DELAWARE COUNTY IOWA
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Mildor Corp
105 Deann Dr.
Manchester IA
52057

THIS INSTRUMENT PREPARED BY: Philip D. Brooks
Moyer & Bergman, PLC, 2720 1st Ave. NE, PO Box 1943, Cedar Rapids, IA 52406-1943, (319) 366-7333

FARM LEASE--CASH OR CROP SHARES

THIS LEASE ("Lease") is made between Mildor Corp., an Iowa corporation ("Landlord"), whose address for the purpose of this Lease is 105 Deann Drive, Manchester, Iowa, and Alona, Inc. ("Tenant"), whose address for the purpose of this Lease is 2343 – 140th Avenue, Manchester, Iowa.

THE PARTIES AGREE AS FOLLOWS:

1. **PREMISES AND TERM.** Landlord leases to Tenant the following real estate situated in Delaware County, Iowa (the "Real Estate"):

> The East Three Fourths (E ¾) of the North One Half (N ½) of Section 27, the Southeast Quarter (SE ¼) of Section 27, and the North One Half (N ½) of the Northeast Quarter (NE ¼) of Section 34; all in Township 88 North, Range Six (6), West of the 5th P.M., subject to highways and easements of record.

and containing 461.4 acres, more or less, possession by Tenant to commence on March 1, 2004, and end on February 28, 2005.

2. **RENT.** Tenant agrees to pay to Landlord as rent for the Real Estate (the "Rent"): (a) The sum of Thirty-Five Thousand Seven Hundred Fifty-Eight and 50/100 Dollars ($35,758.50) on or before March 15, 2004, and (b) The sum of Thirty-Five Thousand Seven Hundred Fifty-Eight and 50/100 Dollars ($35,758.50) on or before September 15, 2004. MR AU AU

All Rent is to be paid to Landlord at the address above or at such other place as Landlord may direct in writing.

3. **PLANTING AND CROPS.** Tenant shall prepare the Real Estate and plant such crops in a timely fashion as may be designated and directed by Landlord. Tenant shall only be entitled to pasture or plow those portions of the Real Estate designated by Landlord.

4. **PROPER HUSBANDRY.** Tenant agrees to farm the Real Estate in a good and husbandmanlike manner, and to seek to obtain the best crop production that the soil and crop season will permit. Tenant shall do what is reasonably necessary to control soil erosion including, but not limited to, the maintenance of existing watercourses, waterways, ditches, drainage areas, terraces and tile drains, and abstain from any practice which will cause damage to the Real Estate.

5. **HARVESTING OF CROPS**. Tenant agrees to appropriate care for all growing crops in a good and husbandmanlike manner, and to harvest all crops in a timely fashion. In the event Tenant fails to do so, Landlord reserves the right, by himself or by designated agents, to enter upon the Real Estate and properly care for and harvest all growing crops, charging the cost of the care and harvest to the Tenant, as part of the Rent.

6. **TERMINATION OF LEASE**. This Lease shall automatically renew upon expiration from year-to-year, upon the same terms and conditions unless either party gives due and timely written notice to the other of an election not to renew this Lease. If renewed, the tenancy shall terminate on March 1, of the year following provided that the tenancy shall not continue because of an absence of notice in the event there is a default in the performance of this Lease. All notices of termination of this Lease shall be as provided by law.

7. **POSSESSION AND CONDITION AT END OF TERM**. At the termination of this Lease, Tenant will relinquish possession of the Real Estate to the Landlord. If Tenant fails to do so, Tenant agrees to pay Landlord $195.94 per day, as liquidated damages until possession is delivered to Landlord. At the time of delivery of the Real Estate to Landlord, Tenant shall assure that the Real Estate is in good order and condition, and substantially the same as it was received by Tenant at the commencement of this Lease, excusable or insurable loss by fire, unavoidable accidents and ordinary wear, excepted.

8. **CARE OF SOIL**. Tenant agrees to distribute upon the poorest tillable soil on the Real Estate, unless directed otherwise by Landlord, all of the manure and compost from the farming operation suitable to be used. Tenant further agrees not to remove from the Real Estate, nor burn, any straw, stalks, stubble, or similar plant materials, all of which are recognized as the property of Landlord. Tenant may use these materials, however, upon the Real Estate for the farming operations.

