

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA
FOURTH DIVISION

In re: _____
Bky. No. 04-42565-NCD
Kevin J. Smith, _____
Adv. No. _____
Debtor.

Rabo AgServices, Inc.
as servicer for
Ag Acceptance Corporation,

Plaintiff,

vs.

Kevin J. Smith,

Defendant.

ADVERSARY COMPLAINT

COMES NOW, Rabo AgServices, Inc., formerly known as Ag Services of America, Inc., as servicer for Ag Acceptance Corporation, by and through its undersigned attorneys, as and for its complaint against Kevin J. Smith, states and alleges as follows:

PARTIES

1. Rabo AgServices, Inc., formerly known as Ag Services of America, Inc., as servicer for Ag Acceptance Corporation (“Rabo”) is an Iowa corporation with an address of 1309 Technology Parkway, P.O. Box 668, Cedar Falls, Iowa, 50613, and duly authorized to conduct business in the State of Minnesota.
2. Defendant Kevin J. Smith (“Defendant” or “Debtor”) is a Minnesota resident residing at 10570 10th St. N.W., Annandale, Minnesota, 55302.

JURISDICTION AND VENUE

3. This adversary proceeding is brought pursuant to Bankruptcy Rule 7001 and arises under 11 U.S.C. § 523. This Court has exclusive jurisdiction over this action pursuant to 28 U.S.C. §§ 157 and 1334, Bankruptcy Rule 7001(6) and Local Rule 7004.
4. This adversary proceeding is a core proceeding pursuant to 28 U.S.C. § 157.
5. Venue is appropriate in this jurisdiction pursuant to 28 U.S.C. § 1409.

GENERAL FACTUAL BACKGROUND

6. Rabo is in the business of, amongst other things, providing financing for agricultural loans.
7. Rabo financed Defendant's farming operations from 2001 to 2003. A true and correct copy of the October 17, 2002, Master Promissory Note is incorporated herein by reference and attached hereto as Exhibit A.
8. To secure advances made pursuant to the various notes, Defendant executed security agreements wherein they granted Rabo a security interest in various items of personal property, including but not limited to, machinery and equipment, rights to payment, farm products, and proceeds thereof (the "Collateral"). True and correct copies of the January 25, 2001, and October 26, 2001, Agricultural Security Agreements are incorporated herein by reference and attached hereto as Exhibit B.
9. The Bank duly perfected its security interest in the Collateral. True and correct copies of the UCC-1's and Effective Financing Statements are incorporated herein by reference and attached hereto as Exhibit C.
10. On May 5, 2004, Defendant filed a petition for relief under Chapter 7 of Title 11 of the United States Code as Bankruptcy No. 04-42565-NCD.

11. As of the date of the filing of the Bankruptcy Petition, Defendant was indebted to Rabo in the approximate amount of \$22,289.00, exclusive of accruing interest, costs, attorney's fees and expenses.

COUNT I

12. Rabo restates the allegations of Paragraphs 1-11 above, inclusive, as though fully set forth below.
13. Defendant is not entitled to a discharge of the debt due and owing to Rabo pursuant to the provisions of 11 U.S.C. § 523(a)(6).
14. Defendant failed to turn over all proceeds and/or account for the disposition of certain items of Collateral, including but not limited to the following:
 - a. Proceeds from the sale of over 4,000 bushels of corn from the 2003 crop year;
 - b. Proceeds from the sale of over 1,000 bushels of soybeans from the 2003 crop year;
 - c. Various equipment and machinery sold by Debtor during the fall/winter of 2003;
15. Defendant's liquidation, sale, transfer and disposition of Collateral, as set forth above, were subject to Rabo's security interest.
16. Defendant failed to remit all the proceeds of said sales, transfers, rights to payment of Collateral to Rabo in violation of the security agreement(s).
17. Defendant engaged in a pattern of fraudulent conduct by being willful and causing malicious injury to Rabo by transferring and/or selling Collateral, out of trust and without the permission of Rabo, in which Rabo had a valid, validly perfected security interest, in failing to turn over the proceeds of said sales or transfers.

18. Defendant's actions with respect to the conversion of the various items of Collateral subject to Rabo's security interest constitutes a willful and malicious injury by Defendant to the property of Rabo.
19. As a direct result of Defendant's willful and malicious injury of Rabo's Collateral, by transferring, failing to disclose and selling the Collateral and failing to submit the proceeds of said sales and/or transfers or rights to payment to Rabo, Defendant's obligations to Rabo are not dischargeable pursuant to the provisions of 11 U.S.C. § 523(a)(6).

WHEREFORE, Rabo prays for an Order of this Court:

1. Determining that Defendant's obligations and debts to Rabo are not dischargeable pursuant to the provisions of 11 U.S.C. § 523(a);
2. Entering judgment against Defendant for the non-dischargeable debt, in an amount to be determined at trial;
3. Awarding Rabo its costs, disbursements and attorney's fees incurred in connection with this matter; and
4. For such other relief as the Court deems just and equitable.

Dated this 2nd day of August, 2004.

/e/ Michael S. Dove

Michael S. Dove #214310
Peter D. Favorite #0301036
GISLASON & HUNTER LLP
Attorneys for Plaintiff
2700 South Broadway
P. O. Box 458
New Ulm, MN 56073-0458
Phone: 507-354-3111
Fax: 507-354-8447

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T-361 P.006/006 F-081

VERIFICATION

STATE OF IOWA)
)
) ss.
COUNTY OF BLACKHAWK)

Andy Bentley, a Special Assets Manager with Rago AgServices, Inc., being first duly sworn, deposes and says that he has reviewed the allegations of the foregoing Complaint, and that the same are true of his knowledge, except as to matters stated on information and belief, and as to those matters, he believes them to be true.


Andy Bentley

Subscribed and sworn to before me
this 2nd day of August, 2004.



NULIB:183155.1

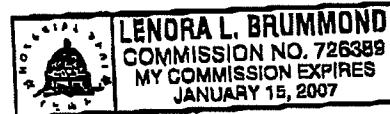


EXHIBIT A**MASTER PROMISSORY NOTE**\$200,000.00October 17, 2002

FOR VALUE RECEIVED, the undersigned debtors jointly and severally, as principals, promise to pay to the order of Ag Services of America, Inc. (hereinafter referred to as "Ag Services") at Post Office Box 668, Cedar Falls, Iowa 50613, or such other address as Ag Services directs, the principal sum of Two Hundred Thousand and No/100 ----- Dollars (\$200,000.00) or, if less, the outstanding principal balance of all loans and advances made hereunder, together with accrued interest, said principal balance and accrued interest to be due and payable in full on or before January 15, 2004. The undersigned agree to pay interest on the principal balance outstanding hereunder from time to time at the rate equal to Two Pt Five percent (2.5 %) in excess of the Prime Rate, and which rate shall be adjusted as of each date of change thereof to reflect changes in the Prime Rate but in no event shall the rate of interest assessed be less than Seven Pt. Two Five percent (7.25 %). For purposes of this note, the term "Prime Rate" (or similar reference) shall mean the rate of interest described as the prime rate of leading financial institutions as published from time to time in *The Wall Street Journal - Midwest Edition*. No representation is made herein by Ag Services to the undersigned that the "Prime Rate" is either the lowest, the best, or a favored rate. Regardless of the date first appearing above, interest shall accrue on each advance or disbursement hereunder from the date such advance or disbursement is made and shall thereafter continue to accrue on the unpaid balance hereof at the rate provided in this note. All sums received hereunder shall be applied first to late payments and costs of collection, if any, then to accrued and unpaid interest and then in reduction of the outstanding principal. Any interest or principal hereof which is not paid when due, either at stated maturity, by acceleration or otherwise, shall bear interest from the date when due until such amounts are paid in full at the rate of Eighteen Pt. Zero percent (18.0 %) per annum, which rate shall be in lieu of the interest rate set forth above. All interest hereunder shall be calculated based on a year of 360 days and the actual number of days elapsed. Notwithstanding anything to the contrary herein, the interest rate shall at no time exceed the maximum rate, if any, permitted by applicable law. If the rate does exceed the maximum lawful rate, any excess interest shall be returned to the undersigned once that determination has been made.

The undersigned agree that the principal sum referred to above represents the initial maximum credit amount for which the undersigned has applied and that regardless of the amount specified above the actual credit available hereunder shall not exceed the credit approved by Ag Services for the undersigned, provided however, Ag Services may, in its sole discretion, make an advance in response to the undersigned's request which exceeds such limits. In such a case, the undersigned agree that all such advances shall be covered by all of the terms and conditions contained in this note and any other agreements between the undersigned and Ag Services. Advances of principal hereunder are all discretionary and shall only be made from time to time until the maturity date, if the undersigned is in compliance with all conditions and procedures described herein or otherwise required by Ag Services. Ag Services' books and records of receipts and advances hereunder and of interest, expenses and other items properly chargeable to the undersigned, shall be presumed to be complete and accurate and shall be deemed correct and conclusive on all parties whomsoever. Requests for advances may be made to Ag Services by any one of the undersigned (or an authorized representative of the undersigned) and such requests may be in writing, orally, or by telephone. Ag Services may require any and all additional documentation and additional confirmation as to authorization for any requested advance. Ag Services may refuse to make an advance under this note, if at the time of such request any of the following occur: a) the principal amount outstanding is at the maximum available hereunder or if the requested advance would cause the undersigned to exceed the maximum principal amount available under this note; b) this note has matured; c) there is a default by the undersigned on this note or under any agreement entered into in connection with this note or an event or condition which, with notice of or lapse of time or both, would become an event of default; or d) the requested advance when added with all previous advances would exceed the then currently existing credit limit; e) the advance is not allowed under the then currently existing policies and procedures of Ag Services; f) there has been a material adverse effect in the ability of the undersigned to satisfy its obligations to Ag Services, as determined by Ag Services; g) Ag Services deems itself insecure.

If the undersigned was charged a three percent (3%) Program Fee as part of the amount owing under this Note, then the undersigned may be entitled to a discount of the amount owing, to be calculated as follows: If the entire amount is paid by the maturity date, the undersigned shall be entitled to a discount equal to one percent (1%) of the most recent credit limit for the undersigned as determined by Ag Services. If this note is paid in full by 25 days prior to the maturity date, the discount shall be two percent (2%), and if this note is paid in full by 45 days prior to the maturity date, the discount shall be three percent (3%).

