

No. **JAN 12 1982**
Date

Bank of Elbow Lake

"GRANT COUNTY'S PIONEER BANK"

ELBOW LAKE, MINN.
56531



Fee \$ 50.00
ICC Washington, D. C.

D-12A092

RECORDATION NO. 13391 A FILED 1982

December 31, 1981

Dec. 30 1981-9100-AM

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
Interstate Commerce Building
12th St. & Constitution N.W.
Washington, D.C. 20423

ATTN: Mildred Lee, Room 2303

RE: Recordation of Security Agreement

Dear Ms. Lee:

You are hereby requested ^{TO RECORD} three notarized copies of the Security Agreement. The recording fee of \$50.00 is included.

Under the Security Agreement, Rodney J. Casad, 812 Oak St., Breckenridge, Mn. 56520 grants to Bank of Elbow Lake, 18 Central Ave. N., Elbow Lake, Mn. 56531 a security interest in one (1) 4,750 cu. ft. capacity, 100 ton covered hopper car.

The management agreement is also enclosed.

When recorded, the documents should be returned to:

BANK OF ELBOW LAKE
Elbow Lake, Mn. 56531

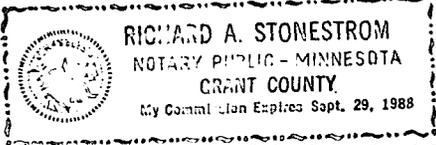
ATTN: Richard A. Stonestrom

Very truly yours,

Richard A. Stonestrom
Vice Pres.

State of Minnesota }
 County of Grant } ss

On this 11th day of December, A. D. 1981, before me,
Richard A. Stonestrom a Notary Public within and for said
 County and State, personally appeared Rodney J. Casad
 to me known to be the person
 described in and who executed the foregoing instrument, and acknowledged that he
 executed the same as his free act and deed.



Richard A. Stonestrom
 Richard A. Stonestrom

Date Dec. 11, 19 01

DEBTOR Rodney J. Casad
Address of Debtor 8120 Oak St., Breckenridge, Mn. 56520
SECURED PARTY BANK OF ELBOW LAKE
Address of Secured Party Elbow Lake, Mn. 56531

1. SECURITY INTEREST AND OBLIGATIONS SECURED. Debtor hereby sells, mortgages and grants a security interest in the property described below, and all accessories, parts, attachments, equipment, accessions and repairs now or hereafter affixed or used in connection therewith (herein called "Collateral"), to Secured Party, his or its heirs, executors, administrators, successors and assigns:

One 4,750 cu. ft. capacity, 100 ton covered hopper car - MILX 12043 RECORDATION NO. 13391-A

REC-30 1988-9:00A

INTERSTATE COMMERCE COMMISSION

as security for the payment of the sum of \$ 16,700.00, payable in installments as follows: \$ on 19, and the same amount (except the last installment which shall be the unpaid balance) on the same day of each month thereafter until paid, evidenced

by and subject to the terms, covenants and conditions of a promissory note dated 2-1-81, 19, (herein called the "Note"), with interest thereon, if any, and as security for all other indebtedness and obligations, absolute or contingent, present or future, matured or unmatured, of Debtor to Secured Party, together with all amounts herein agreed to be paid (the indebtedness evidenced by the Note and all other indebtedness and obligations secured thereby are herein collectively called the "Obligations"). Debtor shall have the right to the possession and use of the Collateral in any lawful manner not inconsistent with this agreement or with the terms or conditions of any insurance policy thereon until default hereunder.

2. SPECIAL REPRESENTATIONS, COVENANTS AND WARRANTIES OF DEBTOR. Debtor represents, covenants and warrants that: (Check or fill in where applicable)

(a) Ownership. Debtor has, or forthwith will acquire, title to the Collateral free of all liens and encumbrances; no financing statement covering any of the Collateral is on file in any public office.

(b) Status of Debtor. Debtor is an [X] individual, [] partnership, corporation or other business organization, and if Debtor is an individual, the address of Debtor's residence is

(Road or Street) (City) (County) (State) or if left blank, is that shown at the beginning of this agreement.

(c) Use of Collateral. The Collateral will be used primarily for: [] personal, family or household purposes; [] farming operations; [X] business purposes.

(d) Proceeds of Loan; Purchase Money. If checked here [], the proceeds of a loan from the Secured Party will be used by Debtor to acquire the Collateral, and Secured Party may, at its option, disburse such proceeds directly to the seller of the Collateral and/or to the insurance agent or broker for insurance thereon.

(e) Location of Collateral.

