to be delivered to the Holder a certificate, issued in the name of the Holder, for the full number of Warrant Shares so purchased, together with cash in respect of any fractional shares, calculated as provided in Section 3 below. Upon substantial compliance with the terms of exercise of this Warrant, the Holder shall be deemed to be the holder of record of the Warrant Shares issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such shares shall not then be actually delivered to the Holder.

If this Warrant has not been exercised by May 31, 1999, the Holder may, at its sole election, exchange the Warrant for a new Promissory Note executed by the Corporation in the principal amount of $2,250,000.00, bearing interest initially at the prime rate established by Zions First National Bank on the inception date of the new Promissory Note, plus two percent (2%) per annum, adjusted month, payable in quarterly installments of $112,000 plus interest, with the entire balance of principal and interest due three (3) years from the date of the new Promissory Note. The new Promissory Note so created shall be secured by the Security Agreement.

2. **Reservation of Shares**. The Company hereby covenants and agrees that, at all times during the period this Warrant is outstanding, it will reserve for issuance and delivery upon exercise of this Warrant such number of shares of its Common Stock (and/or other securities) as shall be required for issuance and delivery upon exercise of this Warrant. The number of shares of Common Stock that the Company shall initially reserve for issuance hereunder shall be 52,200 shares. If it becomes necessary at any time to increase the number of reserved shares for this purpose, the Board of Directors of the Company shall promptly increase the number of authorized and/or reserved shares to a number sufficient to provide for the number of shares that may be at that time issuable to the Holder as described above. If it is necessary to increase the number of authorized shares for this purpose, the Board of Directors will use its best efforts to obtain any required approval of this increase by the shareholders.

3. **Fractional Shares**. No fractional shares or stock representing fractional shares shall be issued upon the exercise of this Warrant. In lieu of any fractional shares which would otherwise be issuable, the Company shall pay to the Holder cash equal to the product of such fraction multiplied by the then current fair market value of one share of Common Stock, computed to the nearest whole cent. The then current fair market value of such shares shall be as determined for purposes of such payment in good faith by the Board of Directors of the Company, and subject to protest by Holder.

4. **Transfer, Exchange, Assignment, or Loss of Warrant**.

(a) This Warrant and the Warrant Shares may not be assigned or transferred except in accordance with the provisions of the Securities Act of 1933, as amended, and the Rules and Regulations promulgated thereunder (said Act and such Rules and Regulations being

hereinafter collectively referred to as the "Act"). Any purported transfer or assignment made other than in accordance with this Section 4 shall be null and void and of no force and effect.

(b) This Warrant and the Warrant Shares shall be transferable only upon the opinion of counsel satisfactory to the Company, which may be counsel to the Company, that (i) the Warrant or the Warrant Shares may be legally transferred without registration under the Act; and (ii) such transfer will not violate any applicable law or governmental rule or regulation including, without limitation, any applicable federal or state securities law, and the regulations of any exchange on which the securities of the Company may be registered. The Company may cause the following legend to be set forth on each certificate representing Warrant Shares or any other security issued or issuable upon exercise of this Warrant, unless counsel for the Company is of the opinion that such legend is unnecessary:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD, OR OTHERWISE TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THE SECURITIES, SUCH OFFER, SALE, OR TRANSFER, PLEDGE, OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

(c) Any assignment permitted hereunder shall be made by surrender of this Warrant Certificate to the Company at its principal office with the Assignment Form annexed hereto duly executed, together with funds sufficient to pay any transfer tax. In such event the Company shall, without charge, execute and deliver a new Warrant Certificate in the name of the assignee named in such Assignment Form and this Warrant Certificate shall promptly be cancelled.

(d) Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction, or mutilation of this Warrant Certificate, and, in the case of loss, theft, or destruction, of reasonably satisfactory indemnification, and, in the case of mutilation, upon surrender and cancellation of this Warrant Certificate, the Company will execute and deliver a new Warrant Certificate of like tenor and date, and any such lost, stolen, destroyed, or mutilated Warrant Certificate shall thereupon become void. Any such new Warrant Certificate executed and delivered shall constitute an additional contractual obligation on the part of the Company, whether or not the Warrant Certificate that was so lost, stolen, destroyed, or mutilated shall be at any time enforceable by anyone.

5. **Rights of the Holder**. The Holder shall not, by virtue of ownership of this Warrant, be entitled to any rights as a shareholder of the Company, either at law or equity, and the rights of the Holder are limited to those expressed in this Warrant and are not enforceable against the Company except to the extent set forth herein.

