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WINNEBAGO COUNTY RECORDER

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REC FEE \$16.00
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JOANN BARTLESON
RECORDER

DOC. NO. **012380**

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Preparer

Lease No. 1412303.002

Information: Dallas Schultze, AgStar Financial Services, ACA, 411 S Grove St, Blue Earth MN 56013, 507-526-4175

MEMORANDUM OF OPERATING AGREEMENT AND FACILITY LEASE AND SECURITY AGREEMENT

Notice is hereby given that Hawkeye Seven, Inc., An Iowa Corporation ("Facility Site Owner"), N/A ("Property Owner"), Hawkeye Seven, Inc, An Iowa Corporation ("Facility Operator") and AgStar Financial Services, ACA ("ACA") have each entered into a Facility Lease and Security Agreement dated October 1, 2001 ("FLSA") and/or an Operating Agreement dated 10-11-01 ("OA").

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

Facility Site Owner has granted certain rights in the Facility Site to Facility Operator pursuant to the OA and related easements or declarations. Upon default by Facility Operator, or if the term of the FLSA 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 the FLSA, if the 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.

Upon rejection of all or any provision of the FLSA 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 Site.

The term of the Operating Agreement and related easements is 20 years, and the term of the Facility Lease and Security Agreement is 10 years.

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

AGSTAR FINANCIAL SERVICES, ACA



By: Mark Greenwood
Its Senior Financial Services Executive

State of Minnesota)
County of Blue Earth) ss.

The foregoing instrument was acknowledged before me on 10-9-01, by Mark Greenwood, Senior Financial Services Executive of AgStar Financial Services, ACA, an Instrumentality under the laws of the United States, on behalf of the Instrumentality.

Dallas R. Schultze
Notary Public

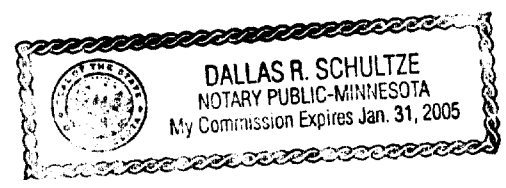


EXHIBIT A
FACILITY SITE DESCRIPTION

That part of the NE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 35, T99N, R24W, Winnebago County, Iowa described as follows: Commencing at the NW corner of said Section 35; thence on an assumed bearing of North 90 degrees 00 minutes East, along the North line of said section, a distance of 1439.07 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 distance of 825.00 feet to an iron monument; thence North 90 degrees 00 minutes East, a distance of 750.00 feet to an iron monument; thence North 0 degrees 26 minutes 55 seconds West, a distance of 825.00 feet to an iron monument located on the North line of said section; thence South 90 degrees 00 minutes West, along said North line, a distance of 750.00 feet to the point of beginning.