If default is made in the payment of this note or if the undersigned fail to perform any covenant, promise or condition hereof or of any other note, obligation or agreement with Ag Services, or if any event of default as

defined in any other agreement with Ag Services shall occur if Ag Services believes itself insecure, the entire principal balance outstanding and accrued interest shall at once become due and payable without notice at the option of Ag Services or the holder of this note. In addition to the other sums payable hereunder, the undersigned also agree to pay to Ag Services all costs and expenses (including reasonable attorney fees, whether litigation is filed or not, where not prohibited by law, including costs of attorneys who may be employed by Ag Services of America, Inc.) which may be incurred in connection with the enforcement of this note and collection of amount payable hereunder.

This note is secured by all existing and future liens and security interests described in security agreements or other collateral documents now or hereafter existing between Ag Services and the undersigned or now or hereafter existing between Ag Services and any endorser, surety or guarantor of this note, and payment may be accelerated according to any of said agreements and documents.

Without affecting the liability of any maker, endorser, surety or guarantor Ag Services or the holder hereof may, without notice, renew or extend the time for payment, accept partial payments, release or impair any collateral which is security for the payment of this note or agree not to sue any party liable for the amounts owed hereunder. Any maker, endorser, surety or guarantor further agrees that Ag Services is not required to first resort for payment to any collateral. Presentment, demands, protest, notice and diligence in bringing suit against any party are hereby waived by all persons signatory hereto, either as makers, endorsers, sureties or guarantors. Neither the failure nor any delay on the part of Ag Services or the holder to exercise any right, power or privilege shall preclude any other or further exercise of any other right, power or privilege. No consent or waiver of the terms of this note shall be effective unless in writing.

The undersigned represent and warrant that the extension of credit evidenced by this note is for business, commercial or agricultural purposes. The undersigned may, at any time, prepay this note in full or make partial prepayments hereon, without penalty or premium.

The security agreement(s) by which this note is secured include, but are not limited to, security agreement(s), mortgages or deeds of trust dated: October 26, 2001; January 25, 2001

THIS NOTE, WHEN ACCEPTED BY AG SERVICES, SHALL BE DEEMED TO HAVE BEEN MADE IN CEDAR FALLS, IOWA, AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF IOWA. THE UNDERSIGNED KNOWINGLY AND VOLUNTARILY CONSENTS TO BE SUBJECT TO THE JURISDICTION OF THE COURTS OF THE STATE OF IOWA FOR PURPOSES OF ADJUDICATING ANY RIGHTS AND LIABILITIES OF THE PARTIES PURSUANT TO THIS INSTRUMENT, WITH VENUE TO BE IN THE IOWA DISTRICT COURT FOR BLACK HAWK COUNTY, IOWA OR THE UNITED STATES FEDERAL DISTRICT COURT FOR THE NORTHERN DISTRICT OF IOWA. Words and phrases herein shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender, according to the context. The undersigned acknowledge receipt of a copy of this instrument.



Kevin Smith

IMPORTANT: Read before signing. The terms of this agreement should be read carefully because only those terms in writing are enforceable. No other terms or oral promises not contained in this written contract may be legally enforced. You may change the terms of this agreement only by another written agreement.

Agricultural Security Agreement

1. For value received, as security for the payment of and performance under the obligations (as hereinafter defined), the undersigned ("Debtor") hereby grants to Ag Services of America, Inc., and any assignees, including Ag Acceptance Corporation, (all referred to as "Secured Party") a security interest in the following described property, wherever located (one or more lines must be checked):

- (a) If checked here, all of Debtor's farm products, accounts, inventory, chattel paper, general intangibles, documents and instruments, including, but not limited to: all annual and perennial crops of whatever kind, whether heretofore grown, now growing or hereafter grown and whether harvested or unharvested (including, but not limited to, corn, soybeans, wheat, alfalfa, milo, rice, cotton, and sunflowers); all products of such crops in their unmanufactured states and all warehouse receipts or other documents (negotiable or non-negotiable) issued for storage of such crops; all feed, seed, chemicals, fertilizer and other supplies; and all entitlements and payments (whether in cash or in kind) arising under governmental agricultural subsidy, deficiency, diversion, disaster, conservation, or similar or related programs; all crop insurance payments and indemnities; all rebates and patronage dividends.
- (b) If checked here, all equipment of Debtor, including but not limited to, the goods described in any schedule or list herewith or heretofore furnished by Debtor but not such schedule or list need be furnished in order for the security interest granted herein to be valid as to all of Debtor's equipment.
- (c) If checked here, other collateral (if any) described as follows: See Attached Exhibit "A-1" consisting of 1 page.

All of such Collateral described in subparagraphs (a), (b) and/or (c) is collectively referred to in this Agreement as the "Collateral". Collateral shall also include all additions, replacements, increases, issues, attachments, repairs and substitutions, of, to and for all of the Collateral, and all accessories, attachments, parts and equipment now or hereafter attached thereto or used in connection therewith and the proceeds (including, but not limited to, insurance proceeds) and products from all such Collateral. Collateral shall include items described above, wherever located, whether now owned or hereafter acquired, and whether now existing or hereafter arising. The grant of a security interest in proceeds shall not be construed to mean that Secured Party consents to any sale or other disposition of the Collateral. This security agreement covers crops now growing. This security agreement does not cover futura crops to be grown in current year or any year hereafter.

2. **OBLIGATIONS.** The security interests granted hereunder secure payment of the performance of the following obligations (collectively referred to herein as the "Obligations"): All indebtedness and obligations of payment and performance of debtor to Secured Party now existing or hereafter incurred, whether direct or indirect, contingent or absolute, whether as maker, surety or guarantor and of every kind and character, whether or not evidenced by promissory notes or other instruments, whether from time to time reduced and thereafter increased or entirely extinguished and thereafter reincurred, whether or not such indebtedness and obligations are secured by additional or different collateral and whether or not such indebtedness and obligations arise or arise from or are or were acquired by Secured Party by purchase, assignment or otherwise, including, but not limited to, items identified in paragraphs 6, 7, 11, and 15(e). Proceeds from Collateral shall be applied to the obligations as determined by Secured Party.

3. **EFFECTIVE FINANCING STATEMENT; RESTRICTIONS ON SALE OF COLLATERAL.** Secured Party hereby requires Debtor to furnish to Secured Party all information required to file an Effective Financing Statement, as required under applicable state and federal law, including, but not limited to, an accurate itemization of the farm products which constitute a part of the Collateral. Debtor covenants and agrees to sign the Effective Financing Statement and to take all other action necessary to properly file it of public record as required by law, including, but not limited to, payment of all filing fees and expense related thereto.

Debtor agrees that Debtor will not sell or otherwise dispose of any Collateral without the prior written consent of Secured Party, which prohibition against sale or disposal may not be modified by any course of conduct, whether or stopped. A joint check in the name of Debtor and Secured Party from any buyer, commission merchant or selling agent shall be required when any items of Collateral are sold and Debtor hereby agrees to require such joint check from the buyer, commission merchant or selling agent whenever any Collateral is sold.

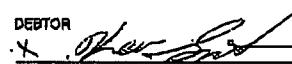
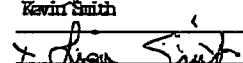
4. **REPRESENTATIONS, WARRANTIES AND COVENANTS.** Debtor represents, warrants and covenants to Secured Party that so long as any of the Obligations remain unpaid or unperformed:

- (a) Title: Debtor is the sole owner of the Collateral, is authorized to enter into this agreement and grant a security interest in the Collateral.
- (b) Address of Debtor: Debtor is engaged in farming operations. The address of Debtor's residence, or if Debtor is a corporation or partnership, the address of Debtor's place of business, or if Debtor has more than one place of business, then the address of the Debtor's chief executive office, is shown below Debtor's signature on this Agreement. Debtor shall promptly give Secured Party prior written notice of any change of Debtor's address. All collateral not attached to or grown upon the Real Estate and all of the Debtor's business records are now kept, and shall continue to be kept, at such address unless otherwise agreed in writing by the Secured Party.
- (c) Authority: If Debtor is a corporation or other business entity, Debtor is duly organized and validly existing under the laws of its state of incorporation and qualified and in good standing in all states in which it is doing business, and the execution, delivery and performance of this Agreement are within Debtor's powers, have been duly authorized, and are not in contravention of any law or the terms of Debtor's articles or bylaws or other governing documents. If Debtor is a partnership, the undersigned is one (or more) of the general partners of the partnership with authority to execute and deliver this Agreement on behalf of the partnership. If Debtor is an individual, Debtor is of legal age. Debtor will not change his, her or its name or legal identity unless prior written notice is given to Secured Party and Secured Party consents thereto. The execution and delivery of this Agreement and any instruments evidencing the Obligations will not violate or constitute a breach of any agreement or restriction to which the Debtor is a party or by which the Debtor is bound.
- (d) Insurance: Debtor shall maintain Federal Crop Insurance or multi-part crop insurance on the portion of the Collateral which is crops, in coverage, form and amount satisfactory to Secured Party, loss to be payable to Secured Party and Debtor as their respective interests may appear. Debtor shall by such separate instrument as Secured Party may require assign the proceeds of all such insurance to Secured Party. Debtor shall also maintain insurance upon the Collateral which is tangible property against loss through theft, fire or casualty for the full insurable value thereof, loss to be payable to Debtor and Secured Party as their respective interests may appear. Such insurance policy shall contain a provision to the effect that notice of termination will be set by the insurer to the Secured Party at least thirty (30) days prior to any termination. In the event of any loss or damage to any Collateral, Debtor will give Secured Party written notice thereof forthwith, promptly file proof of loss with the appropriate insurer and take all other steps necessary or appropriate to collect such insurance. Debtor shall furnish Secured Party with duplicate insurance policies or other proof of insurance if Secured Party so requires.
- (e) Care of and Information Regarding Collateral: Debtor shall at all times maintain Collateral which is tangible property in good condition and repair, will not permit its value to be impaired and will not waste or destroy the Collateral or any part of it or permit the same to be so wasted or destroyed. Debtor shall promptly transmit to Secured Party all information that it may have or receive with respect to the Collateral or with respect to any account debtor which might in any way affect the value of the Collateral or Secured Party's rights or remedies with respect thereto.
- (f) Unlawful Use of Collateral; Material Changes: Debtor will not use or permit any person to use any of the Collateral in any manner prohibited by law, or in violation of any insurance policy, or in any manner inconsistent with the interests of Secured Party. Debtor will not make any material change to the Collateral, and will secure prior written permission from Secured Party before changing the location of the Collateral as set forth in this Agreement.
- (g) Liens and Encumbrances: Debtor has not previously and will not in the future grant a security interest in the Collateral to any person or entity (other than Secured Party and except for those security interests previously disclosed in writing to Secured Party) without the prior written consent of Secured Party and will keep the collateral free from all liens, security interests and encumbrances (other than Secured Party's security interest and the security interests and other liens and encumbrances previously disclosed in writing to Secured Party). Debtor agrees to defend the Collateral, at Debtor's expense, against all other persons or parties who, at any time, may claim an interest in it.
- (h) Books and Records: Debtor shall: (i) keep such records pertaining to the Collateral and to Debtor's business operations as shall be satisfactory to Secured Party; (ii) permit representatives of Secured Party at any time to inspect the Collateral and inspect and make photocopies of Debtor's books and records; and (iii) furnish to Secured Party such information and reports regarding the Collateral and Debtor's business operations and Debtor's financial status as Secured Party may from time to time reasonably require. Secured Party is hereby authorized to request confirmation of such information or additional information of any kind whatsoever directly from any third party having dealings with Debtor. Secured Party is further irrevocably authorized to enter Debtor's premises from time to time to inspect the Collateral.
- (i) Notice to Account Debtors: Debtor shall give such written notice (including, but not limited to, notice of assignment or notice to pay Secured Party directly) as Secured Party may require at any time to any and all account debtors, with respect to accounts which are Collateral, and, if Secured Party shall so request, deliver to Secured Party copies of any and all such notices.
- (j) Disposition of Collateral: Except for farm products which may be sold to buyers, commission merchants and selling agents subject to the provisions of the Food and Security Act of 1985, or any applicable state law, which may require, among other things, the Secured Party's name to appear as co-payer on any proceeds check, Debtor shall not assign, discount, sell, transfer or otherwise dispose of any of the Collateral or any interest in the Collateral without prior written consent of Secured Party. Debtor will not store any Collateral in warehouse facilities or otherwise without prior written consent of Secured Party and the form of warehouse receipt proposed to be issued upon any such storage shall be provided the Secured Party for its review prior to completion of the transaction. Any negotiable or non-negotiable warehouse receipt issued upon approval of Secured Party shall be delivered directly to Secured Party. With respect to non-negotiable warehouse receipts issued pursuant to Secured Party's approval, Debtor shall provide Secured Party evidence of notification of the terms of Secured Party's security interest in the Collateral as well as endorsement thereon of Secured Party as the sole party entitled to delivery of the Collateral with respect to which said warehouse receipt was issued.