6. **Adjustments for Issuance of Stock**. The number of shares of the Common Stock subject to this Warrant shall be increased in the event the Company shall issue any additional stock during the term of the Warrant. Upon the issuance of additional stock as described in this paragraph, the number of shares of Common Stock purchasable upon the exercise of this Warrant shall be that number determined by multiplying the number of shares of Common Stock issuable upon exercise immediately prior to such adjustment by a fraction, the denominator of which is the number of shares of the Company outstanding immediately prior to such issuance and the numerator of which is the number of shares of the Company outstanding immediately after such issuance.

7. **Certain Other Adjustments**. The number of shares of Common Stock issuable upon the exercise of the Warrant shall be subject to adjustment from time to time as follows:

(a) **Adjustments for Stock Splits, Dividends**. In the event the Company should at any time or from time to time after the Purchase Date, fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock without payment of any consideration by such holder for the additional shares of Common Stock (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split, or subdivision if no record date is fixed), the number shares of Common Stock issuable under this Warrant shall be increased in proportion to such increase in the number of outstanding shares of Common Stock, so that the percentage interest in the Company represented by the shares subject to the Warrant is not reduced.

(b) **Adjustments for Stock Combinations**. If the number of shares of Common Stock outstanding at any time after the Purchase Date is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the number of shares of Common Stock issuable upon exercise of each share shall be decreased in proportion to such decrease in the number of outstanding shares of Common Stock.

8. **Asset Distributions**. In the event the Company shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by this Company or other persons, assets (excluding cash dividends) or options or rights not referred to in Section 7(a), then, in each such case for the purpose of this Section 8, the Holder of this Warrant shall be entitled to a proportionate share of any such distribution as though Holder was the holder of the number of shares of Common Stock of the Company as are issuable upon exercise of this Warrant as of the record date fixed for the determination of the holders of Common Stock of the Company entitled to receive such distribution.

9. **Recapitalizations**. If at any time or from time to time there shall be a recapitalization or reclassification of the Common Stock (other than a subdivision or combination provided for above in Sections 7(a) and (b)), provision shall be made so that the Holder hereof shall thereafter be entitled to receive upon exercise of this Warrant the number of shares of stock or other securities or property of the Company or otherwise to which a holder of Common Stock deliverable upon exercise of this Warrant would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 9 with respect to the rights of the Holder of the Warrant after the recapitalization to the end that the provisions set forth herein (including adjustment of the number of shares purchasable upon exercise of the Warrant) shall be applicable after that event as nearly equivalent as may be practicable.

10. **Merger, Consolidation, Etc**. In case of any consolidation or merger of the Company with or into another company or the conveyance of all or substantially all of the assets of the Company to another company, the Warrant shall thereafter be exercisable into the number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Company issuable upon exercise of the Warrant would have been entitled upon such consolidation, merger or conveyance; and, in any such case, appropriate adjustment (as determined by the Board of Directors) shall be made in the application of the provisions herein set forth with respect to the rights and interest thereafter of the Holder of the Warrant to the end that the provisions set forth herein shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the exercise of this Warrant.

11. **No Impairment**. The Company will not, by amendment of its articles of incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the exercise rights of the Holder of the Warrant against impairment.

12. **Notices to Warrant Holders of Certain Events**. So long as this Warrant shall be outstanding and unexercised (i) if the Company shall pay any dividend or make any distribution upon its Common Stock, or (ii) if the Company shall offer to the holders of its Common Stock the opportunity for subscription or purchase by them of any shares of stock of any class or any other rights, or (iii) in the event of any capital reorganization of the Company, reclassification of the capital stock of the Company, consolidation or merger of the Company with or into another corporation, sale, lease or transfer of all or substantially all of the property and assets of the Company to another corporation, or voluntary or involuntary dissolution, the Company shall cause to be delivered to the Holder a notice containing a brief description of the proposed transaction, together with the date, as the case may be, on which a record is to be taken for the purpose of such dividend, distribution, or rights or on which such reclassification, reorganization, consolidation, merger, conveyance, lease, dissolution, liquidation, or winding

up is to take place. In the case of a dividend or other distribution by the Company, the Company shall deliver such notice to Holder at least 20 days prior to record date for such dividend or distribution. In the case of a reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation, or winding up, the Company shall deliver such notice to Holder at least 20 days prior to the earlier of the date of a shareholders meeting called to approve such transaction, if any, or the date of such event.