(1) Fixtures. If the Collateral is to be attached to real estate, the legal description of the real estate is:

and the name and address of the record owner of the real estate is: of

(2) Collateral Used in More Than One State. If the Collateral is used primarily for business and is of a type normally used in more than one state (automotive equipment, commercial harvesting equipment, construction machinery and the like), the chief place of business of Debtor is, or if left blank, is that shown at the beginning of this agreement.

(3) Other Collateral. All other Collateral will be kept at Debtor's address shown at the beginning of this agreement or, if not, at:

Debtor will not remove the Collateral from said location without the written consent of Secured Party except for temporary periods of not more than 30 days.

(f) Changes of Address. Debtor will immediately notify Secured Party of any change in Debtor's addresses.

(g) Motor Vehicles. If any of the Collateral is motor vehicles, Debtor will cause a certificate of title evidencing ownership of each vehicle to be endorsed to show Secured Party's security interest in all states where such endorsements are required or permitted.

3. PRESERVATION AND CARE OF COLLATERAL. Debtor covenants and agrees that Debtor (i) will keep the Collateral in first class order, repair and running condition, will replace any worn, broken or defective parts and will house the Collateral in suitable shelter; (ii) will promptly pay all taxes levied or assessed against the Collateral and will keep the Collateral free and clear of all liens, attachments and encumbrances; (iii) will allow Secured Party and its representatives free access to the Collateral at all reasonable times for the purpose of inspection; (iv) will promptly notify Secured Party in writing of any loss or damage to the Collateral; (v) will keep the Collateral insured by responsible companies against loss by theft and fire and against such other perils as is usually carried by owners of similar properties or as may be required by Secured Party, in such amounts and payable in such manner as shall be satisfactory to Secured Party; (vi) will indemnify Secured Party against all claims arising out of or connected with the ownership or use of the Collateral; (vii) will reimburse Secured Party upon demand for all expenses incurred in connection with perfecting the security interest granted herein or the satisfaction thereof; (viii) will not abandon the Collateral; (ix) will not sell, assign, lease, mortgage or otherwise dispose of any interest in the Collateral without first obtaining the written consent of Secured Party; (x) will not use or permit the Collateral to be used for any unlawful purpose or in violation of any federal, state or municipal law, statute or ordinance or for hire; and (xi) will not permit the Collateral to become a part of or to be affixed to any real property of any person without first making arrangements satisfactory to Secured Party to protect its security interests. If Debtor fails to observe or perform any covenant or agreement contained in this paragraph, which failure is not remedied by Debtor within 10 days after written notice thereof, Secured Party may, in addition to any other remedy, take whatever action may be necessary to remedy such failure, and should such action require the expenditure of moneys to protect and preserve Secured Party's interest in the Collateral (including but not limited to payment of insurance premiums, repairs, storage, transportation, removal of liens, etc.), then the amount of such expenditure shall become forthwith due and payable by Debtor with interest at the rate of 7% per annum. If Secured Party takes any action authorized hereunder, Secured Party shall not be liable to Debtor for damages as a result of delays, temporary withdrawals of the Collateral from service or other causes.

This agreement is subject to the terms and conditions on the reverse side hereof all of which are made a part hereof.

Secured Party's Name Bank of Elbow Lake
By Elbow Lake, Mn. 56531

Debtor's Name Rodney J. Casad
By

(To be signed only if agreement to be filed)

4. ASSIGNMENT OF INSURANCE PROCEEDS. Debtor hereby assigns to Secured Party any and all moneys (including, but not limited to, proceeds of insurance and return of unearned premiums) which may become due under any policy insuring the Collateral against any loss or damage and directs the insurance company issuing such policy to make payment thereof directly to Secured Party. Secured Party may, at its option, apply any insurance moneys so received to the cost of repairs to the Collateral and/or to payment of any of the Obligations, in any order the Secured Party may determine, whether or not due, and shall remit any surplus to Debtor. Debtor irrevocably appoints Secured Party as Debtor's attorney-in-fact, with full power of substitution, to receive all such moneys, to execute proof or claim, to indorse drafts, checks and other instruments for the payment of money payable to Debtor in payment of such insurance moneys, to adjust and compromise any claim, to execute releases, to cancel any insurance policy covering the Collateral when such policy is not required to protect Debtor's or Secured Party's interest and to do all other acts and things that may be necessary or required to carry into effect the powers herein granted.