THIS AGREEMENT SPECIFICALLY INCLUDES ALL ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE HEREOF. THE SAME BEING INCORPORATED HEREIN BY THIS REFERENCE.

EXHIBIT B

DEBTOR


Kevin Smith
Lisa Smith

Debtor's Address

10570 10th St NW

Anadale, MN 55302

(k) Taxes and Assessments. Debtor shall pay when due all taxes, assessments and any other governmental levy which is, or may be, levied against any of the collateral and if Debtor fails to do so, Secured Party, although not required to do so, may, at its option, pay or discharge the same. Any such payment shall become an obligation hereunder.

(l) Further Assurances. Debtor shall, at its cost and expense, execute, deliver, file, record or perform in such manner and form as Secured Party may require any assignment, financing statement, other paper or other act that may be deemed by Secured Party from time to time to be necessary or desirable, or that Secured Party may request, in order to create, preserve or perfect any security interest granted hereby or to enable Secured Party to exercise and enforce its rights hereunder or with respect to any of the Collateral. Debtor will immediately execute, deliver and assign to Secured Party all documents under applicable state and federal law, rules and regulations necessary to perfect, assign and complete Secured Party's interests in any entitlements or payments (whether in cash or in kind) arising under governmental agricultural subsidy, deficiency, diversion, disaster, conservation or similar programs. To facilitate the performance of the agreements by Debtor hereunder, Debtor has duly appointed Secured Party, or its delegate, as the attorney-in-fact for Debtor with the right (but not the duty) from time to time to create, prepare, execute, deliver, endorse or file in the name of and on behalf of Debtor, any and all instruments, documents, financing statements, applications for insurance and any forms required to maintain such insurance in force (or to adjust such insurance or endorse settlement drafts in respect thereof) and any other agreements and writings required to be obtained, executed, delivered or endorsed by Debtor to create, preserve or perfect security interests granted herein or to enable Secured Party to exercise and enforce its rights hereunder with respect to any of the Collateral. Debtor further agrees to execute appropriate ASC/CCC Power of Attorney forms which will enable Secured Party to execute any and all documents necessary for application for compliance or reporting of necessary information for all ASC/CCC programs. Debtor will immediately advise Secured Party of Debtor's receipt of notification from any agency of the Department of Agriculture or any other agency of the United States of such agency's intention to withhold or set off against any indebtedness of Debtor owed to such department or agency any amount (whether in cash or in kind) approved and otherwise available for disbursement to Debtor as a result of Debtor's participation in programs administered by the Department of Agriculture or any agency thereof.

(m) Chattel Paper. Documents and Instruments. Upon the request of Secured Party, Debtor will promptly deliver to Secured Party, duly endorsed when necessary, all items of Collateral consisting of chattel paper, documents and instruments and related guarantees. Debtor will preserve all rights in chattel paper and instruments against prior parties.

(n) Purpose of Credit. All extensions of credit secured by this Agreement are for business, commercial or agricultural purposes.

(o) Guarantees. If requested by Secured Party, Debtor shall furnish Secured Party with executed subordination agreements in such form as and amount as shall be required by Secured Party from such persons who will be approved by Secured Party as guarantors of the Obligations.

(p) Subordination. Subject to Secured Party's consent, Debtor shall furnish Secured Party with executed subordination agreements in such form as Secured Party shall require from Debtor's landlords (if any) and from any other person claiming an interest in the Collateral, pursuant to which such parties' respective interests in the Collateral shall be subordinated to the interest of Secured Party in the Collateral.

5. INSURANCE. If Secured Party so elects, Secured Party shall have full authority to collect all insurance proceeds with respect to the Collateral and to apply any amount collected to any amounts due under the Obligations, whether or not due, in the event of such election by Secured Party, Debtor retains (and directs any insured to pay) to Secured Party the proceeds of all such insurance and any premium refund, and authorizes Secured Party to endorse in the name of Debtor any instrument for such proceeds or refunds. Secured Party shall have no liability for any loss which may occur by reason of the omission or the lack of coverage of any such insurance. In the event Debtor shall fail to procure such insurance or fail to pay any premium when due, Secured Party, or any entity to which it is entitled to receive such insurance, may, at its option, obtain such insurance or pay such premium. Any such payment made by Secured Party shall become an obligation secured by this Agreement and may be advanced on the Debtor's Master Promissory Note.

6. EXPENSES. Debtor shall pay to Secured Party all expenses, including, but not limited to, reasonable attorneys' fees and legal expenses, where not prohibited by law, incurred by Secured Party in connection with collecting any sum secured hereunder and/or all costs and expenses advanced and incurred by Secured Party in the identification, preservation, protection, assembly, marking, storage, safekeeping, appraisal, disposition, and enforcement of Secured Party's rights in the Collateral, including, but not limited to, all recording fees, filing fees, lien search fees or other similar type expenses incurred by the Secured Party. Such amounts shall be an obligation hereunder and shall be advanced on the Debtor's Master Promissory Note.

7. WAIVERS. Debtor waives protest, notice of dishonor and presentation of all commercial paper at any time held by Secured Party on which Debtor is inerty liable, notice of nonpayment at maturity of any account or promissory note, and notice of any action taken by Secured Party except where notice is expressly required by this Agreement or caused by law to be waived.

8. COLLECTION AUTHORITY ON ACCOUNTS. Debtor hereby irrevocably appoints (which appointment is coupled with an interest) Secured Party its true and lawful attorney-in-fact with full power of substitution, in Secured Party's name, Debtor's name or otherwise, for Secured Party's sole use and benefit, but in Debtor's cost and expense, to exercise, if Secured Party shall seek (both before and after the occurrence of an Event of Default as hereinafter defined) all or any of the following powers with respect to any and all debt instruments, chattel papers, accounts and other rights to payment constituting Collateral (including proceeds): (a) To execute on Debtor's behalf assignments of any or all accounts which are collateral to Secured Party, and to fully account debits thereunder to make payment directly to Secured Party; (b) To demand, sue for, collect and receive any and all money due or to become due upon or by virtue thereof; (c) To receive, take, endorse, assign and deliver any and all checks, notes, drafts, documents and other negotiable and non-negotiable instruments, chattel paper and comodities or payments-in-kind certificates issued by Secured Party in connection therewith; (d) To settle, compromise, prosecute or defend any action or proceeding with respect thereto; (e) To sell, transfer, assign or otherwise deal in or with the same or the proceeds thereof or the related goods, as fully and effectively as if Secured Party were the absolute owner thereof; and (f) To extend the time of payment of any or all thereof, and to make any allowance and other adjustments with reference thereto. Any funds collected pursuant to such powers shall be applied to the payment of the Obligations. This exercise by the Secured Party or its assigns to so exercise, any of the foregoing authority, shall in no manner affect Debtor's liability to Secured Party on any of the Obligations. Secured Party shall be under no obligation or duty to exercise any of the powers hereby contained upon it and shall be without liability for any act or failure to act in connection with collection of or the preservation of any rights with respect to such Collateral.

9. DEFAULT. The following events which each constitute a default under this Agreement ("Event of Default"): (a) any failure of Debtor to pay, when due, any amounts payable under the Obligations or Under this Agreement; (b) failure to perform any obligations or covenant contained in this Agreement or in the Obligations; (c) any event of default, however defined, occurring under any of the Obligations; (d) any warranty, representation or statement made or furnished to Secured Party or on behalf of Debtor proves to have been false in any material respect when made or furnished; (e) any event which results in the acceleration of the maturity of any indebtedness of Debtor (or any guarantor or co-maker of any of the Obligations) to any third party under any Indenture, agreement or understanding; (f) loss, theft, damage or destruction (not covered by adequate insurance containing a loss payable clause for the benefit of Secured Party) of the Collateral; (g) death, disappearance or other termination of the existence of the Debtor or any forfeiture of Debtor's right to do business or any merger or consolidation of Debtor; (h) insolvency, bankruptcy, failure of Debtor, or commencement of a receiver of any part of Debtor's property, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency law by or against Debtor or any guarantor or co-maker of any of the Obligations; (i) sale or encumbrance of any of the Collateral in violation of this terms of this Agreement, or the making of any levy, seizure or attachment thereof or thereon; (j) the occurrence or nonoccurrence of any event or event which causes the Secured Party to deem it an insurmountable obstacle.

