

Facsimile: 608-754-1900

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RECORDATION NO. 30599 FILED

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SURFACE TRANSPORTATION BOARD

December 27, 2012

Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E. Street, SW  
Washington, DC 20423-0001

Dear Section Chief:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two copies of a Security Agreement, dated December 20, 2012, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Secured Party: Farm-City Elevator, Inc.  
104 Wisconsin Street  
P.O. Box 628  
Darien, WI 53114

Debtor: Morris Brothers, an Illinois general partnership  
2478 Randolph Street  
Caledonia, IL 61011

A description of the equipment covered by the document is as follows:

Fifty (50) 4,750 cubic foot covered hopper cars built by Pullman in 1975 more particularly described on Exhibit A attached hereto.

  
Carney, Davies & Thorpe, LLC

December 27, 2012

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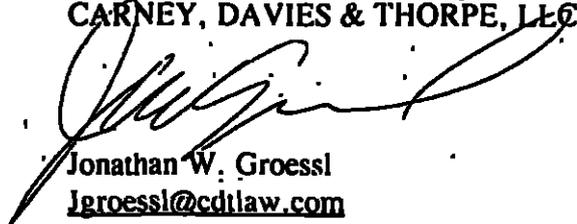
A short summary of the document to appear in the index is as follows:

Security Agreement between Farm-City Elevator, Inc., as Creditor, and Morris Brothers, an Illinois general partnership, as Borrower, dated December 20, 2012, and covering the attached list of 50 railcars.

Also enclosed is a check in the amount of \$42 payable to the Surface Transportation Board covering the required recordation fee. Please return the file-stamped copy of the Security Agreement to me using the enclosed envelope.

Sincerely,

CARNEY, DAVIES & THORPE, LLC

  
Jonathan W. Groessl  
[jgroessl@cdtlaw.com](mailto:jgroessl@cdtlaw.com)

JWG:AMK  
Enclosures

REGISTRATION NO: 30599 FILED

JAN 04 '13 -12 25 PM

**RAIL CAR SECURITY AGREEMENT**  
**MOR-AGRA GRAIN HANDLING, INC.**

**MINNAPACK TRANSPORTATION BOARD**

**THIS SECURITY AGREEMENT (this "Agreement") is made and entered into as of the 20<sup>th</sup> day of December, 2012, by and among Morris Brothers Partnership, an Illinois general partnership (the "Pledgor"), and Farm-City Elevator, Inc., a Wisconsin corporation (the "Secured Party").**

**RECITALS**

**WHEREAS, FARM-CITY ELEVATOR, INC., a Wisconsin corporation, ("Creditor") has loaned certain funds ("Loan") to Pledgor and Mor-Agra Grain Handling, Inc, an Illinois corporation, as may be evidenced by that promissory note of even date herewith in the original principal amount of Nine Million Dollars (\$9,000,000.00) ("Promissory Note") and by that revolving line of credit note of even date herewith in an amount up to Six Million Dollars (\$6,000,000.00) ("LOC Note") ("Promissory Note and LOC Note together may hereinafter be referred to the "Note" or "Notes") and other loan documents (Notes and other loan documents collectively "Loan Documents"); and**

**WHEREAS, as an inducement to Secured Party to make the Loan and to secure the repayment obligations of the Pledgor in connection therewith, the Pledgor has executed this Agreement.**

**NOW, THEREFORE, in consideration of the foregoing recitals and other mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:**

**Section 1. Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms shall have the meanings indicated for purposes of this Agreement:**

**"Collateral" means the 50 railcars identified on the attached Exhibit A.**

**"Event of Default" has the meaning ascribed to such term in Section 7 hereof.**

**"Obligations" means any and all obligations and indebtedness of the Pledgor in favor of the Secured Party arising under the Loan Agreement, the Note or hereunder.**

**Section 2. Security Interest. The Pledgor hereby grants to the Secured Party, as collateral security for the full payment and performance by the Pledgor of the Obligations, a security interest in, and the Pledgor hereby pledges, hypothecates, assigns, transfers, sets over and delivers unto the Secured Party, the following (collectively, the "Collateral"), subject to the terms and conditions hereinafter set forth:**

It is the intent, agreement and understanding of the Pledgor and the Secured Party that the pledge hereinabove made to the Secured Party shall constitute a first priority pledge and security interest in all of the Collateral.

