ST. ansgar STATE BANK

ST. ANSGAR, IOWA 50472 ■ STACYVILLE, IOWA 50476

June 13, 1988

1 5692
RECORDATION NO. _____ FILED 1425

JUN 20 1988-2 30 PM

INTERSTATE COMMERCE COMMISSION

Date 6/20/88
Fee $15
ICC Washington, D. C.

Attn: Mildred R. Lee
Interstate Commerce Commission
Room 2303
12th & Constitution Avenue, N.W.
Washington, DC 20423

Ms. Lee:

Please find enclosed for filing a UCC-1 and Blanket Security Agreement from Cedar Valley Railroad Company. After these instruments have been recorded, please return to St. Ansgar State Bank, P.O. Box 219, St. Ansgar, Iowa 50472.

Thank you.

Sincerely,

ST. ANSGAR STATE BANK

Timothy D. Halvorson

Timothy D. Halvorson
Vice President

TDH/med
Enclosures

ST. ANSGAR PHONE (515) 736-4501

A FULL SERVICE BANK
MEMBER FDIC

STACYVILLE PHONE (515) 737-2320

CEDAR VALLEY RAILROAD COMPANY
John E. Haley, President
P.O. Box 1917
Waterloo, Iowa 50704

DEBTOR'S NAME, ADDRESS AND SOC. SEC. OR TAXPAYER I.D. NO.
("I" means each Debtor who signs)

ST. ANSGAR STATE BANK
237 W. FOURTH, P.O. BOX 219
ST. ANSGAR, IOWA 50472

SECURED PARTY'S NAME AND ADDRESS
("You" means Secured Party its successors and assigns)

RECORDATION NO. 569223
JUN 20 1988 2 30 PM
INTERSTATE COMMERCE COMMISSION

I am entering into this security agreement with you on April 28, 1988

Security Interest and Collateral. To secure (check one):

☐ the payment and performance of each and every debt, liability and obligation of every type and description, except in those cases listed in the "SECURED OBLIGATIONS" paragraph on the reverse side, which Cedar Valley Railroad Company may now or at any time hereafter owe to you (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several);

☐ the debt, liability or obligation of _____ to you evidenced by the following: _____, and any extensions, renewals, refinancing, modifications or replacements thereof;

I give you a security interest in the property indicated below, whether I own it now or may own it in the future, together with all parts, accessories, repairs, improvements and accessions to the property, wherever it is located, and all proceeds and products from the property.

☒ **Inventory:** All inventory which I hold for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in my business.

☒ **Equipment:** All equipment including, but not limited to, all machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and recordkeeping equipment, and parts and tools. Any equipment described in a list or schedule which I give to you will also be included in the secured property, but such a list is not necessary for a valid security interest in my equipment.

☐ **Farm Products:** All farm products including, but not limited to:
(a) all poultry and livestock and their young, along with their products and produce;
(b) all crops, annual or perennial, and all products of the crops; and
(c) all feed, seed, fertilizer, medicines, and other supplies used or produced in my farming operations.

☒ **Accounts, Instruments, Documents, Chattel Paper and Other Rights to Payment:** All rights I have now or may have in the future to the payment of money including, but not limited to:
(a) payment for goods sold or leased or for services rendered, whether or not I have earned such payment by performance; and
(b) rights to payment arising out of all present and future debt instruments, chattel paper and loans and obligations receivable.
The above include any rights and interests (including all liens and security interests) which I may have by law or agreement against any account debtor or obligor of mine.

☒ **General Intangibles:** All general intangibles including, but not limited to, tax refunds, applications for patents, patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, and the right to use my name.

☒ All inventory and documents relating to inventory now owned or hereafter acquired by debtor, including all goods held for sale, lease or demonstration, to be furnished under contracts of service, trade-ins and repossessions, new materials, or supplies used or consumed in debtor's business wherever located, and all proceeds and products thereof; all accounts, contract rights, chattel paper and instruments now owned or hereafter acquired by debtor, and all proceeds thereof; all equipment (including machinery) now owned or hereafter acquired by debtor and all additions and accessories thereto, all spare and repair parts, special tools, and replacements, and all proceeds and products thereof; all general intangibles now owned or hereafter acquired by debtor, and all proceeds and products thereof.

If this agreement covers timber to be cut, minerals (including oil and gas), fixtures or crops growing or to be grown, the legal description is:

☐ If checked, file this agreement in the real estate records.
Record Owner (if not me):

County _____
Crop Year _____

I am a(n) ☐ individual ☐ partnership ☒ corporation ☐ _____

The property will be used for ☐ personal ☒ business ☐ agricultural ☐ _____ reasons.

I agree that any check or draft issued as full or partial payment for the sale of any of the above-described property (in which I have given you a security interest) will be made jointly payable to you and me. You may direct any buyer, commission merchant, or selling agent of the property to issue such a joint check or draft.