10. RIGHTS AND REMEDIES ON DEFAULT. If any Event of Default shall occur, Secured Party may, at its option, declare the whole unpaid balances of any or all of the Obligations to be immediately due and payable without notice or demand and if not immediately so paid, may exercise at any time and from time to time any rights and remedies available to it under the Uniform Commercial Code and any other applicable law, including, but not limited to, the right to take possession of the Collateral and the right to sell, lease or otherwise dispose of the Collateral. For that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove it. Debtor waives all rights and claims for trespass or conversion and damages in any manner hereby caused by Secured Party, its agents and assigns. Secured Party may require prompt possession of the Collateral and make it available at place to be designated by Secured Party. Debtor agrees that any regular business place in the county where Debtor's residence, principal place of business or chief executive office is located, as designated by Secured Party, shall be deemed regularly convenient to Debtor. 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 Secured Party's custody and store it in the risk and expense of Debtor. Debtor agrees to notify Secured Party within forty-eight (48) hours after repossession of the Collateral of any such other personal property, and failure to do so will release Secured Party and its representatives from any liability for loss or damage thereto. Any notice of intended disposition of any of the Collateral required by law and any notice to guarantee shall be deemed reasonable if such notice is given at least ten (10) days before the time of such disposition. Any procedure for the disposition of any of the Collateral may be applied by Secured Party to the payment of expenses in connection with the Collateral, including, but not limited to, legal fees and disbursements, expenses and reasonable attorneys' fees and legal expenses, and any balance of such procedure shall be then applied against the Obligations and other amounts secured hereby in such order of application as Secured Party may elect. The rights and remedies herein conferred upon the Secured Party shall be cumulative and not alternative and shall be in addition to and not in substitution of or in derogation of rights and remedies conferred by the Uniform Commercial Code and other applicable laws.

11. SET OFF. Upon the occurrence of an Event of Default, Secured Party may, at its option at anytime, and without notice to Debtor, apply against the Obligations all property of Debtor held by Secured Party. As additional security for payment of the Obligations, Debtor hereby grants to Secured Party a security interest in any funds or property of Debtor now or hereafter in possession of Secured Party and with respect thereto Secured Party will have all rights and remedies available in law. In this Agreement:

12. EXEMPTIONS. Debtor hereby waives all exemptions in and to the Collateral.

13. JURISDICTION AND VENUE. This Agreement shall be binding and effective when accepted by the Company at its home office in Cedar Falls, Iowa

and shall be deemed to have been made in Cedar Falls, Black Hawk County, Iowa, and except for local filing requirements, shall be construed in accordance with and governed by and controlled under the laws of the State of Iowa. The undersigned knowingly and voluntarily consents to be subject to the jurisdiction of the State of Iowa for purposes of effectuating any action and liability of the parties pursuant to this instrument, with Venue to be in the Iowa District Court for Black Hawk County or in the United States Federal District Court for the Northern District of Iowa.

14. GENERAL. (a) Advancement of Expenses. Secured Party may, at its option, pay any tax, assessment, or other governmental levy, or insurance premium on any other expense or charge relating to Collateral which is payable by Debtor and not timely paid by Debtor, and further may pay any filing or recording fees. Any amount or amount so paid, will interest thereon at the highest rate payable on any of the Obligations (from the date of payment until repaid) shall be secured hereby and shall be payable on demand. This right of Advancement of Expenses as herein described and contained upon the Secured Party shall not be deemed exclusive nor shall this provision be construed to limit the Debtor responsibilities enumerated in paragraph seven (7) of this Agreement. (b) Non-Waiver. Secured Party shall not be deemed to have waived any of its rights hereunder or under any other agreement, instrument or paper signed by Debtor unless such waiver is in writing and signed by Secured Party. No delay or omission on the part of Secured Party in exercising any right will operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to, or waiver of, any right or remedy on any future occasion. Any advance of time for payment of any installment of any of the Obligations or the occurrence of only a part of an installment, or the failure of Secured Party to enforce the strict performance of any covenant, promise or condition herein contained (or in any other note, obligation or agreement) on the part of the Debtor to be performed, shall not operate as a waiver of the right of Secured Party thereafter to require that the Debtor's Obligations and the items herein be strictly performed according to the terms thereof and hereof. No party to this Agreement shall be discharged from liability to the Secured Party by reason of the Secured Party's advancing the time for payment of an installment or installments owing or due upon any Obligation, by reason of the Secured Party's waiver or modification of any term of this Agreement or by reason of renewal of any of the Obligations. All parties hereto expressly waive preemption for payment, notice of protest and diligence in bringing suit against any party. All Debtor agrees that Secured Party may, without thereby releasing any Debtor, substitute, release, alter or make any other disposition of any Collateral and further agrees that Secured Party need not be required to first resort for payment to any Collateral. Any release of any Debtor or担保人 shall not be a release of any other Debtor or担保人. (c) Notwithstanding any notice or demand drafted or received by Debtor hereunder shall be in writing and deemed given when personally delivered or deposited in the United States mail, postage prepaid, and certified, and addressed, if to Debtor, to Debtor's address shown below his signature on this Agreement, or if to Secured Party, to P.O. Box 668, Cedar Falls, Iowa 50513, or to such other address as may be later furnished in writing by the applicable party. (d) Successors and Assigns. Covenants, representations, warranties and agreements herein set forth shall be binding upon Debtor, its legal representatives, heirs, successors and assigns. (e) Sovereignty. If any provision of this Agreement shall be for any reason held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein. (f) Assignments and Defense. Debtor agrees that Secured Party shall have the right, without any notice to Debtor, to negotiate or assign this Agreement and the Obligations which it secures. Debtor further agrees that if there is any assignment or transfer of this Agreement or the Obligations, this assignment or transfer shall have all rights and remedies of Secured Party under this Agreement and the Obligations which are assigned or transferred and that Debtor will not assert a defense, counter-claim, set-off, cross-complaint or otherwise, any claim, known or unknown, which Debtor now has or hereafter acquires against Secured Party in any action commenced by any such assignee or transferee and will pay such assignee or transferee all amounts under the instruments and agreements transferred or assigned as they become due. (g) Joint and Several Liability. Each undersigned Debtor, if more than one, executes the Agreement as he, she, or their joint and several obligation and it shall be binding upon any fully enforceable agent either or both, or any or all of them, and reference herein to "Debtor" shall in such case be deemed to be plural. (h) Applicability of Uniform Commercial Code. Unless otherwise defined or the context otherwise requires, all terms used herein which are defined in the Iowa Uniform Commercial Code shall have the meanings therein stated. (i) Construction. All words and phrases used herein shall be construed as the singular or plural number, and as masculine, feminine or neuter gender, as the context may require. (j) Headings. Headings and headings of the paragraphs of this Agreement are inserted for convenience only and are not to be used to interpret, limit or define the provisions hereof.

15. ADDITIONAL PROVISIONS. (i) Any Debtor hereby acknowledges the receipt of a copy of this Agreement together with copies of each of the Obligations secured hereby (including, but not limited to, promissory notes), copies of all financing statements, and copies of all other documents related to this Agreement and the Obligations.

EXHIBIT "A-1"

All of Debtor's equipment and motorized vehicles and/or trailers, whether or not required to be licensed or registered, whether now owned or hereafter acquired, including but not limited to machinery and tools, together with all accessories, parts, accessions and repairs or hereafter attached or affixed thereto. Includes but not limited to items listed below:

1999 CIH 2388 Combine
1999 Case 1083 Corn Head
2000 1020 Bean Head
MX120 Tractor
Case 9170 Tractor
1086 Tractor
2940 Tractor
JD 12-30 Planter
Grain Cart
Brent 440 Seed Auger and Tarp
CIH 4900 Field Cultivator
DMI Ripper
Sprayer 60'
Gehl Chopper w/Corn & Hay Heads
8312 Haybine
2 - Gehl 970 Forage Boxes
Gehl Skid Loader
4 - Augers

FEB 26 2001

Agricultural Security Agreement

1. For value received, as security for the payment of and performance under the obligations (as hereinafter defined), the undersigned ("Debtor") hereby grants to Ag Services of America, Inc., and any assignee, including Ag Acceptance Corporation, (all referred to as "Secured Party") a security interest in the following described property, wherever located (one or more lines must be checked):

- (a) If checked here, all of Debtor's farm products, accounts, inventory, chattel paper, general intangibles, documents and instruments, including, but not limited to, all annual and perennial crops of whatever kind, whether harvested or grown, now growing or hereafter grown and whether harvested or unharvested (including, but not limited to, corn, soybeans, wheat, alfalfa, milo, rice, cotton, and sunflowers); all products of such crops in their unmanufactured estates and all warehouse receipts or other documents (negotiable or non-negotiable) issued for storage of such crops; all feed, seed, chemicals, fertilizer and other supplies; and all entitlements and payments (whether in cash or in kind) arising under governmental agricultural subsidy, deficiency, diversion, disaster, conservation, or similar or related programs; all crop insurance payments and indemnities; all rebates and premium dividends, including contract rights.
- (b) If checked here, all equipment of Debtor, including but not limited to, the goods described in any schedule or list herewith or hereafter furnished by Debtor (but no such schedule or list need be furnished in order for the security interest granted herein to be valid as to all of Debtor's equipment).
- (c) If checked here, other collateral (if any) described as follows: See Attached Exhibit "A" for details

All of such Collateral described in subparagraphs (a), (b) and/or (c) is collectively referred to in this Agreement as the "Collateral". Collateral shall also include all additions, replacements, increases, leases, attachments, repairs and substitutions of, to and for all of the Collateral, and all accessories, attachments, parts and equipment now or hereafter added thereto or used in connection therewith and the proceeds (including, but not limited to, insurance proceeds) and products from all such Collateral. Collateral shall include items described above, wherever located, whether now owned or hereafter acquired, and whether now existing or hereafter arising. The grant of a security interest in proceeds shall not be construed to mean that Secured Party consents to any sale or other disposition of the Collateral. This security agreement covers crops now growing. This security agreement also covers future crops to be grown in current year or any year hereafter.

2. OBLIGATIONS. The security interests granted hereunder secure payment of the performance of the following obligations (collectively referred to herein as the "Obligations"): All indebtedness and obligations of payment and performance of debtor to Secured Party now existing or hereafter incurred, whether direct or indirect, contingent or absolute, whether as maker, surety or guarantor and of every kind and character, whether or not evidenced by promissory note or other instrument, whether from time to time reduced and thereafter increased or entirely extinguished and thereafter reenforced, whether or not such indebtedness and obligations are secured by additional or different collateral and whether or not such indebtedness and obligations arise or accrue from acts or were acquired by Secured Party by purchase, assignment or otherwise, including, but not limited to, items identified in paragraphs 6, 7, 13, 14, 15(a), Proceeds from Collateral shall be applied to the obligations as determined by Secured Party.