**Section 3. Perfection of Security Interest.** The Pledgor agrees to:

- (a) immediately deliver to the Secured Party all certificates evidencing any of the Collateral which may at any time come into the possession of Pledgor;
- (b) take such other steps as the Secured Party may from time to time reasonably request to perfect the Secured Party's security interest in the Collateral under applicable law, including, without limitation, the execution of appropriate UCC financing statements, and,
- (c) consent to and authorize the Secured Party to cause to be filed, recorded and perfected, a security interest, including any amendments thereto, in the Collateral with the Surface Transportation Board, and any other appropriate bodies.

**Section 4. Protection of Collateral.** The Pledgor shall take any and all steps required to protect the Collateral and in pursuance thereof, the Pledgors agree that the Collateral:

- (a) to the extent appropriate, shall be kept at the Company's principal place of business, and shall be used only in the conduct of the Company's business;
- (b) shall not be misused, wasted or allowed to deteriorate, except for the ordinary wear and tear resulting from its use, as aforesaid;
- (c) to the extent appropriate, shall at all times be insured against loss, damage, theft, and such other risks in such amounts, with such companies, under such policies, in such form and for such periods as shall be satisfactory to the Secured Party, and each such policy shall provide that the loss thereunder and the proceeds payable thereunder shall be payable to the Secured Party as its interest may appear, and the Secured Party may apply any proceeds of such insurance which may be received by the Secured Party toward the payment of the Obligations, in such order as the Secured Party may determine;
- (d) in regards to the Insurance Collateral, Pledgor shall (i) make all necessary premium payments to maintain such Insurance Collateral, (ii) make available for inspection certificates evidencing such Insurance Collateral at Secured Party's request and (iii) timely provide Secured Party with all correspondence and/or notifications relative to the Insurance Collateral,
- (e) shall not be used in violation of any applicable statute, law, rule, regulation or ordinance, and
- (f) may be examined and inspected by the Secured Party at any reasonable time, wherever located

**Section 5. Protection of Security Interest.** The Pledgor shall take any and all steps necessary to protect the priority of the security interest granted herein, and in pursuance of this obligation, the Pledgors agree that.

- (a) the Pledgor shall not sell, transfer, lease or otherwise dispose of any of the Collateral or any interest therein or offer to do so without the prior written consent of the Secured Party, or permit anything to be done that may impair the value of any of the Collateral or the security intended to be afforded by this Agreement,
- (b) the Pledgor shall pay promptly when due all taxes and assessments upon the Collateral or for its use or operation and, if requested in writing by the Secured Party, shall deliver to the Secured Party, within ten days after such request, a receipt or other evidence satisfactory to the Secured Party of the payment thereof;
- (c) the Pledgor shall engage the services of a reputable accounting firm to prepare all Federal, state and local tax returns in which the Company, or its members, are required to report any items of income, gain, loss and deduction generated through the use of the Collateral;
- (d) the Pledgor shall sign and execute alone, or with the Secured Party, any financing statement or other document or procure any documents and pay all connected costs, expenses and fees, including attorneys' fees, necessary to protect the security interest under this Agreement against the rights, interests or claims of third parties;
- (e) the Pledgor shall reimburse the Secured Party for all costs, expenses and fees, including, without limitation, attorneys' fees, court costs and other legal expenses, incurred for any action taken by the Secured Party to remedy a default of Pledgor under this Agreement,
- (f) The Pledgor shall:
  - (i) from time to time promptly execute and deliver to the Secured Party all such other assignments, certificates, supplemental writings, and financing statements, and do all other acts or things as the Secured Party may request in order to more fully evidence and perfect the security interest created herein;
  - (ii) punctually and properly perform all of the Pledgor's agreements and obligations under this Agreement, and under any other security agreement, mortgage, deed of trust, collateral pledge, agreement or contract of any kind now or hereafter existing as security for and in connection with performance of the Obligations, or any part thereof;
  - (iii) promptly furnish the Secured Party with any information or writings which the Secured Party may request concerning the Collateral,