13. **Notices Generally**. Notices and other communications to be given to the Holder of the Warrant evidenced by this Warrant Certificate shall be delivered by hand or mailed, postage prepaid, to 471 North 100 West, St. George, Utah 84770, or such other address as the Holder shall have designated by written notice to the Company as provided herein.

14. **Governing Law**. This Warrant shall be governed by and construed in accordance with the laws of the State of Utah applicable to contracts entered into and to be performed wholly within such State.

IN WITNESS WHEREOF, the Company has executed this Warrant Certificate as of the 7 day of June, 1996.

STRATA, INC.
a Utah corporation

By _____
Kenneth D. Bringhurst
Chief Executive Officer

PURCHASE FORM

The undersigned hereby elects to exercise the Warrant represented by the attached Warrant Certificate to the extent of purchasing _____ (_____) shares of Common Stock of Strata, Inc., a Utah corporation (the "Company"), and herewith presents to the Company cash or a check in the amount of _____ ($_____) in payment of the Exercise Price thereof.

_____
Name of Holder (please print)

By:_____

_____
Signature of Authorized Representative

_____
Name of Authorized Representative
(please print)

_____
Date

ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned Holder of the Warrant represented by the attached Warrant Certificate hereby sells, assigns, and transfers unto the Assignee named below the right to purchase _____ (_____) shares of Common Stock of STRATA, INC., a Utah corporation, (the "Company"), that are represented by the attached Warrant Certificate and does hereby irrevocably constitute and appoint the Company and/or its transfer agent as attorney to transfer the same on the books of the Company, with full power of substitution in the premises.

_____
Name of Assignee

_____
Address of Assignee

_____
Name of Holder (please print)

By:_____
Signature of Authorized Representative

_____
Name of Authorized Representative
(please print)

_____
Title of Authorized Representative
(please print)

_____
Date

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call	Collateral	Account	Officer	Initials
$750,000.00	06-06-1996	06-01-1997	9001	Y	5100	4796098	4695	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: J AND S FARMS, LTD., SHELDON B. JOHNSON, KERRY V. JOHNSON AND BARBARA JOHNSON
471 NORTH 100 WEST
ST. GEORGE, UT 84770

Lender: ZIONS FIRST NATIONAL BANK
SOUTHERN UTAH COMMERCIAL BANKING CENTER
#1 SOUTH MAIN STREET
P O BOX 25822
SALT LAKE CITY, UT 84125

Principal Amount: $750,000.00 **Initial Rate: 9.750%** **Date of Note: June 6, 1996**

PROMISE TO PAY. J AND S FARMS, LTD., SHELDON B. JOHNSON, KERRY V. JOHNSON AND BARBARA JOHNSON ("Borrower") promises to pay to ZIONS FIRST NATIONAL BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of Seven Hundred Fifty Thousand & 00/100 Dollars ($750,000.00), together with interest on the unpaid principal balance from June 6, 1996, until paid in full.

PAYMENT. Borrower will pay this loan in one principal payment of $750,000.00 plus interest on June 1, 1997. This payment due June 1, 1997, will be for all principal and accrued interest not yet paid. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning July 1, 1996, with all subsequent interest payments to be due on the same day of each month after that. Interest on this Note is computed on a 365/360 simple interest basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to any unpaid collection costs and any late charges, then to any unpaid interest, and any remaining amount to principal.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an index which is the ZIONS FIRST NATIONAL BANK PRIME RATE (the "Index"). "PRIME RATE" MEANS AN INDEX WHICH IS DETERMINED DAILY BY THE PUBLISHED COMMERCIAL LOAN VARIABLE RATE INDEX HELD BY ANY TWO OF THE FOLLOWING BANKS: CHASE MANHATTAN BANK, WELLS FARGO BANK N.A., AND BANK OF AMERICA N.T. & S.A. IN THE EVENT NO TWO OF THE ABOVE BANKS HAVE THE SAME PUBLISHED RATE, THE BANK HAVING THE MEDIAN RATE WILL ESTABLISH LENDERS' PRIME RATE. IF, FOR ANY REASON BEYOND THE CONTROL OF LENDER, ANY OF THE AFOREMENTIONED BANKS BECOMES UNACCEPTABLE AS A REFERENCE FOR THE PURPOSE OF DETERMINING THE PRIME RATE USED HEREIN, LENDER MAY, FIVE DAYS AFTER POSTING NOTICE IN LENDERS OFFICES, SUBSTITUTE ANOTHER COMPARABLE BANK FOR THE ONE DETERMINED UNACCEPTABLE. AS USED IN THIS PARAGRAPH, "COMPARABLE BANK" SHALL MEAN ONE OF THE TEN LARGEST COMMERCIAL BANKS HEADQUARTERED IN THE UNITED STATES OF AMERICA. THIS DEFINITION OF PRIME RATE IS TO BE STRICTLY INTERPRETED AND IS NOT INTENDED TO SERVE ANY PURPOSE OTHER THAN PROVIDING AN INDEX TO DETERMINE THE VARIABLE INTEREST RATE USED HEREIN. IT IS NOT THE LOWEST RATE AT WHICH LENDER MAY MAKE LOANS TO ANY OF ITS CUSTOMERS, EITHER NOW OR IN THE FUTURE.. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The interest rate change will not occur more often than each DAY. **The Index currently is 8.250% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 1.500 percentage points over the Index, resulting in an initial rate of 9.750% per annum.** NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due.