3. EFFECTIVE FINANCING STATEMENT; RESTRICTIONS ON SALE OF COLLATERAL. Secured Party hereby requires Debtor to furnish to Secured Party all information required to file an Effective Financing Statement, as required under applicable state and federal law, including, but not limited to, an accurate identification of the term products' worth constituting a part of the Collateral. Debtor covenants and agrees to sign the Effective Financing Statement and take all other action necessary to properly file it of public record as required by law, including, but not limited to, payment of all filing fees and expenses related thereto.

Debtor agrees that Debtor will not sell or otherwise dispose of any Collateral without the prior written consent of Secured Party, which prohibition against sale or disposal may not be modified by any course of conduct, waiver or estoppel. A joint check in the name of Debtor and Secured Party from any buyer, commission merchant or selling agent shall be required when any items of Collateral are sold and Debtor hereby agrees to require such joint check from the buyer, commission merchant or selling agent whenever any Collateral is sold.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS. Debtor represents, warrants and covenants to Secured Party that so long as any of the Obligations remain unpaid or unperfected:

- (a) Title to Debtor is the sole owner of the Collateral, is authorized to enter into this agreement and grant a security interest in the Collateral.
- (b) Address of Debtor. Debtor is engaged in farming operations. The address of Debtor's residence, or if Debtor is a corporation or partnership, the address of Debtor's place of business, or if Debtor has more than one place of business, then the address of the Debtor's chief executive office, is shown below Debtor's signature on this Agreement. Debtor shall promptly give Secured Party prior written notice of any change of Debtor's address. All collateral not attached to or grown upon the Real Estate and all of the Debtor's business records are now kept, and shall continue to be kept, at such address unless otherwise agreed in writing by the Secured Party.
- (c) Authority. If Debtor is a corporation or other business entity, Debtor is duly organized and validly existing under the laws of its state of organization, is qualified and in good standing in all states in which it does business, and the execution, delivery and performance of this Agreement are within Debtor's powers, have been duly authorized, and are not in contravention of any law or the terms of Debtor's articles of incorporation or other governing documents. If Debtor is a partnership, the undersigned is one (or more) of the general partners of the partnership with authority to execute and deliver this Agreement on behalf of the partnership. If Debtor is an individual, Debtor is of legal age. Debtor will not change his, her or its name or legal identity unless prior written notice is given to Secured Party and Secured Party consents thereto. The execution and delivery of this Agreement and any instruments evidencing the Obligations will not violate or constitute a breach of any agreement or restriction to which the Debtor is a party or by which the Debtor is bound.

- (d) Insurance. Debtor shall maintain Federal crop insurance or multi-peril crop insurance on the portion of the Collateral which is crops, in coverage, form and amount satisfactory to Secured Party, less to be payable to Secured Party and Debtor as their respective interests may appear. Debtor shall by such separate instrument as Secured Party may require assign the proceeds of all such insurance to Secured Party. Debtor shall also maintain insurance upon the Collateral which is tangible property against loss through theft, fire or casualty for the full insurable value thereof, less to be payable to Debtor and Secured Party as their respective interests may appear. Such insurance policy shall contain a provision to the effect that notice of termination will be set by the insurer to the Secured Party at least thirty (30) days prior to any termination. In the event of any loss or damage to any Collateral, Debtor will give Secured Party written notice thereof forthwith, promptly file proof of loss with the appropriate insurer and take all other steps necessary or appropriate to collect such insurance. Debtor shall furnish Secured Party with duplicate insurance policies or other proof of insurance if Secured Party so requests.

- (e) Care and Maintenance of Collateral. Debtor shall at all times maintain Collateral which is tangible property in good condition and repair, will not permit its value to be impaired and will not waste or destroy the Collateral or any part of it or permit the same to be so wasted or destroyed. Debtor shall promptly transmit to Secured Party all information that it may have or receive with respect to the Collateral or with respect to any account debtor which might in any way affect the value of the Collateral or Secured Party's rights or remedies with respect thereto.

- (f) Unlawful Use of Collateral; Material Changes. Debtor will not use or permit any person to use any of the Collateral in any manner prohibited by law, or in violation of any insurance policy, or in any manner inconsistent with the interests of Secured Party. Debtor will not make any material change to the Collateral, and will secure prior written permission from Secured Party before changing the location of the Collateral as set forth in this Agreement.

- (g) Liens and Encumbrances. Debtor has not previously and will not in the future grant a security interest in the Collateral to any person or entity (other than Secured Party and except for this security interest previously disclosed in writing to Secured Party) without the prior written consent of Secured Party and will keep the Collateral free from all liens, security interests and encumbrances (other than Secured Party's security interest and the security interests and other rights and obligations set forth in this Agreement) in favor of Secured Party. Debtor agrees to defend the Collateral, at Debtor's expense, against all other persons or parties who, at any time, may claim an interest in it.

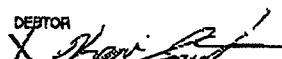
- (h) Books and Records. Debtor shall: (i) keep such records pertaining to the Collateral and to Debtor's business operations as shall be satisfactory to Secured Party; (ii) permit representatives of Secured Party at any time to inspect the Collateral and inspect and make abstracts from Debtor's books and records; and (iii) furnish to Secured Party such information and reports regarding the Collateral and Debtor's business operations and Debtor's financial status as Secured Party may from time to time reasonably require. Secured Party is hereby authorized to request confirmation of such information or additional information of any kind whatsoever directly from any third party having dealings with Debtor. Secured Party is further irrevocably authorized to enter Debtor's premises from time to time to inspect the Collateral.

- (i) Notice to Account Debtors. Debtor shall give such written notice (including, but not limited to, notice of assignment or notice to pay Secured Party directly) as Secured Party may require at any time to pay or to all account debtors, with respect to accounts which are Collateral, and, if Secured Party shall so request, deliver to Secured Party copies of any and all such notices.

- (j) Disposition of Collateral. Except for farm products which may be sold to buyers, commission merchants and selling agents subject to the provisions of the Food and Security Act of 1985, or any applicable state law, which may require, among other things, the Secured Party's name to appear as co-payer on any proceeds check, Debtor shall not assign, discount, sell, transfer or otherwise dispose of any of the Collateral or any interest in the Collateral without prior written consent of Secured Party. Debtor will not store any Collateral in warehouse facilities or otherwise without prior written consent of Secured Party and the form of warehouse receipt proposed to be issued upon any such storage shall be provided the Secured Party for its review prior to completion of the transaction. Any negotiable or non-negotiable warehouse receipt so issued upon approval of Secured Party shall be delivered directly to Secured Party. With respect to non-negotiable warehouse receipts issued pursuant to Secured Party's approval, Debtor shall provide Secured Party evidence of notification of the title of Secured Party's security interest in the Collateral as well as endorsement thereon of Secured Party as the sole party entitled to delivery of the Collateral with respect to which said warehouse receipt was issued.

THIS AGREEMENT SPECIFICALLY INCLUDES ALL ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE HEREOF. THE SAME BEING INCORPORATED HEREIN BY THIS REFERENCE.

DATED October 25, 2001


DEBTOR
REED SMITH

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THESE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

Debtor's Address
10570 10th St NW
Albion, MN 55302

(k) Taxes and Assessments. Debtor shall pay when due all taxes, assessments and any other governmental levy which is, or may be, levied against any of the collateral and if Debtor fails to do so, Secured Party, although not required to do so, may, at its option, pay or discharge the same. Any such payment shall become an Obligation hereunder.

(l) Further Assurances. Debtor shall, at its cost and expense, execute, deliver, file, record or perform in such manner and form as Secured Party may require, any assignment, financing statement, other paper or other act that may be demanded by Secured Party from time to time to be necessary or desirable, or that Secured Party may request in order to create, preserve or perfect any security interest granted hereby or to enable Secured Party to exercise and enforce its rights hereunder or with respect to any of the Collateral. Debtor will immediately execute, deliver and assign to Secured Party all documents under applicable state and federal laws, rules and regulations necessary to perfect, assign and complete Secured Party's interests in any entitlements or payments (whether in cash or in kind) arising under governmental agricultural subsidy, deficiency, diversion, disaster, conservation or similar programs. To facilitate the performance of the agreements by Debtor hereunder, Debtor hereby appoints Secured Party, or its delegates, as the attorney-in-fact for Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file in the name of and on behalf of Debtor, any and all instruments, documents, financing statements, applications for insurance and any forms required to maintain such insurance in force, or to renew such insurance or to endorse settlement drafts in respect thereto and any other agreements and writings required to be obtained, executed, delivered or endorsed by Debtor to create, preserve or perfect security interest, grants and/or to enable Secured Party to exercise and enforce its rights hereunder with respect to any of the Collateral. Debtor further agrees to execute appropriate ASCS/CCC Power of Attorney forms which will allow Secured Party to administer and sign documents necessary for application for, compilation or reporting of necessary information for all ASCS/CCC programs. Debtor will also timely advise Secured Party of Debtor's receipt of notification from any agency of the Department of Agriculture or any other agency of the United States of such required a statement to be filed with each department or agency any documents (whether in cash or kind) received and otherwise available for disbursement to Debtor as a result of Debtor's participation in programs administered by the Department of Agriculture or any agency thereof.

(m) Chattel Paper, Documents and Instruments. Upon the request of Secured Party, Debtor will promptly deliver to Secured Party, duly endorsed when necessary, all items of Collateral consisting of chattel paper, documents and instruments and related guarantees. Debtor will preserve all rights in chattel paper and instruments against prior perfectees.

(n) Purposes of Credit. All extensions of credit secured by this Agreement are for business, commercial or agricultural purposes.

(o) Guarantees. If requested by Secured Party, Debtor shall furnish Secured Party with an unconditional and continuing guarantee in such form and amount as shall be required by Secured Party from such person who shall be approved by Secured Party as guarantor of the Obligations.

(p) Subordinations. If requested by Secured Party, Debtor shall furnish Secured Party with executed subordination agreements in such form as Secured Party shall require from Debtor's lender(s) if any and from any other person claiming an interest in the Collateral, pursuant to which such parties' respective interests in the Collateral shall be subordinated to the interest of Secured Party in the Collateral.

S. INSURANCE. If Secured Party so elects, Secured Party shall have all authority to collect all insurance proceeds with respect to the Collateral and to apply any amount collected to amounts owed under the obligations, whether or not due. In the event of such election by Secured Party, Debtor waives and放弃了 any insurer's right to pay to Secured Party the proceeds of all such insurance and any premium refund, and authorizes Secured Party to endorse in the name of Debtor any instrument for such proceeds or refunds. Secured Party shall have no liability for loss which may occur by reason of the omission or the lack of coverage of any such insurance. In the event Debtor shall fail to procure such insurance or fail to pay any premium when due, Secured Party, although not required to do so, may, at its option, obtain such insurance or pay any such premium. Any such payment made by Secured Party shall become an Obligation secured under this Agreement and may be advanced on the Debtor's Master Promissory Note.