- (iv) allow the Secured Party to inspect all records of the Pledgor relating to the Collateral, the Obligations and the business and operation of the Company, and to make and take away copies of such records,
  - (v) promptly notify the Secured Party of any change in any facts or circumstances warranted or represented by the Pledgor in this Agreement or in any other writing furnished by the Pledgors to the Secured Party in connection with the Collateral, the Obligations and the business and operation of the Company;
  - (vi) promptly notify the Secured Party of any claim, action or proceeding affecting title to the Collateral, or any part thereof, or the security interest created herein, and, at the request of the Secured Party, appear in and defend, at the Pledgor's sole cost and expense, any such action or proceeding; and
  - (vii) promptly, after being requested by the Secured Party, pay to the Secured Party the amount of all expenses, including attorneys' fees, court costs and other legal expenses, incurred by the Secured Party in enforcing the security interest created herein,
- (g) the Pledgor shall not, without the prior written consent of the Secured Party, create any other security interest in, mortgage, pledge, or otherwise encumber the Collateral, or any part thereof, or permit the same to be or become subject to any lien, attachment, execution, sequestration, other legal or equitable process, or any encumbrance of any kind or character;
- (h) should the Collateral, or any part thereof, ever be in any manner converted by its issuer or maker into another type of property or any money or other proceeds ever be paid or delivered to the Pledgor as a result of the Pledgor's rights in the Collateral, then, in any such event, all such property, money and other proceeds shall become part of the Collateral, and the Pledgor covenants to forthwith pay or deliver to the Secured Party all of the same which is susceptible of delivery and, at the same time, if the Secured Party deems it necessary and so requests, the Pledgor will properly endorse or assign the same. With respect to any of such property of a kind requiring any additional security agreement, financing statement or other writing to perfect a security interest therein in favor of the Secured Party, the Pledgor will forthwith execute and deliver to the Secured Party whatever documentation the Secured Party shall deem necessary or proper for such purpose; and
- (i) should any covenant, duty or agreement of the Pledgor fail to be performed in accordance with its terms hereunder, the Secured Party may, but shall never be obligated to, perform or attempt to perform such covenant, duty or agreement on behalf of the Pledgor, and any amount expended by the Secured Party in such performance or attempted performance shall become a part of the Obligations, and, at the request of the Secured Party, the Pledgor agrees to pay such amount promptly to the Secured Party at the Secured Party's address set forth opposite its name below, or at such other place as the Secured Party may designate, together with interest thereon

at the interest rate provided for in the Note (the "Interest Rate") from the date of such expenditure by the Secured Party until paid.

**Section 6. Unconditional Obligation** All rights of the Secured Party and security interests hereunder shall be absolute and unconditional irrespective of:

- (a) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations;
- (b) any exchange, surrender, release or nonperfection of any other collateral for any of the Obligations; or
- (c) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Pledgor in respect of the Obligations of the Pledgor under the Purchase Agreement, the Note or this Agreement.

**Section 7. Events of Default**. For purposes of this Agreement, the term "Event of Default" shall mean the occurrence of any of the following events:

- (a) any "Event of Default" (as such term is defined in the Note or underlying Loan Documents"); or
- (b) a default shall be made by the Pledgor in the performance or observance of any covenant, condition, undertaking or agreement contained in the Loan Agreement, the Notes, Loan Documents, or this Agreement and such default shall continue for ten days without being cured after the Pledgor has received written notice from the Secured Party of the occurrence thereof.

**Section 8. Remedies of the Secured Party Following Event of Default**.

Notwithstanding any provision of any document or instrument evidencing or relating to the Obligations upon the occurrence of any Event of Default specified in Section 7, the Secured Party at its option may declare all of the Obligations immediately due and payable. The Secured Party may exercise from time to time any rights and remedies available under the Uniform Commercial Code, including the right to have Pledgor assemble the Collateral and deliver it to a place designated by Secured Party. The Secured Party shall, in addition to and not in limitation of all rights of offset under applicable law, have the right to appropriate and apply all of the Collateral in its possession to payment of the Obligations. With the assistance of Pledgor, the Secured Party may enter upon and into the premises of Pledgor and take possession of all or such part or parts of the Collateral as may be necessary or appropriate in the reasonable judgment of Secured Party, to permit or enable the Secured Party to store, lease, sell or otherwise dispose of or collect all or any part of the Collateral, and use and operate said properties for such purposes and for such length of time as the Secured Party may deem necessary or appropriate for said purposes without the payment of any compensation to Pledgor therefor. The Secured Party may proceed to sell or otherwise dispose of the Collateral at public or private sale for cash or credit; provided, however, that the Pledgor shall be credited with proceeds of such sale when the

proceeds are received by the Secured Party. At any such sale or sales of the Collateral, the Collateral need not be in view of those present and attending the sale, nor at the same location at which the sale is being conducted. The Secured Party may purchase all or any part of the Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of such purchase price, may setoff the amount of such price against the Obligations. Any proceeds of the Collateral may be applied by the Secured Party first to the payment of expenses and costs to exercise the Secured Party's rights hereunder, and second toward the Obligations. Any balance remaining shall be returned to the Pledgor.

