

Omaha Bank for Cooperatives

Farm Credit Building
206 South 19th Street
Omaha, Nebraska 68102
Telephone (402) 444-3500



LETTER OF TRANSMITTAL

13083
REGISTRATION NO. Filed 1425

MAY 7 - 1981 - 10 00 AM
INTERSTATE COMMERCE COMMISSION

TO: Secretary of the Interstate
Commerce Commission
Room 2303
12th Street & Constitution Avenue, N.W.
Washington, D. C. 20423

Attached to this Letter of Transmittal are three copies of a Security Agreement between Farmers Cooperative Company, of Cleghorn, Iowa, Cleghorn, Iowa, as Debtor, and Omaha Bank for Cooperatives, 800 Farm Credit Building, 206 South 19th Street, Omaha, Nebraska 68102, as Creditor, covering three (3) 4750 CFC 100-ton covered hopper cars, with a 4750 cu. ft. capacity each. These cars bear the following car identifications:

FARX100 FARX101 FARX102

After recording, please return the original Security Agreement showing the recording data to:

Mr. Martin M. Bohac
General Attorney and Assistant
Corporate Secretary
Omaha Bank for Cooperatives
800 Farm Credit Building
206 South 19th Street
Omaha, Nebraska 68102

If there are any questions concerning this matter, please call me at 402-444-3557.

Yours very truly,

A handwritten signature in cursive script that reads "Martin M. Bohac".

Martin M. Bohac
General Attorney and Assistant
Corporate Secretary



Interstate Commerce Commission
Washington, D.C. 20423

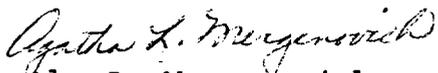
OFFICE OF THE SECRETARY

Mr. Martin M. Bohac
Omaha Bank of Cooperatives
800 Farm Credit Building
206 South 19th Street
Omaha, Nebraska 68102

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/7/81 at 10:00AM, and assigned re-
recording number(s). 13083 & 13084

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

SECURITY AGREEMENT
(INTERSTATE COMMERCE COMMISSION) MAY 7 - 1981 - 10 00 AM

THIS AGREEMENT, made this 4th day of March, 1980, by and between

FARMERS COOPERATIVE COMPANY, OF CLEGHORN, IOWA

INTERSTATE COMMERCE COMMISSION

a cooperative, as defined by the Farm Credit Act of 1971 and any amendments thereto, created and existing under the laws of the State of

Iowa, whose mailing address is Cleghorn, Iowa 51014

hereinafter called the "Debtor" and Omaha Bank for Cooperatives, a corporation incorporated under the laws of the United States of America, whose address is 800 Farm Credit Building, 206 South 19th Street, Omaha, Nebraska 68102, hereinafter called the "Secured Party".

WHEREAS, the Debtor has agreed to borrow money from the Secured Party, the Secured Party has committed to make advances to the Debtor, and the Debtor hereafter expects to seek additional loans and advances from Secured Party and desires to grant to Secured Party a security interest in Debtor's properties to secure the payment of all such borrowings, such advances and future advances, and any and all other indebtedness, liabilities or obligations of Debtor to Secured Party.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH: That in order to secure the payment of all loans and advances now or in the future made, and all other indebtedness, liabilities or obligations of the Debtor to Secured Party now existing or hereafter incurred, and any extensions or renewals thereof, and to secure the performance of all terms, covenants and conditions required of the Debtor in accordance with the terms of this Security Agreement, and the terms of a Loan Agreement and all Supplements to said Loan Agreement entered into between the Secured Party and the Debtor, and any Demand Promissory Notes evidencing the indebtedness secured hereby, the Debtor grants unto Secured Party a security interest in the property generally described as follows and the products and proceeds thereof:

Three (3) 4750 CFC 100-ton covered hopper cars with a 4,750 cu. ft. capacity each. These cars bear the following car identifications:

FARX100
FARX101
FARX102

together with all accessories, attachments, and equipment of every kind and nature attached to the above described railroad cars.