S. EXPENSES. Debtor shall pay to Secured Party all expenses, including, but not limited to, reasonable attorney fees and legal expenses, where not prohibited by law, incurred by Secured Party in seeking to collect any sum secured hereunder and/or all costs and expenses advanced and incurred by Secured Party in the identification, preservation, protection, assembly, retaining, storage, safekeeping, appraisal, disposition, and enforcement of Secured Party's rights in the Collateral, including but not limited to, all recording fees, filing fees, lien search fees or other similar type expenses incurred by the Secured Party. Such amount shall also be an Obligation hereunder and shall be advanced on the Debtor's Master Promissory Note.

7. WAIVER. Debtor waives protest, notice of dishonor and presentation of all commercial paper at any time held by Secured Party on which Debtor is in any way liable, notice of nonpayment at maturity of any account or chattel paper, and notice of any action taken by Secured Party except where notice is expressly required by this Agreement or cannot by law be waived.

B. COLLECTION AUTHORITY ON ACCOUNTS. Debtor hereby irrevocably appoints with an interest Secured Party its true and lawful attorney-in-fact with full power of substitution, in Secured Party's name, Debtor's name or otherwise, for Secured Party's sole use and benefit, but at Debtor's cost and expense, to exercise, if Secured Party shall elect (within before and after the occurrence of an Event of Default as hereinabove defined) all or any of the following powers with respect to any and all debt instruments, chattel papers, accounts and other rights to payment constituting Collateral (including proceeds): (a) To execute on Debtor's behalf assignments of any or all accounts which are collateral to Secured Party, and to notify account debtors thereunder to make payments directly to Secured Party; (b) To demand, sue for, collect and receive any and all monies due or to become due upon or by virtue hereof; (c) To receive, take, endorse, assign and deliver any and all checks, notes, drafts, documents and other negotiable and non-negotiable instruments, chattel paper and commodity or payment-in-kind certificates taken or received by Secured Party in connection therewith; (d) To settle, compromise, prosecute or defend any action or proceeding with respect thereto; (e) To sell, transfer, assign or otherwise deal in or with the same or the proceeds thereof or the related goods, as fully and effectively as if Secured Party were the absolute owner thereof; and (f) To extend the time of payment of any or all thereof, and to make any allowances and other adjustments with reference thereto. Any funds collected pursuant to such powers shall be applied to the payment of the Obligations. The exercise by the Secured Party of or failure to exercise, any of the foregoing authority, shall in no manner affect Debtor's liability to Secured Party on any of the Obligations. Secured Party shall be under no obligation or duty to exercise any of the powers hereby conferred upon it and shall be without liability for any act or failure to act in connection with collection of or the preservation of any rights with respect to such Collateral.

B. DEFAULT. The following events shall each constitute a default under the Agreement ("Event of Default"): (a) any failure of Debtor to pay, when due, any amounts payable under the Obligations or under this Agreement; (b) failure to perform any obligation or covenant contained in this Agreement or in the Obligations; (c) any event of default, however defined, occurring under any of the Obligations; (d) any warranty, representation or statement made or furnished to Secured Party by or on behalf of Debtor proves to have been false in any material respect when made or furnished; (e) any event which results in the acceleration of the maturity of any indebtedness of Debtor (or any guarantor or co-maker of any of the Obligations) to any third party under any Indenture, agreement or understanding; (f) loss, theft, damage or destruction (not covered by adequate insurance containing a 10% payable clause for the benefit of Secured Party) of the Collateral; (g) death, dissolution or other termination of the existence of the Debtor or any successor of Debtor's right to do business or any merger or consolidation of Debtor; (h) insolvency, business failure of Debtor, or appointment of a receiver of any part of Debtor's property, assignment for the benefit of creditors by, or the commencement of any proceeding under and bankruptcy or insolvency law by or against Debtor or any guarantor or co-maker of any of the Obligations; (i) sale or encumbrance of any of the Collateral in violation of the terms of this Agreement, or the making of any levy, seizure or attachment thereof or thereon; (j) the occurrence of nonoccurrence of any event or events which causes the Secured Party to deem itself

to be in imminent danger of loss; (k) Rights and Remedies on Default. If any Event of Default shall occur, Secured Party may, at its option, declare the whole unpaid balance of any or all of the Obligations to be immediately due and payable without notice or demand and if not immediately so paid, may exercise at any time and from time to time any rights and remedies available to it under the Uniform Commercial Code and any other applicable law, including, but not limited to, the right to take possession of the Collateral and the right to sell, lease or otherwise dispose of the Collateral. For this purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove it. Debtor waives all rights and claims for repossession, damages and expenses in any manner hereby caused by Secured Party, its agents and assigns. Secured Party may require Debtor to surrender the Collateral and make it available at place to be designated by Secured Party. Debtor agrees that any regular business place in the county where Debtor's residence, principal place of business or chief executive office is located, as designated by Secured Party, shall be deemed reasonably convenient to Debtor. If at the time of repossession of any of the Collateral, certain other personal property not included in the Collateral, Secured Party may take such personal property into Secured Party's custody and store it at the risk and expense of Debtor. Debtor agrees to notify Secured Party within forty-eight (48) hours after repossession of the Collateral of any such other personal property, and failure to do so will release Secured Party and its representatives from any liability for loss or damage thereto. Any notice of intended disposition of any of the Collateral required by law and any notice so given shall be deemed reasonable if such notice is given at least ten (10) days before the time of such disposition. Any proceeds of any disposition of any of the Collateral may be applied by Secured Party to the payment of advances in connection with the Collateral, including, but not limited to, repossession and disposition expenses and reasonable attorneys' fees and legal expenses, and any balance of such proceeds shall be then applied against the Obligations and other amounts secured hereby in such order of application as Secured Party may elect. The rights and remedies herein conferred upon the Secured Party shall be cumulative and not alternative and shall be in addition to and not in substitution of or in derogation of rights and remedies conferred by the Uniform Commercial Code and other applicable laws.

11. SET OFF. Upon the occurrence of an Event of Default, Secured Party may, at its option at anytime, and without notice to Debtor, apply against the Obligations any property of Debtor held by Secured Party. As additional security for payment of the Obligations, Debtor hereby grants to Secured Party a security interest in any funds or property of Debtor now or hereafter in possession of Secured Party and with respect thereto Secured Party will have all rights and remedies set forth in this Agreement.

12. EXEMPTIONS. Debtor hereby waives all exemptions in and to the Collateral.

13. JURISDICTION AND VENUE. This Agreement shall be binding and effective when accepted by the Company at its home office in Cedar Falls, Iowa and shall be deemed to have been made in Cedar Falls, Black Hawk County, Iowa, and except for local filing requirements, shall be construed in accordance with and governed by and construed under the laws of the State of Iowa. The undersigned knowingly and voluntarily consents to be subject to the jurisdiction of the State of Iowa for purposes of adjudicating any rights and liabilities of the parties pursuant to this instrument, with venue to be in the Iowa District Court for Black Hawk County, Iowa or the United States Federal District Court for the Northern District of Iowa.

14. GENERAL. (a) Advancement of Expenses. Secured Party may, at its option, pay any tax, assessment or other governmental levy, or insurance premium or any other expense or charge relating to Collateral which is payable by Debtor (and not timely paid by Debtor), and further may pay any filing or recording fees. Any amount of amounts so paid, with interest thereon at the highest rate payable on any of the Obligations (from the date of payment until repaid) shall be secured hereby and shall be payable on demand. This right of Advancement of Expenses as herein described and conferred upon the Secured Party shall not be deemed exhaustive nor shall this provision be construed to limit the Debtor's responsibilities enumerated in paragraph seven (7) of the Agreement. (b) Non-Waiver. Secured Party shall not be deemed to have waived any of its rights hereunder or under any other agreement, instrument or paper signed by Debtor unless such waiver be in writing and signed by Secured Party. No delay or omission on the part of Secured Party in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to, or waiver of, any right or remedy on any future occasion. Any extension of time for payment of any installment of any of the Obligations or the assumption of only a part of an installment, or the failure of Secured Party to enforce the strict performance of any covenant, promise or condition herein contained (or in any other note, obligation or agreement) on the part of the Debtor to be performed, shall not operate as a waiver of the right of Secured Party thereafter to require that the Debtor's Obligations and the terms hereof be strictly performed according to the terms thereof and hereof. No party to this Agreement shall be discharged from liability to the Secured Party by reason of the Secured Party's extending the time for payment of an installment or instalments owing or due upon any Obligation, by reason of the Secured Party's waiver or modification of any term of this Agreement or by reason of renewal of any of the Obligations. All parties hereto covenants hereby waive prepayment for payment, notice of nonpayment, protest, notice of protest and diligence in bringing suit against any party. All Debtors agree that Secured Party may, without thereby releasing any Debtor, substitute, release, alter or modify any other description of any Collateral and further agree that Secured Party is not required to first resort for payment to any Collateral. Any release of one Debtor or guarantor shall not be a release of any other Debtor or guarantor. (c) Notices. Any notice or demand desired or required to be given hereunder shall be in writing and deemed given when personally delivered or deposited in the United States mail, postage prepaid, sent certified or registered, if to Debtor, to Debtor's address shown below his signature on the Agreement, and if to Secured Party, to P.O. Box 658, Cedar Falls, Iowa 50613, or to such other address as may be later furnished in writing by the applicable party. (d) Successors and Assigns. Covenants, representations, warranties and agreements herein set forth shall be binding upon Debtor, its legal representatives, heirs, successors and assigns. (e) Severability. If any provision of this Agreement shall be for any reason held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein. (f) Assignments and Deletions. Debtor agrees that Secured Party shall have the right, without any notice to Debtor, to negotiate or assign this Agreement and the Obligations which it secures. Debtor further agrees that if there is any assignment or transfer of this Agreement or the Obligations, the assignee or transferee shall have all rights and remedies of Secured Party under this Agreement and the Obligations which are assigned or transferred and that Debtor will not assert as a defense, counter-claim, set-off, cross-complaint or otherwise, any claim, known or unknown, which Debtor now has or hereafter acquires against Secured Party in any action commenced by any such assignee or transferee and will pay such assignee or transferee all amounts under the instruments and agreements transferred or assigned as they become due. (g) Joint and Several Liability. Each undersigned Debtor, if more than one, executes the Agreement as his, her, its, or their joint and several obligation and it shall be binding upon and fully enforceable against either of both, or any or all of them, and reference herein to "Debtor" shall in such case be deemed to be plural. (h) Applicability of Uniform Commercial Code. Unless otherwise defined or the context otherwise requires, all terms used herein which are defined in the Iowa Uniform Commercial Code shall have the meanings therefor stated. (i) Construction. All words and phrases used herein shall be construed as the singular or plural number, and as masculine, feminine or neuter gender, as the context may require. (j) Headings. Headings and headings of the paragraphs of this Agreement are inserted for convenience only and are not to be used to interpret, limit or define the provisions hereof.

