STIPULATION OF SETTLEMENT

WHEREAS John E. Henderson (hereinafter "Henderson") is the owner of certain real estate located in Delaware County, Iowa, which is legally described as follows:

> **The North one-half (N½) of the northwest quarter (NW¼), except railroad right of way, and the southeast quarter (SE¼) of the Northwest quarter (NW¼) of Section Twenty-five (25), Township Eighty-seven (87), North, Range Six (6) West of the 5th P.M.** (hereinafter "Parcel 1"); and,

WHEREAS, Drummy Bros., Inc. (hereinafter "Drummys") is an Iowa corporation which owns real estate located in Delaware County, Iowa, which is legally described as follows:

> **The Southeast Quarter of Section Twenty-Four (24), Township Eighty-Seven (87), North, Range Six (6), West of the Fifth Principal Meridian, subject to roads and highways, and electric line easements, if any.** (hereinafter "Parcel 2"); and,

WHEREAS, Henderson and Drummys are parties to a pending lawsuit in the Iowa District Court in and for Delaware County, Equity No. 3219, regarding a certain Drainage Easement and Agreement (hereinafter "Drainage Agreement") which was dated June 20, 1968, and which affects Parcels 1 and 2, along with other real estate, and which was recorded on July 19, 1968, in Book L, beginning at Page 174, in the office of the Delaware County, Iowa, Recorder; and,

WHEREAS, Drummys and Henderson desire to resolve and settle the disputes between them.

IT IS THEREFORE AGREED BY AND BETWEEN Drummys and Henderson as follows:

1. The Drainage Agreement is hereby confirmed as the operating agreement which continues to be the agreement under which these parties will operate their drainage system and all of the matters contained in the Drainage Agreement are hereby agreed to by the parties.

2. Attached for reference, marked Exhibit A, and fully incorporated herein, is a map of the drainage system which is the subject of the Drainage Agreement.

3. Henderson agrees to remove all trees, brush, and stumps which are located on Parcel 1 and are within 75 feet laterally of Mains A, B, A-1, A-2, and A Extension as designated in the Drainage Agreement and identified on Exhibit A.

4. Henderson agrees to reconstruct and reshape all waterways which are located on Parcel 1 in accordance with the specifications and guidelines established or developed by the Delaware County office of the Soil Conservation Service.

FILE No. 82-1287
RECORDING FEE $ 31.00
TRANSFER FEE $
FILED FOR RECORD THE 8 DAY OF November, 1994 AT 1:39 O'CLOCK P M. BOOK 5 PAGE 64
STATE OF IOWA, DELAWARE COUNTY
Deborah L. Peyton, Recorder
Misc.

5. Henderson shall completely reconstruct/replace Tile Mains A-1 and A-2 as they are situated upon Parcel 1. Drummys agree to pay $1.00 per linear foot of tile main which is reconstructed/replaced for Tile Mains A-1 and A-2, with such payment being made directly to the contractor completing the work. Henderson shall pay all other costs of reconstruction/replacement of Tile Mains A-1 and A-2.

6. Henderson shall completely reconstruct/replace that portion of Tile Main A which is referred to as Main A Extension and which is situated on Parcel 1 and extends northeasterly from the intersection with Tile Main A-1 (extending to the east-west boundary line of the Henderson and Faulkner properties). Drummys shall pay $1.00 per linear foot of tile main which is reconstructed/replaced for Tile Main A Extension, with such payment being made directly to the contractor completing the work. Henderson shall pay all other costs of reconstruction/replacement of said portion of Tile Main A Extension.

7. Henderson shall cause that portion of Tile Main B which is situated on Parcel 1 and that portion of Tile Main A which is situated on Parcel 1 and lying southwesterly of the portion of Tile Main A which is to be reconstructed pursuant to paragraph 6 above, to be inspected by the contractor completing the waterway and tiling work required in this agreement. In the event that said contractor determines that reconstruction of said portions of Tile Mains A and/or B is necessary, Henderson shall cause such portions of Tile Mains A and/or B to be reconstructed/replaced. Drummys shall pay $1.00 per linear foot of tile which is reconstructed in Tile Mains A and/or B, with such payment being made directly to the contractor completing the work. Henderson shall pay all other costs of inspection, reconstruction and replacement of Tile Mains A and/or B. For purposes of this paragraph, reconstruction or replacement of tile shall mean the replacement of at least 100 continuous feet of tile. Any lesser amount shall be constituted a repair which shall be the responsibility of Henderson.