DEFAULT. Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due. (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender. (c) Borrower defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the Related Documents. (d) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any material respect either now or at the time made or furnished. (e) Any partner dies or any of the partners or Borrower becomes insolvent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws. (f) Any creditor tries to take any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts with Lender. (g) Any of the events described in this default section occurs with respect to any general partner of Borrower or any guarantor of this Note. (h) A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired. (i) Lender in good faith deems itself insecure.

If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured (and no event of default will have occurred) if Borrower, after receiving written notice from Lender demanding cure of such default: (a) cures the default within fifteen (15) days; or (b) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon default, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, increase the variable interest rate on this Note to 4.500 percentage points over the Index. The interest rate will not exceed the maximum rate permitted by applicable law. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law. **This Note has been delivered to Lender and accepted by Lender in the State of Utah. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of SALT LAKE County, the State of Utah. Subject to the provisions on arbitration, this Note shall be governed by and construed in accordance with the laws of the State of Utah.**

RIGHT OF SETOFF. Borrower grants to Lender a contractual possessory security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Lender (whether checking, savings, or some other

account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA and Keogh accounts, and all trust accounts for which the grant of a security interest would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

COLLATERAL. This Note is secured by A Deed of Trust from Trustor to Lender of even date on real property located in Washington County, State of Utah, all the terms and conditions of which are hereby incorporated and made a part of this Note.

ARBITRATION DISCLOSURES:

1. **AS USED IN THIS ARBITRATION SECTION, THE TERM "PARTIES" MEANS THE LENDER, ANY OTHER SIGNERS HERETO AND PERMITTED SUCCESSORS AND ASSIGNS.**
2. **ARBITRATION IS USUALLY FINAL AND BINDING ON THE PARTIES AND SUBJECT TO ONLY VERY LIMITED REVIEW BY A COURT.**
3. **THE PARTIES ARE WAIVING THEIR RIGHT TO LITIGATE IN COURT, INCLUDING THEIR RIGHT TO A JURY TRIAL.**
4. **PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED AND DIFFERENT FROM COURT PROCEEDINGS.**
5. **ARBITRATORS' AWARDS ARE NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING AND ANY PARTY'S RIGHT TO APPEAL OR TO SEEK MODIFICATION OF RULINGS BY ARBITRATORS IS STRICTLY LIMITED.**
6. **A PANEL OF ARBITRATORS MIGHT INCLUDE AN ARBITRATOR WHO IS OR WAS AFFILIATED WITH THE BANKING INDUSTRY.**
7. **IF YOU HAVE QUESTIONS ABOUT ARBITRATION, CONSULT YOUR ATTORNEY OR THE AMERICAN ARBITRATION ASSOCIATION.**

ARBITRATION PROVISIONS:

(a) Any controversy or claim between or among the parties, including but not limited to those arising out of or relating to this Agreement or any agreements or instruments relating hereto or delivered in connection herewith, and including but not limited to a claim based on or arising from an alleged tort, shall at the request of any party be determined by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration proceedings shall be conducted in Salt Lake City, Utah. The arbitrator(s) shall have the qualifications set forth in subparagraph (c) hereto. All statutes of limitations which would otherwise be applicable in a judicial action brought by a party shall apply to any arbitration or reference proceedings hereunder.