Any future advances made by the SECURED PARTY to the DEBTOR shall be covered by this Security Agreement

Debtor covenants and agrees with the Secured Party as follows:

1. That Debtor will join with Secured Party in executing Financing Statements pursuant to the **Fed law/Iowa** Uniform Commercial Code in a form satisfactory to Bank and to pay the cost of filing the same.
2. That the Debtor holds title to the above described property free and clear of all liens and encumbrances and prior security interests, and the Debtor will defend the property and interests of the Secured Party in said property against the claims and demands of all persons.
3. That the Debtor will not permit any Financing Statement or Security Agreement covering any of the above described property to be filed pursuant to said **Fed law/Iowa** Uniform Commercial Code, except Financing Statements or Security Agreements in favor of the Secured Party.
4. That the Debtor will pay, or cause to be paid when due, all indebtedness and future advances hereby secured and any renewals or extensions thereof, together with all interest thereon and all other sums payable by the Debtor in accordance with the terms of this Agreement, the Loan Agreement entered into between Debtor and Secured Party, and all Supplements to said Loan Agreement and any Demand Promissory Notes secured hereby, or any renewals or extensions, and any real estate mortgages also securing the indebtedness secured hereby.
5. That the Debtor will pay when due all taxes, levies, assessments, or other claims which are or may become liens against the above described property. The Debtor will keep the above described property insured in such manner as the Secured Party shall require. In the event the Secured Party pays any rents, taxes, levies, charges, or other liens whatsoever affecting the said property, or insurance premiums, the same shall become a part of the debt hereby secured, and shall be payable on demand, with interest at the rate of 18 percent per annum.
6. That nothing herein contained shall be construed to obligate the Secured Party to make any loans or advances to the Debtor and that the sole purpose of this instrument is to provide collateral security for the liabilities and obligations of Debtor to Secured Party and for present existing indebtedness and loans and advances which, in the absolute discretion of the Secured Party, may hereafter be made to the Debtor.
7. That the Debtor shall care for and maintain the property herein described in a reasonable manner, and shall allow the Secured Party or its agent to inspect the property at any reasonable time or location.
8. That the Debtor will perform and observe all of the terms, covenants and conditions of the Loan Agreement and all Supplements to said Loan Agreement entered into between the Secured Party and the Debtor in connection with any of the indebtedness secured hereby.
9. That the Debtor will not voluntarily transfer, sell or convey, nor allow an involuntary transfer (by way of sale, creation of a security interest, attachment levy, garnishment or other judicial process) of any of the property covered by this Security Agreement without the express written consent of the Secured Party, except that, unless Secured Party notifies Debtor to the contrary, any merchandise inventory may be sold in the usual and ordinary course of business.
10. The Secured Party's security interest hereunder shall attach to any proceeds of all sales or other dispositions of Debtor's inventory. The Debtor shall account to the Secured Party for such proceeds in such manner as may be required by Secured Party, including, without limitation any manner as may be required by the terms of the Loan Agreement and all Supplements to said Loan Agreement entered into between the Debtor and the Secured Party.
11. That the Secured Party shall have the right to notify the account debtors of Debtor on any accounts and the obligor on any instrument to make payments thereon directly to the Secured Party, and to take control of the cash and non-cash proceeds of any such accounts or instruments, which right the Secured Party may exercise at any time, whether or not Debtor is then in default hereunder, or was theretofore making collections thereof PROVIDED, HOWEVER, Secured Party does not assume the credit risk on any such account or instrument. Until such time as the Secured Party elects to exercise such right by serving upon Debtor a written notice thereof, Debtor is authorized to collect and enforce such accounts or instruments, and the Debtor shall account to Secured Party for all collections in such manner as may be required by the Secured Party.
12. That upon default of the payment of any indebtedness, advances and expenditures hereby secured, or any part thereof, as the same shall become due and payable, or in the event of the default of any liability or obligation of the Debtor to Secured Party, or in the event of a breach of any of the terms, covenants and conditions of this Agreement or the Loan Agreement or any Supplement to said Loan Agreement, entered into between the Secured Party and the Debtor or the Demand Promissory Notes evidencing indebtedness, or in case the Secured Party deems itself insecure at any time, or in case of insolvency or bankruptcy proceedings being instituted by, or against the Debtor, the entire outstanding indebtedness and any liabilities or obligations of Debtor to Secured Party secured by this Security Agreement shall, at the option of the Secured Party, become immediately due and payable without demand or notice, and the Secured Party may proceed to enforce the security interest created hereunder by any means provided herein or otherwise permitted by the **Fed law/Iowa** Uniform Commercial Code.
Upon the happening of any such default, the Debtor, upon demand by the Secured Party, shall assemble said property of all types and make it available to the Secured Party on the premises of the Debtor or at any other place to be designated by the Secured Party which is reasonably convenient to both parties. In the event the Secured Party exercises its rights to take possession and dispose of all or any portion of said property, any costs and expenses, including a reasonable attorney's fee, incurred by the Secured Party in taking possession, preserving and disposing of all or any portion of said property shall be deducted from the proceeds of the disposition of or realization upon said property, or paid by the Debtor if he chooses to redeem said property.
13. If the proceeds of the disposition of all or any portion of said property does not satisfy all of the indebtedness, liabilities or obligations of Debtor to Secured Party and all expenses secured hereby, the Debtor shall be liable for any such deficiency.
14. That all of the covenants and agreements of the Debtor shall extend to and bind its successors and assigns and all rights and privileges of the Secured Party under this Security Agreement and shall inure to the benefit of its successors and assigns.
15. That in any instance in which notice to the Debtor is required by this Security Agreement, or is required by law, such notice shall be deemed sufficiently given if the Secured Party mails, by first class mail, postage prepaid, such notice to the Debtor at the mailing address given on this Security Agreement at least five days prior to any action intended to be taken or not taken in accordance with any such notice. Arrangements for forwarding such notice, if necessary, shall be the sole responsibility of the Debtor.
16. That this Security Agreement is executed pursuant to the **Fed law/Iowa** Uniform Commercial Code.
17. That Debtor will at all times during the existence of any of indebtedness, liabilities or obligations herein provided for, maintain its corporate existence and operate its business as a cooperative association qualified under the provisions of the Act of Congress, known as the Farm Credit Act of 1971, and any amendments thereto.
18. That the omission of the Secured Party to exercise any option hereunder, in case of any default by the Debtor, shall not preclude it from the exercise thereof, at any subsequent time, or for any subsequent default, and nothing but a written contract of the Secured Party shall be a waiver of any such option.