8. In reconstructing/replacing Tile Mains A, A-1, A-2, A Extension or B, the tile main being replaced shall be removed from the waterway or bed of the main.

9. Drummys are aware that Henderson has made, or will be making, application to the Delaware County office of the Soil Conservation Service for a cost-sharing grant in relation to the waterway work to be completed pursuant to this agreement. It is understood that Henderson is the party making application for this cost-share and shall receive all cost-share funds which are approved and paid. Although a cost-share application is to be submitted, the parties understand and acknowledge that their obligations under this agreement are not contingent upon the approval or payment of any cost-share funds. In other words, all waterway and tile main work will be completed regardless of whether cost-share funds are available or paid.

10. Each party agrees to comply with all SCS requirements which affect the drainage area and will continue to make a good-faith effort to comply with all matters required of them under the Drainage Agreement and all ASCS or SCS rules and regulations.

11. Reconstruction and reshaping of the waterways and tile mains as required by this agreement shall be completed by November 15, 1995.

12. The parties agree that Koppes Tiling of Cascade, Iowa, which is operated by Chuck Koppes, will be contracted to complete the waterway and tile main work called for in this agreement. Henderson agrees to make initial contact with Koppes Tiling, immediately upon the execution of this Stipulation of Agreement, to make arrangements for the completion of the work anticipated by this agreement.

13. After completion of the construction work on the tile mains and waterway, the reconstructed waterways will be seeded. Drummys agree to supply equipment, labor and fuel for the initial seeding of the reconstructed waterways, with Henderson to supply the grass seed. As provided by the Drainage Agreement, Henderson will continue to have the obligation of clipping, mowing and maintaining the waterways on Parcel 1. Drummys agree to make a good faith effort to clip said waterways at such time as they clip their waterways and will notify Henderson if they intend to clip the waterways in Parcel 1. In the event that Henderson wishes to mow and bale the waterways located upon Parcel 1, he will inform Drummys of such intention. Although Drummys may clip the waterways on Parcel 1 from time to time, Henderson is and remains obligated to complete such clippings, and Drummys are not becoming obligated to perform such clipping by the execution of this agreement. Seeding will be completed as weather and conditions permit.

14. Prior to the seeding of the reconstructed waterways, Henderson agrees to remove all debris, rock, broken tile, and roots from the area to be seeded. Henderson further agrees to remove such items from the reconstructed waterways following seeding.

15. In the event that either party fails to carry out its obligations under this agreement, the other party shall be authorized to carry out such defaulted obligations and recover the expense of doing so from the defaulting party.

16. The parties are aware that the USDA farm programs for 1995 include a 7.5% set aside provision. Henderson agrees to cause the set aside acres for Parcel 1 to be established in such a manner as to allow the work anticipated by this agreement to be completed in a timely manner.

17. This agreement has been entered into by the parties for the purpose of settling disputed claims and therefore each party expressly denies any other liabilities to each other, including costs and attorney fees incurred in this litigation. As further consideration for this Drainage Agreement, Drummys will cause a Dismissal of the pending legal action in the Iowa District Court in and for Delaware County, Equity No. 3219, to be filed, which Dismissal shall be joined in by Henderson.

18. This agreement shall be binding upon all successors, heirs, and assigns of the parties and shall run with the land as described herein.

Dated this 4 day of November, 1994.

DRUMMY BROS., INC.

By: Thomas H Drummy Pres.
Thomas Drummy, President

By: John G Drummy Sec't
John G. Drummy, Secretary

Dated this 3rd day of November, 1994.

John E. Henderson

Betty J. Henderson

STATE OF IOWA)
) SS.
COUNTY OF ~~DELAWARE~~ JONES)

On this 4 day of November, 1994, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared THOMAS DRUMMY and JOHN G. DRUMMY, to me personally known, who, being by me duly sworn, did say that they are the President and Secretary, respectively, of said corporation executing the within and foregoing instrument; that no seal has been procured by the said corporation; that said instrument was signed on behalf of said corporation by authority of its Board of Directors; that the said THOMAS DRUMMY and JOHN G. DRUMMY acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by it and by them voluntarily executed.