(b) In any judicial action or proceeding arising out of or relating to this Agreement or any agreements or instruments relating hereto or delivered in connection herewith, including but not limited to a claim based on or arising from an alleged tort, if the controversy or claim is not submitted to arbitration as provided and limited in subparagraph (a) hereto, all decisions of fact and law shall be determined by a reference in accordance with Rule 53 of the Federal Rules of Civil Procedure or Rule 53 of the Utah Rules of Civil Procedure or other comparable, applicable reference procedure. The parties shall designate to the court the referee(s) selected under the auspices of the American Arbitration Association in the same manner as arbitrators are selected in Association-sponsored arbitration proceedings. The referee(s) shall have the qualifications set forth in subparagraph (c) hereto.

(c) The arbitrator(s) or referee(s) shall be selected in accordance with the rules of the American Arbitration Association from panels maintained by the Association. A single arbitrator or referee shall be knowledgeable in the subject matter of the dispute. Where three arbitrators or referees conduct an arbitration or reference proceeding, the claim shall be decided by a majority vote of the three arbitrators or referees, at least one of whom must be knowledgeable in the subject matter of the dispute and at least one of whom must be a practicing attorney. The arbitrator(s) or referee(s) shall award recovery of all costs and fees (including reasonable attorneys' fees, administrative fees, arbitrators' fees, and court costs). The arbitrator(s) or referee(s) also may grant provisional or ancillary remedies such as, for example, injunctive relief, attachment, or the appointment of a receiver, either during the pendency of the arbitration or reference proceeding or as part of the arbitration or reference award.

(d) Judgment upon an arbitration or reference award may be entered in any court having jurisdiction, subject to the following limitation: the arbitration or reference award is binding upon the parties only if the amount does not exceed Four Million Dollars ($4,000,000.00); if the award exceeds that limit, either party may commence legal action for a court trial de novo. Such legal action must be filed within thirty (30) days following the date of the arbitration or reference award; if such legal action is not filed within that time period, the amount of the arbitration or reference award shall be binding. The computation of the total amount of an arbitration or reference award shall include amounts awarded for arbitration fees, attorneys' fees, interest, and all other related costs.

(e) At the Lender's option, foreclosure under a deed of trust or mortgage may be accomplished either by exercise of a power of sale under the deed of trust or by judicial foreclosure. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(f) Notwithstanding the applicability of other law to any other provision of this Agreement, the Federal Arbitration Act, 9 U.S.C. 1 et seq., shall apply to the construction and interpretation of this arbitration paragraph.

GENERAL PROVISIONS. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party, partner, or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

J AND S FARMS, LTD., SHELDON B. JOHNSON, KERRY V. JOHNSON AND BARBARA JOHNSON

x _____
J AND S FARMS, LTD., BY: SHELDON B. JOHNSON, GENERAL PARTNER

x _____
KERRY V. JOHNSON, INDIVIDUALLY AND PERSONALLY

x _____
BARBARA JOHNSON, INDIVIDUALLY AND PERSONALLY

x _____
SHELDON B. JOHNSON, INDIVIDUALLY AND PERSONALLY

Certificate of Officers and Shareholders of Strata, Inc.

STATE OF UTAH)
) ss.
COUNTY OF WASHINGTON)

The undersigned hereby certify:

1. They are respectively the Chairman of the Board and Chief Executive Officer of Strata, Inc., a Utah Corporation, and major shareholders.

2. With respect to the Loan Documents (as that term is defined in the Loan Agreement between J and S Farms, LTD., a Utah limited partnership and Strata, Inc., (and definitions therein), they each hereby represent and warrant as follows:

a. Borrower is a Utah corporation in good standing and is duly organized and authorized to enter into the Loan Documents;

b. The execution and performance of the Loan Documents has been properly authorized by Borrower's Board of Directors and by the holders of the requisite number of shares;

c. Borrower has full power and authority to execute, deliver and perform the Loan Documents;

d. The execution, delivery and performance of the Loan Documents shall not constitute a breach or default under any other agreements to which Borrower is a party or may be bound or affected;

e. All outstanding shares or warrants of Borrower are held by the persons indicated in the amounts indicated:

Name	**Number of Shares**
Kenneth Bringhurst	436,750
Gary Bringhurst	436,750
LaVerna Bringhurst Johnson	62,000
Richard Whitehead	25,000
Nancy Perkins	6,833
Cheri Atkin	5,000
Kelley Bringhurst	1,000
Evans & Sutherland	109,259
J and S Farms, LTD.	52,200[1]

[1] This amount represents the J and S Farms, LTD. warrant issued as a part of this loan transaction.

f. No consents. approvals or authorizations other than those recited in subparagraph b are required for execution, delivery or performance of the Loan Documents.

h. No governmental approvals or permission are required for execution, delivery or performance of the Loan Documents.