9. **FERTILIZER, LIME AND CHEMICALS**. The following materials, in the amounts required by good husbandry, shall be acquired by Tenant and paid for by the parties as follows:

		% Landlord	% Tenant
(1)	Commercial Fertilizer—replace .375 lbs. $P_2 0_5$ = .275 lbs. $K_2 0$ per bushel of previous year's crop	0%	100%
(2)	Trace Minerals	0%	100%
(3)	Lime Acquisition and application – 4 year pro rate	0%	100%
(4)	Weed Control Chemicals	0%	100%

(5)	Pest Control Chemicals	0%	100%
(6)	Weed Spraying, Weed or Pest (special applications, aerial or high boy only)	0%	100%
(7)	Soil Tests	0%	100%
(8)	Multiperial Crop Insurance if procured	0%	100%
(9)	Other crop expenses approved in advance by Landlord	0%	100%

Lime and trace minerals shall be allocated over four years. If this Lease is not renewed, and Tenant does not therefore receive the full allocated benefits, Tenant shall be reimbursed by Landlord to the extent Tenant has not received the benefits. Unless specifically stated otherwise in writing by an addendum to this Lease, Tenant agrees to furnish, without cost, all labor, equipment and application for all fertilizer, lime, trace minerals and chemicals.

10. **COST OF COMBINING AND SHELLING OF CROPS.** The expense of combining and shelling of crops shall be borne as follows: 0% by Landlord, 100% by Tenant.

11. **FARM MACHINERY AND EQUIPMENT.** All necessary machinery and equipment shall be furnished at the expense of Tenant.

12. **CARE OF TREES, SHRUBS AND GRASS.** Tenant agrees to preserve and keep from injury all trees, vines and shrubbery that are now or may be planted upon the Real Estate.

13. **WEED CONTROL.** All noxious weeds shall be sprayed or otherwise timely destroyed by Tenant, at Tenant's expense. Tenant shall timely cut or spray with herbicide weeds in fence rows.

14. **LANDLORD'S RIGHT OF ENTRY AND INSPECTION.** In the event notice of termination of this Lease has been properly served, Landlord reserves the right to enter upon and plow the Real Estate after Tenant has completed the harvesting of crops. Landlord may enter upon the Real Estate at any reasonable time for the purpose of viewing or seeding and making repairs, or for other reasonable purposes.

15. **VIOLATION OF TERMS OF LEASE.** If Tenant or Landlord violates the terms of this Lease, the other shall have the right to pursue the legal and equitable remedies to which it is entitled. Tenant's failure to pay any Rent when due shall cause all unpaid Rent to become immediately due and payable, without any notice to or demand upon Tenant.

16. **LANDLORD'S LIEN AND SECURITY INTEREST**. Tenant agrees as an element of this Lease to waive and relinquish any rights of exemption to any of Tenant's personal property located on the Real Estate from sale or seizure under distress or execution on property that he holds at the time of the execution of this Lease or thereafter acquires as his exemption applies to any claim of Landlord against Tenant resulting from any violation of any term of this Lease. Tenant grants to Landlord, in addition to any statutory liens, a security interest as provided in the Iowa Uniform Commercial Code and a contractual lien on all Tenant's exempt and non-exempt personal property kept or used on the Real Estate including, but not limited to, all crops growing or grown on the Real Estate, as security for all sums due or which will become due from Tenant to Landlord. At Landlord's request, Tenant shall provide Landlord with a list of potential buyers of the crops grown on the Real Estate and shall sign financing statements prepared by Landlord to perfect Landlord's liens and security interests. If a list of potential buyers is requested by Landlord, Tenant shall not sell any crops grown on the Real Estate to a buyer who does not appear on the list.

17. **REPAIRS**. Tenant agrees to maintain the Real Estate, including hedges and fences, in good and proper repair. Landlord agrees to furnish necessary materials for repairs that Landlord deems necessary, and shall furnish the materials within a reasonable time after being notified of the need for repairs. Tenant agrees to haul the materials to the repair site without charge to Landlord.

18. **NEW IMPROVEMENTS**. All buildings, fences and improvements of every kind and nature that may be erected or established upon the Real Estate during the term of the Lease by the Tenant shall constitute additional rent and shall inure to the Real Estate, becoming the property of Landlord.

19. **EXPENSES INCURRED WITHOUT CONSENT OF LANDLORD**. No expense shall be incurred for or on account of the Landlord without first obtaining Landlord's written authorization. Tenant agrees that Tenant will take no actions that might cause a mechanic's lien to be imposed upon the Real Estate.

