

I FILE NO. 599 FILED FOR RECORD THE 11 DAY OF STATE OF IOWA, WINNEBAGO COUNTY:
C. RECORDING FEES 16.00 September, 1998 AT 2:13 P.M. J. Ann Bartleson, Recorder
M. TRANSFER FEES _____ IN Miss BOOK 25 PAGE 169-71 By Donna Nelson, Deputy Clerk

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SEP 25 1998
WINNEBAGO CO. RECORDER

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SEP 25 PAGE 169-71
98 SEP 11 PM 2:13

WINNEBAGO CO. RECORDER

Above Space Reserved for Recording Information

Lease No. 1412303101

MEMORANDUM OF LEASE AND OPERATING AGREEMENT AND FACILITIES LEASE

Notice is hereby given that Hawkeye Seven, Inc., an Iowa Corporation ("Facility Site Owner"), Hawkeye Seven, Inc., an Iowa Corporation ("Facility Operator") and AgStar Farm Credit Services, ACA ("ACA") have each entered into a Facilities Lease Agreement dated September 9, 1998 ("FLA") and/or a Lease and Operating Agreement dated 9-10-98 ("LOA").

ACA is the Lessor in the FLA which covers a livestock facility ("Facility") located on real estate described on Exhibit A attached hereto ("Facility Site") and Facility Operator is the Lessee in said FLA.

Facility Site Owner has granted certain rights in the Facility Site to Facility Operator pursuant to the LOA and related easements or declarations. Upon default by Facility Operator, or if the term of the FLA ends and Facility Operator does not purchase the Facility, ACA has the right to select a new Facility Operator or to appoint itself as Facility Operator to operate the Facility located on the Facility Site. Upon termination of an FLA to a subsequent Facility Operator, if such Facility Operator decides to purchase the Facility from ACA, it shall also have an option to purchase the Facility Site from the Facility Site Owner.

Facility Site Owner has leased the real property located directly under the Facility, excluding the pit, if any ("Facility Footprint") to ACA, and ACA has rented same from Facility Site Owner under the terms and conditions contained in the LOA. Upon rejection of all or any provision of the FLA by Facility Site Owner, a bankruptcy trustee, a debtor in possession or any court of competent jurisdiction, ACA has an option to purchase the Facility Footprint.

The term of the LOA and related easements is 20 years, and the term of the Facilities Lease is 10 years.

This Memorandum is being recorded to give record notice of the existence of the FLA and LOA and is not intended to be a complete summary of such Agreements. Provisions in this Memorandum shall not be used in interpreting the LOA or FLA.

AGSTAR FARM CREDIT SERVICES, ACA

David F. Van Dyke
By: David F. Van Dyke
Its Financial Services Executive

**EXHIBIT A
FACILITY SITE DESCRIPTION**

That part of the NE¼NW¼, Sec. 35, T99N, R24W, Wacaubago County, Iowa, described as follows: Commencing at the Northwest corner of said Sec. 35; thence on an assumed bearing of North 89 degrees 36 minutes East, along the North line of said section, a distance of 1566.07 feet to an iron monument, said iron monument being the point of beginning of the tract to be described; thence South 0 degrees 26 minutes 55 seconds East, a bearing of 825.00 feet to an iron monument; thence North 90 degrees 00 minutes East, a distance of 750.00 feet; thence South 89 degrees 36 minutes 55 seconds West, a distance of 825.00 feet to the North line of said section; thence North 89 degrees 36 minutes West, along said North line, a distance of 750.00 feet to the point of beginning.