DATED this 7 day of June, 1996.

Gary Bringhurst

Kenneth D. Bringhurst

SUBSCRIBED AND SWORN TO before me by Gary Bringhurst and Kenneth D. Bringhurst this 7 day of June, 1996.

My Commission Expires:
2/13/00

NOTARY PUBLIC
Residing at: St George Utah

DN: J:Johnson 893101 Loan:certificate 060596 893101 gk

DAVID NUFFER
Notary Public
State of Utah
My Comm. Expires Feb 13, 2000
90 East 200 North St George UT 84770

RESOLUTION OF THE BOARD OF DIRECTORS
of
STRATA, INC.

A Board of Directors' meeting of Strata, Inc., was held on the 29th day of June 1996, at the Strata corporate offices. Present were

Name	In Person	By Telephone
Kenneth Bringhurst	✓	
Gary Bringhurst	✓	
LaVerna B. Johnson	✓	
Richard Whitehead	✓	
J. Ralph Atkin	✓	
Gary Meredith	✓	

All directors were therefore present.

Upon motions duly made, seconded and passed unanimously, the following resolutions were adopted:

RESOLVED, that the corporation is hereby authorized to enter into a loan with J and S Farms, LTD., a Utah limited partnership, in the principal amount of $750,000.00, with interest to accrue at the rate charged by Zions First National Bank to J and S Farms, LTD. on a loan (the "Zions Loan") taken out by it to fund the loan to the corporation. The term of the note shall be identical to the Zions Loan, with monthly payments in the amount J and S Farms is required to pay to Zions, but in an amount not less than Six Thousand Two Hundred Fifty Dollars ($6,250.00). The loan shall be secured by the general intangibles and intellectual property of the corporation. The Loan Documents shall include a Loan Agreement, Note and Security Agreement.

FURTHER RESOLVED, that the Warrant presented to the meeting for 52,200 shares and containing an option for conversion to debt is authorized.

FURTHER RESOLVED that Kenneth Bringhurst is directed to execute such documents as may be necessary to effectuate the transactions contemplated by this Resolution and the transactions authorized herein.

There being no further business, the meeting was adjourned.

GARY BRINGHURST
CHAIRMAN OF THE BOARD

J:\Johnson 893101 Loan\resolution 060596 893101.ex

LIMITED WAIVER OF RIGHTS OF STOCKHOLDERS/WARRANT HOLDERS OF STRATA, INC.

The undersigned stockholders/warrant holders of Strata, Inc. ("**Strata**"), acknowledge that Strata is entering into a Seven Hundred Fifty Thousand Dollar ($750,000.00) Loan Agreement with J and S Farms, LTD., a Utah Limited Partnership ("**J and S**"). A portion of the Loan Agreement calls for issuance of a Stock Warrant to J and S exercisable for 52,200 shares of stock and convertible on certain terms to debt. ("**J and S Warrant**"). It is also understood that the current shareholders may have certain preferential or pre-emptive rights that would require Strata to offer first to the shareholders (individually or severally as determined by their respective agreements) any offer to a third party (such as the J and S Warrant contemplated herein) for an interest in the equity of the company including shares of stock, stock options or warrants or instruments of similar nature or purpose.

Accordingly, in order to comply with J and S's precondition to the Loan between it and Strata, Inc., each of the respective shareholders, upon execution of this document, hereby expressly waives any and all rights of first refusal, preference, pre-emption or any such similar right that would in any manner delay or prohibit issuance of the J and S Warrant, and consent to the Warrant, having reviewed the same.

The undersigned stockholder(s) provide this waiver for the limited purpose of allowing the J and S Loan to go forward. Each respective shareholder acknowledges that he/she has read this document and understands the significance of the waiver given.

This document may be executed in counterpart and shall be deemed a valid and enforceable waiver only upon delivery of a document or signed counterparts thereof which include the signatures of all stockholders.

DATED this 29th day of June, 1996.

