DELAWARE COUNTY IOWA
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DEBORAH L. PEYTON
DELAWARE CO. RECORDER
26.00

Return to: (X) Farm Credit Services of America
319-927-3159

909 W. Main, Manchester, IA 52057
Dorothy A. Palmer

WASTE DISPOSAL LEASE AGREEMENT

THIS IS AN AGREEMENT entered into this 16 day of October, 2000, by and between Nicholas Anderson + Linda Anderson (hereinafter "Operator"), which operates or will operate a swine facility located at 12 52-220th Ave Hurley Iowa 52050 and Ruth Funke (hereinafter "Owner") with an address of 1256-220th Hurley, Iowa 52050.

In consideration of the mutual covenants and promises herein contained, the parties agree as follows:

1. Grant of Lease. Owner does hereby grant unto Operator, its successors and assigns, a lease for a period of twenty (20) years from and after the date hereof for the purposes of depositing all animal waste products excluding animals and animal parts from livestock operations conducted on the above described premises owned or operated by Operator, together with the right of entrance and exits at convenient points for such purposes and including the right to bring and maintain all equipment for the period necessary to deposit and disseminate said animal waste products on, over, across, and through the premises now owned by Owner, which are described as follows:

The Exhibit A on following Sheets of Section _____, Township _____ Range _____ of the _____ P.M., _____ County, _____ _____(state).

The legal description of Operator's facility is as follows:

911 address 1252-220 Ave Hurley, Iowa 52050

2. Time of Disposal. Unless otherwise consented to by Owner, said right to enter the above-described real estate of Owner and to deposit said waste products is limited in time to the time following harvesting of the crop grown thereon by Owner, its successors and assigns, up to and not later than June 1, of the next crop year, or other dates as agreed upon by Owner and Operator.

Said Lease shall further be limited by a maximum amount of waste products to be deposited upon said real estate. The maximum amount shall be mutually agreed upon by the parties hereto based upon the analysis of the soil and an analysis of the waste products, taking into account the intended farming use of the real estate by Owner, its successors and assigns. Operator shall have the right, but not the obligation to apply animal waste products to Owner's property above described at a rate not to exceed the nutrient uptake requirement of the crop. Owner guarantees Operator the right to apply a minimum of 125 pounds of nitrogen per acre

along with potassium and potash each year to the property described in Section 1 of this Agreement.

If the parties are unable to mutually agree upon the maximum amount of waste to be deposited under this Agreement, then the parties agree to submit samples of soil and waste to Iowa State University, Ames, Iowa, and to abide by their recommendation as to the maximum amount of waste that can be deposited upon said real estate taking into account Owner's intended farming use of said real estate. Should Iowa State University not be able to render said advice, then the samples shall be submitted to another credible laboratory of the parties' choice. The cost of said analysis shall be borne equally by the parties hereto.

3. Benefit. It is agreed that the Lease herein conveyed and granted shall inure to the benefit of Operator, its successors and assigns and shall pass automatically with a conveyance or transfer of possession of Operator. Owner represents that it has the full right and power to enter into the Lease granted herein.

4. No Minimum. The fact that this Agreement has been granted to Operator in no way obligates Operator or commits Operator to deposit any waste whatsoever upon the above described land. Subject to the limitations on the maximum amount of waste, Operator, its successors and assigns shall have full right to determine the amounts of waste to be deposited on said property.

5. Operator's Discontinuance of Business. In the event the Operator or its successors and assigns ceases to raise livestock on its premises for a continuous period of five (5) years, this Lease shall terminate.

6. Alternative Site. In the event Owner desires that Operator not apply animal waste to the property described in Section 1, Owner may obtain at its sole expense an alternative site within one (1) mile by established road from the closest boundary of Operator for application of the animal waste products in accordance with this Agreement. In the event such site is more than one (1) mile by established road from the closest boundary of the Operator premises, then Owner agrees to pay all transportation costs to get the animal waste products and effluent from the Operator's premises to the site for application.

7. Covenant Running with the Land. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives and shall be deemed as a covenant running with the land.