IN WITNESS WHEREOF, the said Debtor in pursuance of due authority has caused this Security Agreement to be signed by its President and duly attested by its Secretary the day and year first above written.

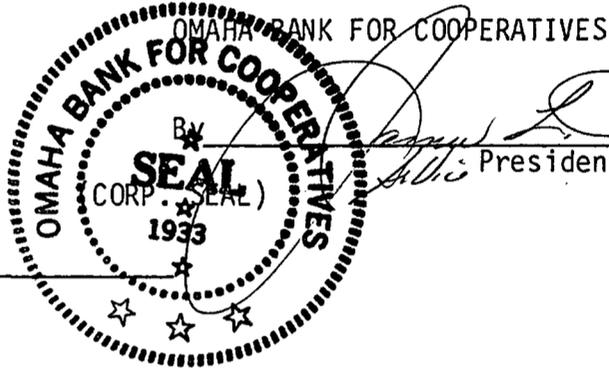
IN WITNESS WHEREOF, the parties hereto in pursuance of due authority have caused this Security Agreement to be executed the day and year first above written.

FARMERS COOPERATIVE COMPANY,
of CLEGHORN, IOWA

By Danell Egger
President

ATTEST: Richard Ott
Secretary

(CORP. SEAL)



ATTEST: U. M. Pitschmann
Secretary

STATE OF IOWA)
COUNTY OF CHEROKEE) ss.

On this 29 day of April, 1981, before me, Shirley Ann Pedersen, a Notary Public in and for said County, personally appeared Danell Egger and Richard Ott, to me personally known, who being by me duly sworn did say that they are respectively President and Secretary of Farmers Cooperative Company, of Cleghorn, Iowa, Cleghorn, Iowa,

*that the seal affixed to said instrument is the seal of said corporation
*that said corporation has no corporate seal

and that the instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and that said officers above named acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, and by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed my Notarial Seal at Cleghorn, Iowa, in said County, the day and year last above written.
My commission expires _____.

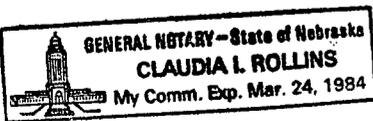


Shirley Ann Pedersen
Notary Public in and for
said County and State

(SEAL)
STATE OF NEBRASKA)
COUNTY OF DOUGLAS) ss.

On this 30th day of April, 1981, before me, Claudia I. Rollins, a Notary Public in and for said County, personally appeared James D. Falk and U. M. Pitschmann, to me personally known, who being by me duly sworn did say that they are respectively James D. Falk President and Corporate Secretary of Omaha Bank for Cooperatives, that the seal affixed to said instrument is the seal of said corporation, and that the instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and that said officers above named acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, and by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed my Notarial Seal at Omaha, in said County, the day and year last above written.
My commission expires March 24, 1984.



Claudia I. Rollins
Notary Public in and for
said County and State