Kenneth Bringhurst

Gary Bringhurst

LaVerna Bringhurst Johnson

Richard Whitehead

Nancy Perkins

Cheri Atkin

Kelley Bringhurst

EVANS & SUTHERLAND COMPUTER CORPORATION

By:

Its: Secretary

UCC Filing Acknowledgment

(Printed 07/12/1996 @ 12:26am)

Your UCC-I Filing Statement has been duly recorded with the Utah Division of Corporations and Commercial Code. An audit-stamped copy of the original filing document (without attachments) is enclosed for your records. Also enclosed, is a "non-certified" UCC Financing Statement, showing all of the related filing information that has been entered into the Division's computerized database. Please take the time to review this information for accuracy. If you find any discrepancies, please contact the Division within 10 business days by calling (801) 530-6025.

In order to terminate your claim in the security interest under this filing, please detach and submit the UCC-III Termination Statement provided below.

Korla T. Woods, Director
Utah Division of Corporations and Commercial Code

J & S FARMS LTD
471 N 100 W
ST GEORGE UT 84770

96-523809 - 0001 - UT960613 [illegible]

UCC-III Termination

UCC File # 96-523809

TERMINATION STATEMENT: This Statement of Termination of Financing is presented to a Filing Officer for filing pursuant to the Uniform Commercial Code. The Secured Party certifies that the Secured Party no longer claims a security interest under the financing statement bearing the file number shown above.

J & S FARMS LTD

Date: _____ By: _____

(Signature of Secured Party or Assignee of record)

UCC Financing Statement

(Printed 07/12/1996 @ 12:26am)

UCC File #..... 96-523809

Recording Date..... 06/13/1996
Recording Time (Military)..... 16:02

Expiration Date..... 06/13/2001

— Collateral Description —

GENERAL INTANGIBLES, SOFTWARE, TRADEMARKS

(For a full collateral description, please refer to a copy of the original filing document)

Debtor/Pledgor Name..... STRATA
S.S.N./Tax I.D. #..... 870463266
Debtor/Pledgor of Record?..... YES

Street Address #1..... 2 W ST GEORGE BLVD STE 2100
Street Address #2..... ?
City/State/Zip Code..... ST GEORGE UT 84770

Secured Party Name..... J & S FARMS LTD
Security Interest..... ORIGINATOR
Secured Party of Record?..... YES

Street Address #1..... 471 N 100 W
Street Address #2..... ?
City/State/Zip Code..... ST GEORGE UT 84770

— UCC Filing History —

Filing Type & Description	*Recording Date*	*Recording Time*
UCC-I	06/13/1996	16:02
(FILE THE ORIGINAL UCC FINANCING STATEMENT)		

(This is not a Certified Listing)

This **FINANCING STATEMENT** is presented to a filing officer for filing pursuant to the Uniform Commercial Code.

State of Utah
Department of Commerce
Division of Corporations & Commercial Code

UCC File #
96-523809
Recorded on 06/13/1996 at 04:02pm.
(Page #1)

1. Debtor(s) (Last Name First) and address(es)

STRATA, INC.
2 W. St. George Blvd.
Suite 2100
St. George, UT 84770

Social Security or
Emp. Fed. I.D. No. 87-0463266 6

2. Secured Party(ies) and address(es)

J and S Farms, Ltd., a Utah limited partnership
471 North 100 West
St. George, UT 84770

4 This financing statement covers the following types (or items) of property:

General intangibles and intellectual property, software, source code in development, trademarks, servicemarks, copyrights and products and proceeds

6. Gross sales price of collateral

$ 750,000.00

$ _____ Sales or use tax paid to State of

For Filing Officer (Date, Time, Number, and Filing Office)

The Secured party is ____ is not X a seller or purchase money lender of the collateral.

5. Assignee(s) of Secured Party and Address(es)

This statement is filed without the debtor's signature to perfect a security interest in collateral. (Check X if so)

Microfilm No.

☐ already subject to a security interest in another jurisdiction when it was brought into this state.
☐ which is proceeds of the original collateral described above in which a security interest was perfected:

Check X if covered: X Proceeds of Collateral are also covered. X Products of Collateral are also covered. No. of additional Sheets presented: 0

3. Maturity date (if any):

Approved by the Division of Corporations and Commercial Code Department of Business Regulation.

STRATA, INC.

By: _____

By: _____
Signature(s) of Debtor(s)

X J and S Farms, Ltd.

By: _____
Signature(s) of Secured Party(ies)

STANDARD FORM - FORM UCC-1.