**Section 9. Termination.** This Agreement shall continue in force so long as any portion of the Obligations remains unpaid. If the Secured Party receives any payment or payments on account of the Obligations which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under the Bankruptcy Code, 11 U.S.C. 101 et seq., as amended, or any other state or federal law, common law or equitable doctrine, then to the extent of any sum not finally retained by the Secured Party, the Pledgor's obligations to the Secured Party shall be reinstated and this Agreement, and any security therefor, shall remain in full force and effect (or be reinstated) until payment shall have been made to the Secured Party, notwithstanding termination of this Agreement or the cancellation of any note, instrument or agreement evidencing the Obligations, and such payment shall be due on demand by the Secured Party. If any proceeding seeking such repayment is pending or threatened, this Agreement and any security therefor shall remain in full force and effect notwithstanding that the Pledgor may not be obligated to the Secured Party.

**Section 10. Miscellaneous.**

- (a) No delay or omission on the part of the Secured Party in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Secured Party of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided to the Secured Party are cumulative and not exclusive of any rights or remedies provided by law.
- (b) This Agreement shall, upon execution and delivery by the Pledgor, become effective and shall be binding upon and inure to the benefit of the Pledgor, the Secured Party and their respective personal representatives, executors, heirs, successors and assigns. The Pledgor shall not be permitted to assign this Agreement except with the written consent of the Secured Party. The Secured Party shall be permitted to assign this Agreement without the consent of the Pledgor, but shall provide Pledgor notice upon assignment.
- (c) Unless the context otherwise requires, wherever used herein the singular shall include the plural and the plural shall include the singular, and the use of one gender shall denote the other where appropriate.

- (d) If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.
- (e) **WAIVER OF JURY TRIAL, ETC.** BORROWER HEREBY IRREVOCABLY AGREES THAT ALL SUITS, ACTIONS OR OTHER PROCEEDINGS WITH RESPECT TO, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY DOCUMENT OR INSTRUMENT EXECUTED IN CONNECTION HERewith SHALL BE SUBJECT TO LITIGATION IN COURTS HAVING SITUS WITHIN OR JURISDICTION OVER BOONE COUNTY, ILLINOIS OR WALWORTH COUNTY, WISCONSIN. BORROWER HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURT LOCATED IN OR HAVING JURISDICTION OVER SUCH COUNTY, AND HEREBY IRREVOCABLY WAIVE ANY RIGHT IT MAY HAVE TO REQUEST OR DEMAND TRIAL BY JURY, TO TRANSFER OR CHANGE THE VENUE OF ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT BY CREDITOR IN SUCH COUNTY IN ACCORDANCE WITH THIS PARAGRAPH, OR TO CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.
- (f) The headings of the Sections in this Agreement are provided for convenience only and shall not affect its construction or interpretation. This Agreement was negotiated by the parties with the benefit of legal representation, and any rule of construction or interpretation otherwise required this Agreement to be construed or interpreted against any party shall not apply to any construction or interpretation hereof.
- (g) This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile or electronic transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes.

***[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK; SIGNATURES ON FOLLOWING PAGE]***

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

**Pledgor.**

Morris Brothers, an Illinois general partnership

By:   
Its: CO-OWNER

**Secured Party:**

Farm-City Elevator, Inc. a Wisconsin corporation

By:   
Its: VP



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| MGHX 001043 | (1) 4,750 cubic foot covered hopper car built by Pullman in 1975 |
| MGHX 001044 | (1) 4,750 cubic foot covered hopper car built by Pullman in 1975 |
| MGHX 001045 | (1) 4,750 cubic foot covered hopper car built by Pullman in 1975 |
| MGHX 001046 | (1) 4,750 cubic foot covered hopper car built by Pullman in 1975 |
| MGHX 001047 | (1) 4,750 cubic foot covered hopper car built by Pullman in 1975 |
| MGHX 001048 | (1) 4,750 cubic foot covered hopper car built by Pullman in 1975 |
| MGHX 001049 | (1) 4,750 cubic foot covered hopper car built by Pullman in 1975 |
| MGHX 001050 | (1) 4,750 cubic foot covered hopper car built by Pullman in 1975 |