Matthew G. McQuillen
Notary Public in and for the State of Iowa

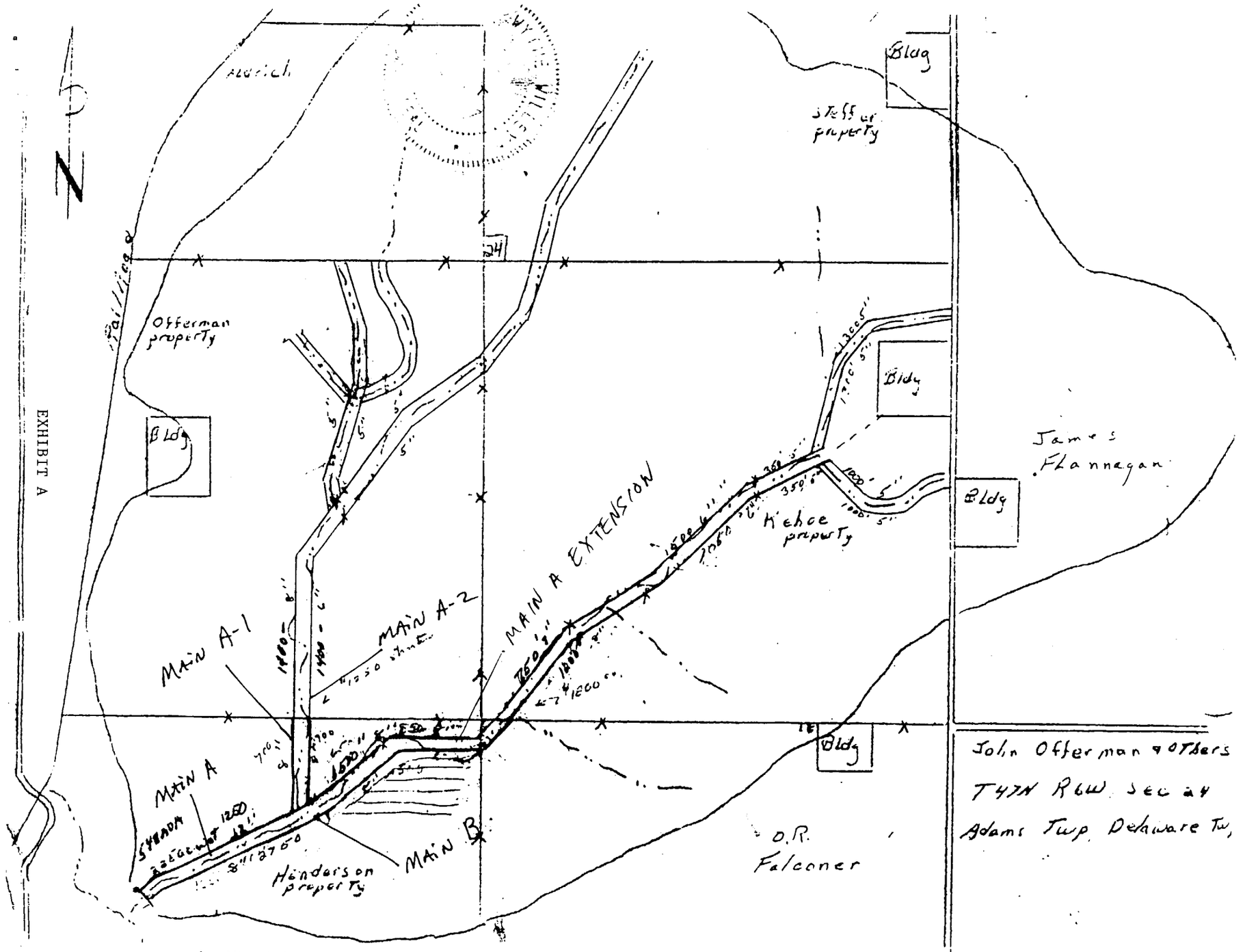
NOTARIAL SEAL IOWA
MATTHEW G. McQUILLEN
MY COMMISSION EXPIRES
11-4-94

STATE OF IOWA)
) SS.
COUNTY OF DELAWARE)

On this 3rd day of November, 1994, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared JOHN E. HENDERSON and BETTY J. HENDERSON, to me known to be the identical persons named in and who executed the foregoing instrument, and acknowledged that they executed the same as their voluntary act and deed.

Notary Public in and for the State of Iowa
WYTHE WILLEY




N
EXHIBIT A
Bldg
State of property
Offerman property
Bldg
Bldg
James Flannagan
Bldg
Bldg
Henderson property
O.R. Falconer
MAIN A-1
MAIN A-2
MAIN A EXTENSION
MAIN A
MAIN B
John Offerman & Others
T4N R6W Sec 24
Adams Twp. Delaware Tw.