8. Compensation. Owner, its successors and assigns, agree to pay Operator, its successors and assigns, reasonable compensation for the cost of spreading and applying the animal waste products herein before described.

Future reasonable compensation will be determined by the parties each year depending on the circumstances in the local agricultural economy at the time, and if the parties are unable to mutually agree upon the reasonable compensation for any certain year, then the parties agree to

submit the question to Iowa State University, Ames, Iowa, and to abide by its recommendation of the fair compensation. Further, in the event Iowa State University is not able to render said advice, then each party shall select an expert and the two (2) experts shall select a third expert, and then, the three (3) experts shall make a recommendation concerning the reasonable compensation for the year and the parties agree to abide by said recommendation. Finally, if the three (3) experts cannot agree, then the reasonable compensation for the year shall be the average of the three (3) expert opinions.

IN WITNESS WHEREOF, the parties hereto have executed this Waste Disposal Lease Agreement the year and date first above written.

Owner

Rick L. Funke

Mary Jo Funke

Operator

Edward L. Funke

Lou Mae Funke

Sandra K. Andersen

STATE OF Iowa

COUNTY OF Delaware

The foregoing was acknowledged before me this 16 day of October 2002, by Rick Funke, Mary Jo Funke, Edward Funke, Lou Mae Funke, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Richard K. Hood
Notary Public

STATE OF Iowa

COUNTY OF Delaware

The foregoing was acknowledged before me this 2nd day of November 2002, by Nicklos J. Andersen, Nicholas M. Andersen, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

MARK H. ENGELBRECHT
MY COMMISSION EXPIRES
12-6-2002

Mark H. Engelbrecht
Notary Public
MARK H. ENGELBRECHT

ATTACHMENT A
TO MANURE DISPOSAL LEASE AGREEMENT

1. Lessee agrees to indemnify and hold harmless Lessor from any claims for injury to property owned or operated on Lessor's land by the Lessee and from any damage to property or persons, including employees of the Lessee, that may result from Lessee's use of Lessor's property.

2. Lessee further agrees to pay within thirty (30) days after demand is made by the Lessor for any damages Lessee may have caused to Lessor's property.

3. Lessee further agrees to hold harmless Lessor from any claims, civil or criminal, arising from any claim by local, State, or Federal Governments of Violations of any laws, rules, or regulations caused by Lessee or his employees caused by the hauling or spreading of manure on the leased premises.

4. Lessee agrees to put maximum allowed under operation's management manure plan under DNR per acre unless Lessor requests Lessee to apply more.

5. Lessee agrees to sample each building's pit and supply Lessor with the nutrient analysis of said manure.

6. Lessor will have decision making in regard to the following options:
   A. Lessee will apply the manure to Lessor's ground at the cost stated in contract.

   B. Lessee will provide a chopper pump at no cost to Lessor. Lessor will provide labor, tractor, applicator unit and any additional pumps needed.

   C. Lessor will apply waste at his own expense.

Owner

Rick L. Funke
x Mary M. Funke
x Edward L. Funke
Lou Mae Funke

Operator

Deadra M. Anderson

Exhibit "A"

The West one-half (W ½) of the Southwest fractional Quarter (SW fr ¼) of Section Eighteen (18), Township Ninety (90) North, Range Four (4) West of the Fifth P.M.; and the South one-half (S ½) of the South one-half (S ½) of the Northeast Quarter (NE ¼), and the North one-half (N ½) of the Northwest Quarter (NW ¼) of the Southeast Quarter (SE ¼), and the Northeast Quarter (NE ¼) of the Southeast quarter (SE ¼) of Section Thirteen (13), Township Ninety (90) North, Range Five (5), West of the Fifth P.M.; The Northwest Quarter (NW ¼) of the Northwest Quarter (NW ¼) of Section Twelve (12), Township Ninety (90) North, Range Five (5), West of the Fifth Principal Meridian

Except

Parcel "A" as described in plat recorded in Book 2000, page 2658 of the records of Delaware County, Iowa

Edward L. Funke

Edward L. Funke

Lou Mae Funke

Lou Mae Funke

Rick L. Funke

Rick L. Funke

Mary M. Funke

Mary M. Funke