20. **PARTICIPATION IN GOVERNMENT PROGRAMS**. The participation of the Real Estate in any offered program by the United States Department of Agriculture for crop production control or soil conservation shall be Landlord's option. Payments from participation in these programs shall be divided 0% Landlord, 100% Tenant.

21. **WELL, WINDMILL AND WATER SYSTEM**. Tenant agrees to maintain all well, windmill and water systems on the Real Estate in good repair at Tenant's expense except such damage caused by windstorm or weather. This Lease includes no guarantee, either expressed or implied, by Landlord relative to continuous or adequate supplies of water for the Real Estate.

22. **ACCOUNTING**. The method used for dividing and accounting for the harvested grain shall be the customary and usual method used in the locale.

23. **ATTORNEY FEES AND COURT COSTS.** If either party files suit to enforce any of the terms of this Lease, the prevailing party shall be entitled to recover court costs and reasonable attorneys' fees.

24. **CHANGE IN LEASE TERMS.** The conduct of either party, by act or omission, shall not be construed as a material alteration of this Lease until such provision is reduced to writing and executed by both parties as addendum to this Lease.

25. **DELAY IN GIVING POSSESSION.** In the event that possession cannot be delivered within fifteen (15) days of commencement of this Lease, either Landlord or Tenant may terminate this Lease by giving the other party notice in writing.

26. **TELEVISION AND RADIO.** Tenant shall have the right to install and remove, without causing material injury to any structures or the Real Estate, television reception antennas, microwave dishes, and radio reception and transmission antennas placed upon the Real Estate by Tenant.

27. **CONSTRUCTION.** Words and phrases herein, including the acknowledgment, are construed as in the singular or plural and as the appropriate gender, according to the context.

28. **NOTICES.** The notices contemplated in this Lease shall be made in writing and shall either be delivered in person, or be mailed in the U.S. mail, registered mail, return receipt requested, to the recipient's last known mailing address. The notice provisions of this Section 31 shall not apply to the notice of termination set forth in Section 6. The notice of termination is specifically governed by the Code of Iowa.

29. **ADDITIONAL PROVISIONS.**

A. Landlord's Financial Responsibilities. In addition to those items noted in paragraph 9, Landlord will pay the following expenses involved in the farming operation in which he Real Estate is used: (1) real property taxes; (2) fire and casualty insurance on farm buildings, structures, and fixtures; and (3) cost of repair of all fixtures and improvements on the leased property, except those caused by the conduct or misconduct of Tenant or Tenant's agents or employees.

B. Procurement of Insurance. Landlord and Tenant agree that each shall notify their respective insurance carriers of this relationship and shall procure necessary endorsements to their policies (property and liability, multiperil crop, crop-hail, etc.) naming the other as an additional insured, if the case may be, so as to fully protect the other from liability imposed by reason of the Landlord-Tenant relationship or by law. Landlord and Tenant shall provide the other with proof of coverage within 60 days of the commencement of this Lease by a Certificate of Insurance furnished by the other's agent acknowledging the coverages provided as well as the limits contained therein. Should Landlord and Tenant fail to furnish the Certificate of

Insurance within 60 days to the other, the Landlord and Tenant may procure said insurance on behalf of the other and shall pay the premium therefor and treat the premium payment as an additional item of expenses which must be reimbursed with interest at twelve percent (12%) upon final settlement of the crop in accordance with the terms of this Lease.

Dated: Aug. 18, 2003.

"TENANT"
ALONA, INC.

By Allyn Durey
Allyn Durey, Its President

By Ilona Durey
Ilona Durey, Its Secretary

"LANDLORD"
MILDOR CORP.

By Milton Retz
Milton Retz, Its President

By Doris Retz
Doris Retz, Its Secretary

STATE OF IOWA)
) ss:
COUNTY OF DELAWARE)

On this 18 day of August, 2003, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Allyn Durey and Ilona Durey, to me personally known, who, being by me duly sworn, did say that they are the President and Secretary of said corporation; that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and that the said Allyn Durey and Ilona Durey acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by it voluntarily executed.

Notary Public in and
for the State of Iowa
David R Dudley

STATE OF IOWA)
) ss:
COUNTY OF DELAWARE)

On this 18 day of August, 2003, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Milton Retz and Doris Retz, to me personally known, who, being by me duly sworn, did say that they are the President and Secretary

of said corporation; that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and that the said Milton Retz and Doris Retz acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by it voluntarily executed.

Notary Public in and
for the State of Iowa.

David R Dudley

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