15. ADDITIONAL PROVISIONS. (i) Any Debtor hereby acknowledges the receipt of a copy of this Agreement together with copies of each of the Obligations secured hereby (including, but not limited to, promissory notes), copies of all financing statements, and copies of all other documents related to this Agreement and the Obligations.

EXHIBIT "A-1"

All of Debtor's equipment and motorized vehicles and/or trailers, whether or not required to be licensed or registered, whether now owned or hereafter acquired, including but not limited to machinery and tools, together with all accessories, parts, accessions and repairs or hereafter attached or affixed thereto. Includes but not limited to items listed below:

Gehl Skid Loader
John Deere 4440 Tractor
John Deere 960 Field Cultivator 27'
John Deere 216 Disc

**STATE OF MINNESOTA
UCC-1 FINANCING STATEMENT**

This statement is presented on filing pursuant to Minnesota Uniform Commercial Code, Minnesota Statutes Chapter 369.402. (Type in Black Ink)

For
Filing
Officer

229706

1 Individual Debtor - Last Name Smith	First Name Kevin	Middle Initial K
Social Security Number 123-45-6789	Mailing Address 10504 10TH ST. DR.	
City Austin	State TX	Zip Code 78704
2 Individual Debtor - Last Name Johnson	First Name Lisa	Middle Initial L
Social Security Number 123-45-6789	Mailing Address 10504 10TH ST. DR.	
City Austin	State TX	Zip Code 78704
3 Business Debtor Name Fed 40	Mailing Address 10504 10TH ST. DR.	
City Austin	State TX	Zip Code 78704
4 Second Party Name Assignee of Assigned Party	Mailing Address 10504 10TH ST. DR.	
5 Mailing Address 10504 10TH ST. DR.	Mailing Address 10504 10TH ST. DR.	
City Austin	State TX	Zip Code 78704
6 Mailing Address 10504 10TH ST. DR.	Mailing Address 10504 10TH ST. DR.	
City Austin	State TX	Zip Code 78704

a. The financial statement covers the following types or kinds of property:

Real property
Personal property
Equipment
Furniture and fixtures
Inventory
Accounts receivable
Lessors' interest in leases
Investments
Goodwill
Intangible assets
Deferred charges
Lessors' interest in partnerships
Other assets

RETURN ACKNOWLEDGEMENT COPY TO [name and address]

TERMINATION STATEMENT: This is a CREDIT TERMINATION
of financing represented to a Filing Officer pursuant to the
Uniform Commercial Code. The Secured Party certifies that
the Secured Party no longer claims a security interest under
the financing statement, exactly as the file number shown above.

10. The following table gives the number of cases of smallpox reported in each State during the year 1802.

Please do not type outside the bracketed area

EXHIBIT "A-1"

All of Debtor's equipment and motorized vehicles and/or trailers, whether or not required to be licensed or registered, whether now owned or hereafter acquired, including but not limited to machinery and tools, together with all accessories, parts, accessions and repairs or hereafter attached or affixed thereto. Includes but not limited to items listed below:

1999 CIH 2388 Combine
1999 Case 1083 Corn Head
2000 1020 Bean Head
MX120 Tractor
Case 9170 Tractor
1086 Tractor
2940 Tractor
JD 12-30 Planter
Grain Cart
Brent 440 Seed Auger and Tarp
CIH 4900 Field Cultivator
DMI Ripper
Sprayer 60'
Gehl Chopper w/Corn & Hay Heads
8312 Haybine
2 - Gehl 970 Forage Boxes
Gehl Skid Loader
4 - Augers

EXHIBIT B

(a) If checked here, all of Debtor's farm products, accounts, inventory, chattel paper, general intangibles, documents and instruments, including, but not limited to: all annual and perennial crops of whatever kind, whether heretofore grown, now growing or hereafter grown and whether harvested or unharvested (including, but not limited to, corn, soybeans, wheat, alfalfa, milo, rice, cotton, and sunflowers), all products of such crops in their unmanufactured states and all warehouse receipts or other documents (negotiable or non-negotiable) issued for storage of such crops; all feed, seed, chemicals, fertilizer and other supplies; and all entitlements and payments (whether in cash or in kind) arising under governmental agricultural subsidy, deficiency, diversion, disaster, conservation, or similar or related programs; all crop insurance payments and indemnities; all rebate and patronage dividends.

(b) If checked here, all equipment of Debtor, including but not limited to, the goods described in any schedule or list herewith or hereafter furnished by Debtor (but no such schedule or list need be furnished in order for the security interest granted herein to be valid as to all of Debtor's equipment).

(c) If checked here, other collateral (if any) described as follows:

See Attached Exhibit "A-1" consisting of 1 page.

All of such Collateral described in subparagraphs (a), (b), and/or (c) is collectively referred to in this Agreement as the "Collateral". Collateral shall also include all additions, replacements, increases, issues, attachments, repairs and substitutions of, to and for all of the Collateral, and all accessories, accessions, parts and equipment now or hereafter affixed thereto or used in connection therewith and the proceeds (including, but not limited to, insurance proceeds) and products from all such Collateral. Collateral shall include items described above, wherever located, whether now or hereafter acquired, and whether now existing or hereafter arising. The grant of a security interest in proceeds shall not be construed to mean that Secured Party consents to any sale or other disposition of the Collateral. This security agreement covers crops now growing. This security agreement also covers future crops to be grown in current year or any year hereafter.



**STATE OF MINNESOTA
UCC-1 FINANCING STATEMENT**

This statement is presented for filing pursuant to Minnesota Uniform Commercial Code Minnesota Statutes Chapter 336.9-402
(Type in Black Ink)

Wright County

1. Individual Debtor - Last Name Smith	First Name Kevin	Middle I.
--	----------------------------	-----------

Social Security # 477-94-3368	Mailing Address 10570 10th St NW	
City Arndale	State MN	Zip Code 55302

2. Individual Debtor - Last Name Smith	First Name Lisa	Middle I.
--	---------------------------	-----------

Social Security # 477-72-8687	Mailing Address 10570 10th St NW	
City Arndale	State MN	Zip Code 55302

3. Business Debtor - Name		
Fed. ID #	Mailing Address	
City	State	Zip Code

4. Secured Party Name Ag Services of America, Inc.	6. Assignee of Secured Party Ag Acceptance Corporation	
Mailing Address P.O. Box 668	Mailing Address P.O. Box 668	
City Cedar Falls	State IA	Zip Code 50613

5. This financing statement covers the following types or kinds of property.		
All real estate on which crops are grown or to be grown by debtor(s).		
See Attached Exhibit "A-1" consisting of 1 page.		
See Attached Exhibit "B" consisting of 1 page.		

Debtor is a transmitting utility
as defined by Minnesota Statutes Chapter 336.9-105

RETURN ACKNOWLEDGEMENT COPY TO: (name and address)

Ag Services of America, Inc. P.O. Box 668 Cedar Falls, IA 50613

X Kevin Smith
Debtor's Signature Kevin Smith
(Required in Most Cases see Instructions)

X Kevin Smith
Debtor's Signature Lisa Smith

X Sharon Kels
Secured Party's Signature
Ag Services of America, Inc. Standard Credit Clerk/UCC

Please do not type outside the bracketed area.

(02020519 Rev. 11/99) Standard Form Approved by Secretary of State

EXHIBIT "A-1"

All of Debtor's equipment and motorized vehicles and/or trailers, whether or not required to be licensed or registered, whether now owned or hereafter acquired, including but not limited to machinery and tools, together with all accessories, parts, accessions and repairs or hereafter attached or affixed thereto. Includes but not limited to items listed below:

1999 CIH 2388 Combine
1999 Case 1083 Corn Head
2000 1020 Bean Head
MX120 Tractor
Case 9170 Tractor
1086 Tractor
2940 Tractor
JD 12-30 Planter
Grain Cart
Brent 440 Seed Auger and Tarp
CIH 4900 Field Cultivator
DMI Ripper
Sprayer 60'
Gehl Chopper w/Corn & Hay Heads
8312 Haybine
2 - Gehl 970 Forage Boxes
Gehl Skid Loader
4 - Augers

EXHIBIT B

(a) If checked here, all of Debtor's farm products, accounts, inventory, chattel paper, general intangibles, documents and instruments, including, but not limited to: all annual and perennial crops of whatever kind, whether heretofore grown, now growing or hereafter grown and whether harvested or unharvested (including, but not limited to, corn, soybeans, wheat, alfalfa, milo, rice, cotton, and sunflowers); all products of such crops in their unmanufactured states and all warehouse receipts or other documents (negotiable or non-negotiable) issued for storage of such crops; all feed, seed, chemicals, fertilizer and other supplies; and all entitlements and payments (whether in cash or in kind) arising under governmental agricultural subsidy, deficiency, diversion, disaster, conservation, or similar or related programs; all crop insurance payments and indemnities; all rebate and patronage dividends.

(b) If checked here, all equipment of Debtor, including but not limited to, the goods described in any schedule or list herewith or hereafter furnished by Debtor (but no such schedule or list need be furnished in order for the security interest granted herein to be valid as to all of Debtor's equipment).

(c) If checked here, other collateral (if any) described as follows:

See Attached Exhibit "A-1" consisting of 1 page.

All of such Collateral described in subparagraphs (a), (b), and/or (c) is collectively referred to in this Agreement as the "Collateral". Collateral shall also include all additions, replacements, increases, issues, attachments, repairs and substitutions of, to and for all of the Collateral, and all accessories, accessions, parts and equipment now or hereafter affixed thereto or used in connection therewith and the proceeds (including, but not limited to, insurance proceeds) and products from all such Collateral. Collateral shall include items described above, wherever located, whether now or hereafter acquired, and whether now existing or hereafter arising. The grant of a security interest in proceeds shall not be construed to mean that Secured Party consents to any sale or other disposition of the Collateral. This security agreement covers crops now growing. This security agreement also covers future crops to be grown in current year or any year hereafter.

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (A) AND (B) CAREFULLY

A. NAME & PHONE OF CONTACT AT YOUR BUSINESS
Lisa Finegan 800-395-8505

B. SEND ACKNOWLEDGMENT TO: Name and Address:

Ag Services of America, Inc.
 P.O. Box 668
 Cedar Falls IA 50613

Filing NO: 20023905535

Filing Date: 2002/04/30

Filing Time: 5:00 PM

State of Minnesota

Processing Office: Secretary of State

Filed by: mclje01.