(Debtor) (Date) (Debtor) (Date)

ST. ANSGAR STATE BANK
Secured Party's Name

By: Timothy D. Halvorson
Timothy D. Halvorson

Title: _____

I AGREE TO THE TERMS SET OUT ON THE FRONT AND BACK OF THIS AGREEMENT. I have received a copy of this document on today's date.

CEDAR VALLEY RAILROAD COMPANY
Debtor's Name

By: John E. Haley
John E. Haley

Title: President

By: _____

Title: _____

© 1986 BANKERS SYSTEMS, INC., ST. CLOUD, MN 56301 SECURITY AGREEMENT FORM SA-IA 11/12/86

CORPORATE

STATE OF Iowa Black Hawk COUNTY, ss:

On this 10th day of June A.D. 19 88, before me, the undersigned, a Notary Public in and for said County and State, personally appeared John E. Haley XXX _____, to me personally known, who being by me duly sworn, did say that they are the XXXXXXXXXX he is the President XX and _____ respectively, of said corporation; that (no seal has been procured by the said) corporation; that said instrument was signed and sealed on (XXXXXXXXXXXXXXXXXXXXXXXXXXXX behalf of said corporation by authority of its Board of Directors; and that the said John E. Haley XXXX _____ as such officers, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by it and by them voluntarily executed.

Marcia C. Borwig

(1) Marcia C. Borwig Notary Public in and for said County and State

OWNERSHIP AND DUTIES TOWARD PROPERTY - I represent that I own all of the property, or to the extent this is a purchase money security interest I will acquire ownership of the property with the proceeds of the loan. I will defend it against any other claim. Your claim to the property is ahead of the claims of any other creditor. I agree to do whatever you require to protect your security interest and to keep your claim in the property ahead of the claims of other creditors. I will not do anything to harm your position.

I will keep books, records and accounts about the property and my business in general. I will let you examine these records at any reasonable time. I will prepare any report or accounting you request, which deals with the property.

I will keep the property in my possession and will keep it in good repair and use it only for its intended purposes. I will keep the property at my address listed on the front of this agreement, unless we agree I may keep it at another location. If the property is to be used in another state, I will give you a list of those states.

I will not try to sell the property unless it is inventory or I receive your written permission to do so. If I sell the property I will have the payment made payable to the order of you and me.

I will pay all taxes and charges on the property as they become due. You have the right of reasonable access in order to inspect the property. I will immediately inform you of any loss or damage to the property.

I will pay you for any sums you advanced on my behalf, or to protect your interest in the property. I will pay you interest at the highest contract rate from the date you make payment until I pay you in full.

SECURED OBLIGATIONS - This agreement will not secure a debt recited in "Section 1. Security Interest and Collateral":

1) if you fail to make any disclosure of the existence of this security interest required by law for such other debt;
2) if this security interest is in my principal dwelling and you fail to provide (to all persons entitled) any notice of right of rescission required by law for such other debt;
3) to the extent that this security interest is in "household goods" and the other debt to be secured is a "consumer" loan (as those terms are defined in applicable federal regulations governing unfair and deceptive credit practices);
4) if this security interest is in margin stock subject to the requirements of 12 C.F.R. Section 207 or 221 and you do not obtain a statement of purpose if required under these regulations with respect to that debt; or
5) if this security interest is unenforceable by law with respect to that debt.

This security agreement remains in effect, even if the note is paid and I owe no other debt to you, until discharged in writing. For the sole purpose of determining the extent of a purchase money security interest arising under this security agreement: (a) payments on any non-purchase money loan also secured by this agreement will not be deemed to apply to the purchase money loan, and (b) payments on the purchase money loan will be deemed to apply first to the non-purchase money portion of the loan, if any, and then to the purchase money obligations in the order in which the items of collateral were acquired. No security interest will be terminated by application of this formula. "Purchase money loan" means any loan the proceeds of which, in whole or in part, are used to acquire any collateral securing the loan and all extensions, renewals, consolidations and refinancings of such loan.

INSURANCE - I agree to buy insurance on the property against the risk and for the amount you require. I will have the insurance company name you as loss payee on any such policy. You may require added security if you agree that insurance proceeds may be used to repair or replace the property. I will buy insurance from a firm licensed to do business in the state where you are located. The firm will be reasonably acceptable to you. The insurance will last until the property is released from this agreement. If I fail to buy or maintain the insurance (or fail to name you as loss payee) you may purchase it yourself. I will pay for the insurance when you ask me to, plus interest at the highest contract rate until paid in full.