5. EVENTS OF DEFAULT. The occurrence of any of the following events shall constitute a default, as such term is used herein: (i) failure to pay, when due, any amount payable on any of the Obligations; (ii) if any statement, representation or warranty made herein or in any related credit application, or in any supporting financial statement by or on behalf of Debtor shall be false or breached in any material respect; (iii) failure to observe or perform any other covenant or agreement herein or in any of the Obligations; (iv) death of any Debtor who is a natural person or of any partner of Debtor which is a partnership or of any guarantor or indorser of the Obligations; (v) should Debtor, or any of them if more than one, or any such guarantor or indorser, become insolvent (however evidenced) or commit any act of bankruptcy or make a general assignment for the benefit of creditors, or if any proceeding is instituted by or against any of them for any relief under any bankruptcy or insolvency laws, or if a receiver is appointed of, or a writ or order of attachment or garnishment is made or issued, or if any proceeding or procedure is commenced or any remedy supplementary to or in enforcement of a judgement is employed against, or with respect to any property of, any of them; (vi) termination or suspension of the transaction of the usual business of Debtor; or (vii) should the Collateral be substantially damaged or destroyed or should Secured Party deem the Collateral unsafe or at any risk.

6. REMEDIES ON DEFAULT. Debtor agrees that whenever a default shall be existing Secured Party shall have the following rights and remedies to the extent permitted by applicable law: (i) to declare all Obligations due and payable, at the option of Secured Party, without notice or demand; (ii) to enter the foregoing premises or such place or places where any of the Collateral may be located and take and carry away the same, by any of its representatives, with or without legal process, to Secured Party's place of storage; (iii) to sell the Collateral at public or private sale, whether or not the Collateral is present at such sale and whether or not the Collateral is in constructive possession of Secured Party or the person conducting the sale, in one or more sales, as an entirety or in parcels, for the best price that Secured Party can obtain and upon such terms as Secured Party may deem desirable; (iv) to be the purchaser at any such sale; (v) to require Debtor to pay all expenses of such sale, taking, keeping and storage of the Collateral, including reasonable attorneys' fees and legal expenses; (vi) to apply the proceeds of such sale to all expenses in connection with the taking and sale of the Collateral, and any balance of such proceeds toward the payment of the Obligations in such order of application as Secured Party may from time to time elect; (vii) to require Debtor to assemble the Collateral upon Secured Party's demand, at Debtor's expense, and make it available to Secured Party at a place designated by Secured Party which is reasonably convenient to both parties; and (viii) to exercise any one or more rights or remedies accorded by the Uniform Commercial Code. If the proceeds of any such sale are insufficient to pay the expenses, as aforesaid, and the Obligations, the Debtor agrees to pay any deficiency to Secured Party upon demand, and if such proceeds are more than sufficient to pay such expenses and Obligations, Secured Party agrees to pay the surplus to Debtor.

7. OTHER PERSONAL PROPERTY. If at the time of repossession any of the Collateral contains other personal property not included in the Collateral, Secured Party may take such personal property into custody and store it at the risk and expense of Debtor. Debtor agrees to notify Secured Party within 48 hours after repossession of the Collateral of any such other personal property claimed, and that failure to do so will release Secured Party or representatives from any liability for loss or damage thereto.

8. FINANCING STATEMENT. At request of Secured Party, Debtor will join with Secured Party in executing one or more financing statements pursuant to the Uniform Commercial Code in form satisfactory to Secured Party. Without limiting the foregoing, Debtor agrees that whenever the Uniform Commercial Code requires Debtor to sign a financing statement for filing purposes, Debtor hereby appoints Secured Party or any of Secured Party's representatives as Debtor's attorney and agent, with full power of substitution, to sign or indorse Debtor's name on any such financing statement or other document and authorizes Secured Party to file such a financing statement in all places where necessary to perfect Secured Party's security interest in the Collateral, and Debtor hereby ratifies all acts of said attorney and said substitute and agrees to hold Secured Party and said attorney harmless from any acts of commission or omission or any error of judgment or mistake of fact or law pertaining thereto.

9. MISCELLANEOUS. This agreement is in addition to and not in limitation of any other rights and remedies Secured Party may have by virtue of any other instrument or agreement heretofore, contemporaneously herewith or hereafter executed by Debtor, or by law or otherwise. If any provision of this agreement is contrary to applicable law, such provision shall be deemed ineffective without invalidating the remaining provisions hereof. If and to the extent that applicable law confers any rights or imposes any duties inconsistent with or in addition to any of the provisions of this agreement, the affected provision shall be considered amended to conform thereto. Secured Party shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder. A waiver by Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to or waiver of any such right or remedy which Secured Party would have had on any future occasion, nor shall Secured Party be liable for exercising or failing to exercise any such right or remedy. Any demand upon or notice to Debtor by Secured Party which is required hereby or otherwise may be sent to Debtor by ordinary mail, postage prepaid, to the address shown at the beginning of this agreement, and if so mailed shall be deemed reasonable and proper demand upon or notice to Debtor. If this agreement is signed by two or more parties as Debtor, it shall be the joint and several obligation of such parties.