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME					
OR 1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
Smith		Kevin			
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
10570 10th St. NW 477-94-3368		Des Moines	IA	55302	
1d. TAX ID # SSN OR EIN		1e. ADULT INFORMER	1f. TYPE OF ORGANIZATION	1g. JURISDICTION OF ORGANIZATION	
ORGANIZATION DEBTOR			DEALER	IA	

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME					
OR 2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
2d. TAX ID # SSN OR EIN		2e. ADULT INFORMER	2f. TYPE OF ORGANIZATION	2g. JURISDICTION OF ORGANIZATION	
ORGANIZATION DEBTOR			DEALER	IA	

3. SECURED PARTY'S NAME (4a) NAME OF TOTAL ASSIGNEE OF ASSIGNOR (4b) - Insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME					
OR 3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
P.O. Box 668		Cedar Falls	IA	50613	

4. THIS FINANCING STATEMENT covers the following collateral:

All real estate on which crops are grown or to be grown by debtor(s)

See Attached Exhibit "A-1" consisting of 1 page

See Attached Exhibit "B" Consisting of 1 page.

5. ALTERNATIVE DESIGNATION (if applicable)	LENDER/BORROWER	CONSIGNER/CONSIGNEE	BAILEEBAILOR	SELLER/BUYER	AG. LIEN	NON-UCC
6. 1. THIS FINANCING STATEMENT is to be filed for record (or recorded) in the REAL PROPERTY RECORDS (check one) <input checked="" type="checkbox"/> STATE RECORDS <input type="checkbox"/> ATTORNEY ADVISORIAL <input type="checkbox"/>	7. CHECK IF REQUEST RESEARCH REPORTED ON DEBTOR(S) (ADDITIONAL FEES)				All Datafiles	Debtors' File
Secured Party: Ag Services of America, Inc.						
X <i>Lisa Finegan</i>						
Lisa Finegan, Credit Clerk/UCC						

FILING OFFICE COPY — NATIONAL UCC FINANCING STATEMENT (PORTABLE EXECUTIVE VERSION)

Filing NO: 20 905535

EXHIBIT "A-1"

All of Debtor's equipment and motorized vehicles and/or trailers, whether or not required to be licensed or registered, whether now owned or hereafter acquired, including but not limited to machinery and tools, together with all accessories, parts, accessions and repairs or hereafter attached or affixed thereto. Includes but not limited to items listed below:

Gehl Skid Loader
John Deere 4440 Tractor
John Deere 960 Field Cultivator 27'
John Deere 216 Disc

Filing NO: 20 905535

EXHIBIT B

- (a) xx If checked here, all of Debtor's farm products, accounts, inventory, chattel paper, general intangibles, documents and instruments, including, but not limited to: all annual and perennial crops of whatever kind, whether heretofore grown, now growing or hereafter grown and whether harvested or unharvested (including, but not limited to, corn, soybeans, wheat, alfalfa, milo, rice, cotton, and sunflowers), all products of such crops in their unmanufactured states and all warehouse receipts or other documents (negotiable or non-negotiable) issued for storage of such crops; all feed, seed, chemicals, fertilizer and other supplies; and all entitlements and payments (whether in cash or in kind) arising under governmental agricultural subsidy, deficiency, diversion, disaster, conservation, or similar or related programs; all crop insurance payments and indemnities; all rebate and patronage dividends, including contract rights.
- (b) xx If checked here, all equipment of Debtor, including but not limited to, the goods described in any schedule or list herewith or hereafter furnished by Debtor (but no such schedule or list need be furnished in order for the security interest granted herein to be valid as to all of debtor's equipment).
- (c) xx If checked here, other collateral (if any) described as follows:

See Attached Exhibit "A-1" consisting of 1 page

All of such Collateral described in subparagraphs (a), (b), and/or (c) is collectively referred to in this Agreement as the "Collateral". Collateral shall also include all additions, replacements, increases, issues, attachments, repairs and replacements, increases, issues, attachments, repairs and substitutions of, to and for all of the collateral, and all accessories, accessions, parts and equipment now or hereafter affixed thereto or used in connection therewith and the proceeds (including, but not limited to, insurance proceeds) and products from all such Collateral. Collateral shall include items described above, wherever located, whether now or hereafter acquired, and whether now existing or hereafter arising. The grant of a security interest in proceeds shall not be construed to mean that Secured Party consents to any sale or other disposition of the Collateral. This security agreement covers crops now growing. This security agreement also covers future crops to be grown in current year or any year hereafter.

2001 Central
AL CO ID MN MS MT ND NE NM OK OR SD
2/5/01

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (check and box) CAREFULLY

 A. NAME & PHONE OF CONTACT AT FILER (optional)

SINATCO 800-395-8505

 B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Ag Acceptance Corporation
P. O. Box 668
Cedar Falls, IA 50613

Filing NO: 2002401086

Filing Date: 2002/05/08

Filing Time: 5:00 PM

State of Minnesota

Processing Office: Secretary of State

Filed by: etici01

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

 16. THE FINANCING STATEMENT AMENDMENT IS
TO BE USED FOR (check) (or checked) IN THE
REAL ESTATE RECORDS.

4. INITIAL FINANCING STATEMENT FILED

20023905535

4/30/02 MN-SOS

 2. TERMINATION: Effectiveness of the Financing Statement Identified above terminates with respect to security interests of the Secured Party identifying the Termination Document. 2. CONTINUATION: Effectiveness of the Financing Statement Identified above with respect to security interests of the Secured Party identifying the Continuation Statement is conditioned for the conditions provided by applicable law. 4. ASSIGNMENT: (a) If filing, give name of assignee in Item 7a or 7b and address of assignee in Item 7c; and also give name of assignor in Item 7d.5. AMENDMENT (PARTY INFORMATION): This Amendment affects Debtor(s) Secured Party(s) of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in Items 7e through 7i under 7.

CHANGE name and/or address: Give current record name in Item 7e; also give new name in Item 7f and new address in Item 7g; if address of record in Item 7e.

DELETE name and/or address: Give record name in Item 7e; also delete name in Item 7f or 7g.

ADD name: Complete Item 7e or 7g, and also Item 7f for other securities having 7e or 7g as applicable.

6. CURRENT RECORD INFORMATION:

a. ORGANIZATION'S NAME:

OR	6. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
	Smith	Kevin		

7. CHANGED (NEW) OR ADDED INFORMATION:

a. ORGANIZATION'S NAME
Ag Acceptance Corporation

OR	7. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

7. MAILING ADDRESS	7. CITY	STATE	POSTAL CODE	COUNTRY
P. O. Box 668	Cedar Falls	IA	50613	

7. TAX IDENTIFICATION NUMBER	7. TYPE OF ORGANIZATION	7. JURISDICTION OF ORGANIZATION	7. ORGANIZATIONAL STATUS
39-1873636	Corporation	Iowa	IN OPERATION

8. AMENDMENT (COLLATERAL CHANGE): check only one box.
Describe collateral deleted or added, or give entire revised collateral description, or describe collateral unchanged.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignee, if this is an Assignment). If this is an Amendment, authorized by a Debtor which has retained or sold the underlying Debtor, or if this is a Termination authorized by a Debtor, check here and enter name of DEBTOR authorizing this Amendment.

a. ORGANIZATION'S NAME
Ag Services of America, Inc.

OR	9. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

10. ADDITIONAL DEBTOR(S):
Sharon Rife

**STATE OF MINNESOTA
EFFECTIVE FINANCING STATEMENT (EFS)/
STATUTORY LIEN NOTICE
CNS - 1 FORM**



For
Filing
Officer

Filing NO: 20023907779

Filing Date: 2002/05/01

Filing Time: 10:30 AM

State of Minnesota

Processing Office: Secretary of State

Filed by: mclje01

Statutory Lien Conditions for waiver or release:

This form is an EFS unless the Statutory Lien box is marked. This statement is presented for filing pursuant to Minnesota Statutes Chapter 336A. (Type in Black Ink)

1. Individual Debtor Last Name Smith	First Name Kevin	Middle L.
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Social Security # 477-94-3368	Mailing Address 10501 10th St NW	State MN	Zip Code 55302
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City Amesdale Amesdale	First Name Kevin	Middle L.
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2. Individual Debtor Last Name	First Name	Middle L.
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Social Security #	Mailing Address	State	Zip Code
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City	State	Zip Code
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3. Business Debtor Name	Street Address	City	State	Zip Code
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Fed. ID #	Street Address	City	State	Zip Code
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Cty	Street Address	City	State	Zip Code
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4. Second Party/Lienholder Name Ag Acceptance Corporation	5. THE INFORMATION CONTAINED IN THIS EFFECTIVE FINANCING STATEMENT WILL BESENT TO FARM PRODUCT REGISTRY REGISTERED IN MINNESOTA. SALE OF THIS STATEMENT IS PROHIBITED AS IT MAY RESULT IN A DELAY OR DENIAL OF PAYMENT DUE TO BOTH THE SELLER AND THE SECURED PARTY.			
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Street Address P.O. Box 668	City Cedar Falls	State Iowa	Zip Code 50613	
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6. Farm Product Description	Property Description
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Product Code	Quantity	Crop Year	County Code	Section(s)	Township	Range
1. 100	ALL	ALL	86	17, 18, 19, 20, 21	120 North	27 West
2.				23, 4, 29	120 North	27 West
3.				3, 5, and 8,	119 North	27 West
4.				24,	119 North	28 West

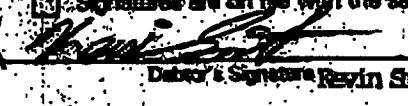
10, 21, 22, 27, 33&34	122 North	27 West
24, 25, 26, 27, 28, 33&35	120 North	28 West
21, 28, and 29	120 North	26 West
4,	121 North	27 West

7. THIS EFFECTIVE FINANCING STATEMENT (EFS) WILL NOT BE TERMINATED WITHIN 30 DAYS OF THE DATE ON WHICH THE OBLIGATION IS RELEASED FROM THE EFS.

RETURN ACKNOWLEDGMENT COPY TO: (name and address)

Signatures are on file with the secured party.

Ag Services of America, Inc.
P.O. Box 668
Cedar Falls, IA 50613


Debtor's Signature **Kevin Smith**

Debtor's Signature
Ag Acceptance Corporation


Lender's/Secured Party's Signature
Lisa Sincock

Please do not type outside the bracketed area.

08021402 (Rev. 5/93)