MISCELLANEOUS - I understand you may take the following actions involving this agreement:

1) you may notify any account debtor of your interest in this property and tell the account debtor to make the payments to you or someone else you name, rather than me;
2) you may place on any chattel paper a note indicating your interest in the property;
3) you may, in my name, demand, collect, receive and give a receipt for, compromise, settle, and handle any suits or other proceedings involving the collateral;
4) take any action you feel is necessary in order to realize on the collateral, including performing any part of a contract or endorsing it in my name; and
5) you may make an entry on my books and records showing the existence of the security agreement.

If this agreement includes accounts, I will not settle any account for less than its full value without your written permission.

I will collect all accounts until you tell me otherwise. I will keep the proceeds from all the accounts and any goods which are returned to me or which I take back in trust for you. I will not mix them with any other property of mine. I will deliver them to you at your request. If you ask me to pay you the full price on any returned items or items retaken by myself, I will do so.

If this agreement covers inventory, I will not dispose of it except in my ordinary course of business at the fair market value for the property, or at a minimum price established between you and me.

If this agreement covers farm products I will provide you a written list of the buyers, commission merchants or selling agents to or through whom I may sell my farm products. In this paragraph the terms farm products, buyers, commission merchants and selling agents have the meanings given to them in the Federal Food Security Act of 1985.

DEFAULT - Except when otherwise provided by law, I will be in default if any one or more of the following occur:

1) I fail to make a payment on time or in the amount due;
2) I fail to keep the property insured, if required;
3) I fail to keep any other promise I have made in connection with this agreement;
4) I fail to pay, or keep any other promise, on any debt or agreement I have with you;
5) any other creditor of mine attempts to collect any debt I owe him through court proceedings;
6) I die, am declared incompetent, or become insolvent (either because my liabilities exceed my assets or I am unable to pay my debts as they become due);
7) I make any written statement or provide any financial information that is untrue or inaccurate at the time it was provided;
8) I do or fail to do something which causes you to believe that you will have difficulty collecting the amount I owe you.

REMEDIES - If, with respect to my default, a right to cure is required by law, you may exercise your remedies only if you have provided to me a notice of my default and right to cure (unless such a notice is not required by law) and I have failed to cure my default within the time provided by law. Subject to the above limitations and the limitations of Iowa Code Chapter 654A, if I am in default on this agreement, you have the following remedies:

1) You may demand immediate payment of all I owe you under any obligation secured by this agreement.
2) You may set-off any obligation I have to you against any right I have to the payment of money from you.
3) You may demand more security or new parties obligated to pay any debt I owe you as a condition of giving up any other remedy.
4) You may make use of any remedy you have under state or federal law.
5) If I default by failing to pay taxes or other charges, you may pay them (but you are not required to do so). If you do, I will repay to you the amount you paid plus interest at the highest contract rate.
6) You may require me to gather the property and make it available to you in a reasonable fashion.
7) You may repossess the property and sell it as provided by law. You may repossess the property so long as the repossession does not involve a breach of the peace or an illegal entry onto my property. You may sell the property as provided by law. You may apply what you receive from the sale of the property to: your expenses; your reasonable attorneys' fees and legal expenses (where not prohibited by law); any debt I owe you. If what you receive from the sale of the property does not satisfy the debts, you may take me to court to recover the difference (where permitted by law).

   I agree that 10 days written notice sent to my address listed on the front side by first class mail will be reasonable notice to me under the Uniform Commercial Code.

   If any items not otherwise subject to this agreement are contained in the property when you take possession, you may hold these items for me at my risk and you will not be liable for taking possession of them.
8) In some cases, you may keep the property to satisfy the debt. You may enter upon and take possession of all or any part of my property, so long as you do not breach the peace or illegally enter onto the property, including lands, plants, buildings, machinery, and equipment as may be necessary to permit you to manufacture, produce, process, store or sell or complete the manufacture, production, processing, storing or sale of any of the property and to use and operate the property for the length of time you feel is necessary to protect your interest, all without payment or compensation to me.

By choosing any one or more of these remedies, you do not waive your right to later use any other remedy. You do not waive a default if you choose not to use any remedy, and, by electing not to use any remedy, you do not waive your right to later consider the event a default and to immediately use any remedies if it continues or occurs again.

FILING - A carbon, photographic or other reproduction of this security agreement or the financing statement covering the property described in this agreement may be used as a financing statement where allowed by law. Where permitted by law, you may file a financing statement which does not contain my signature, covering the property secured by this agreement.

CO-MAKERS - If more than one of us has signed this agreement, we are all obligated equally under the agreement. You may sue any one of us or any of us together if this agreement is violated. You do not have to tell me if any term of the agreement has not been carried out. You may release any co-signer and I will still be obligated under this agreement. You may release any of the security and I will still be obligated under this agreement. Waiver by you of any of your rights will not affect my duties under this agreement. Extending this agreement or new obligations under this agreement, will not affect my duty under the agreement.