Filing Officer Copy - Alphabetical

PROMISSORY NOTE

$750,000.00

St. George, Utah
June 7, 1996

FOR VALUE RECEIVED. STRATA, INC., a Utah corporation, ("**Borrower**")", promises to pay to the order of **J and S Farms, Ltd.**, a Utah limited partnership, ("**Lender**"), 471 North 100 West, St. George, Utah 84770, or at such other place as Lender may specify in writing to Borrower. the aggregate principal amount of U.S. $750,000.00, together with interest as follows:

> Interest shall accrue on the unpaid principal balance of this Promissory Note at the same rate charged by Zions First National Bank of its $750,000.00 loan to Lender of even date herewith ("Zions Loan"), as evidenced by a Promissory Note, a copy of which is attached hereto as Attachment 1.
>
> Monthly payments shall be made by Borrower to Lender in the amount of Six Thousand Two Hundred Fifty Dollars ($6,250.00) or such greater amount as is due under the Zions Loan), such payments due on the 1st day of each month, commencing on the 1st day of July, 1996. Unpaid interest and principal under this Promissory Note shall be due and payable in full on or before May 31, 1997.

Any payment under this Promissory Note shall be credited first to Lender's costs and expenses of collections, then to accrued and unpaid interest and then to principal. Borrower shall have the right to prepay all, or any portion, of the indebtedness owing under this Promissory Note at any time without penalty.

This Promissory Note is secured by a Security Agreement of even date herewith executed by Borrower ("**Security Agreement**") encumbering all general intangibles and intellectual property assets of the Borrower **(the "Collateral").** Notwithstanding any provision hereof, Borrower shall not sell, transfer or assign the Collateral, other than in the normal course of selling and replacing the same, without Lender's prior written consent, which consent shall not be unreasonably withheld. Moreover, in the event of any change of ownership of the Borrower, as outlined in the Loan Agreement of even date, all principal and accrued and unpaid interest hereunder shall be immediately due and payable in full. Lender may, at its sole option, elect to accept payment of the Note by exercise of a Warrant.

Time is of the essence of payment. Upon failure to make any payment as herein provided within fifteen (15) days of the date due, the unpaid principal balance hereof, together with accrued interest, at the option of the Lender, and without notice, shall at once become due and payable, and shall thereafter bear interest at the rate of eighteen percent (18%) per annum, until paid. The amounts specified in this paragraph are in addition to costs of enforcement and collection that may be due and payable under this Promissory Note.

The acceptance of any sum less than a full installment shall not be construed as a waiver of the default in the payment of such full installment.

If an attorney is engaged or other action taken by Lender to enforce any provision of this Promissory Note or the Security Agreement, or any other document or instrument evidencing or securing the indebtedness represented hereby, or as a consequence of any default, with or without the filing of any legal action or proceeding, then Borrower shall immediately pay, on demand, all attorney's fees and all other costs incurred by Lender, together with interest thereon from the date of such demand until paid at the default interest rate specified above.

No previous waiver and no failure or delay by Lender in acting with respect to the terms of this Promissory Note or the Security Agreement, or any other document or instrument evidencing or securing the indebtedness represented hereby, shall constitute a waiver of any breach, default or failure of condition under this Promissory Note, the Security Agreement or any other document or instrument evidencing or securing the indebtedness represented hereby.

In the event of any inconsistencies between the terms of this Promissory Note and the terms of any other document related to the loan evidenced by this Promissory Note, the terms of this Promissory Note shall prevail.

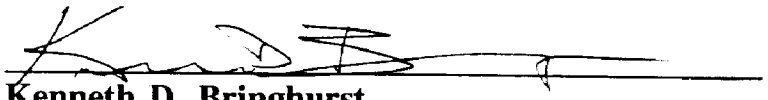
Borrower hereby waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of cost, expenses or losses and interest therein; notice of late charges; and diligence in taking any action to collect any sums owing under this Promissory Note. The right of the undersigned to plead any and all statutes of limitation as a defense to any demand on this Promissory Note is expressly waived to the full extent permissible by law.

This Promissory Note shall be construed and enforced in accordance with the laws of the State of Utah, and all persons and entities in any manner obligated under this Promissory Note consent to the jurisdiction of any federal or state court within the State of

Utah having proper venue and also consent to service of process by any means authorized by Utah or federal law.

All terms and conditions of this Promissory Note shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

STRATA, INC.
a Utah corporation



Kenneth D. Bringhurst
Chief Executive Officer