

REC \$ 25<sup>00</sup>  
AUD \$  
R.M.F. \$ 1<sup>00</sup>/<sub>5<sup>00</sup></sub>

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MICKI UTSLER  
RECORDER  
NADISON COUNTY, IOWA

Preparer Information: ✓ Earlham Savings Bank Individual's Name      130 N. Chestnut Street Address      Earlham City      (515) 758-2251 Phone

Space Above This Line  
For Recorder

**Subordination Agreement**

**This Agreement** is made this 11<sup>th</sup> day of December, 2003, between Earlham Savings Bank of Earlham, Iowa (the "Bank"), Verne Crabbs of Earlham, Iowa ("Crabbs"), and Associated Grading and Excavation, LLC, an Iowa limited liability company, having its office at 645 N.E. 6<sup>th</sup> Street, Earlham, Iowa, 50072 (the "Purchaser").

In Consideration of the purchase as hereinafter defined, Crabbs hereby agrees as follows:

1. **Title to Equipment.** Bank and Crabbs have received pursuant to a Voluntary Surrender of Collateral and Waiver Agreement executed by Gary Crabbs title to the list of equipment identified on the Bill of Sale from Gary Crabbs to Bank and Crabbs marked as Exhibit "A", which Bill of Sale with this reference is made a part hereof.
2. **Debt to Bank.** Gary Crabbs was indebted to Bank for three (3) loans secured by the equipment identified on the Bill of Sale, as of November 12, 2003, in the following amounts:  
  
Note 5003790, with an amount due of \$25,600.26, with interest accruing at the rate of \$5.43 per day;  
  
Note 5059639, with an amount due of \$4,625.08, with interest accruing at the rate of \$0.86 per day;  
  
Note 20400233627, with an amount due of \$17,066.85, with interest accruing at the rate of \$3.62 per day.
3. **Sale of Equipment, Consent of Bank, and Subordination of Crabbs.** Bank and Crabbs have agreed to the sale of the equipment to Associated Grading and Excavation, LLC, for an amount which would be sufficient to pay the debt to Bank, and for \$1.00 and other good and valuable consideration, Crabbs agrees and consents to the sale of equipment to the Purchaser and agrees to subordinate his secured claim in the equipment to be purchased by the Purchaser.
4. **Continuation of Security Interest in Subordination to Purchaser.** Purchaser agrees to execute and deliver to Crabbs a UCC financing statement, in the form as attached hereto and marked Exhibit "B" and made by reference a part hereof, which UCC financing statement preserves and continues the security interest held by Crabbs in the equipment, which security interest shall continue, but be subordinated to Purchaser's primary lender. Should Purchaser's primary lender change, Crabbs agrees to provide a subordination to the then primary lender of Purchaser upon Purchaser's request.

5. **Assignment and/or Release.** Bank agrees to either assign to Purchaser any and all financial statements on file as referenced in the voluntary surrender of collateral waiver agreement, or, upon request of Purchaser, to release and terminate the financing statements as filed with the Iowa Secretary of State, all as referenced in the voluntary surrender of collateral waiver agreement, which by this reference is incorporated herein as if set forth in full.
6. **Continuation Agreement.** The agreement and the obligations of Purchaser and Crabbs shall continue until payment in full of all claims of Crabbs notwithstanding any action or non-action of Crabbs with respect thereto or collateral thereunder until Crabbs receives notification in writing to the contrary.
7. **Binding Effect.** This Agreement shall extend to and by the respective successor, assigns, and administrators of the parties hereto, and shall be enforceable by any transferees or endorsees of any of the claims or claims.
8. **Governing Law.** This agreement shall be construed in accordance with and governed by the laws of the State of Iowa.
9. **Counterparts.** This agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Agreement has been executed by the parties the day and year first above written.

EARLHAM SAVINGS BANK

By: \_\_\_\_\_

James L. Adkins

Its \_\_\_\_\_

Vice President

STATE OF IOWA )

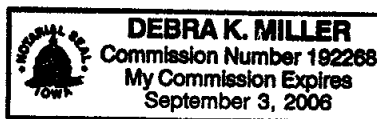
) ss.

COUNTY OF MADISON )

On this 17<sup>th</sup> day of December, 2003, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared James L. Adkins, to me personally known, who being by me duly sworn, did say that he is the Vice President of the 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; and that the officer acknowledged the execution of instrument to be the voluntary act and deed of said corporation, by it and by him voluntarily executed.

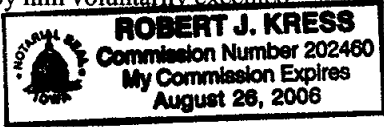
\_\_\_\_\_  
Verne Crabbs

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of Iowa



STATE OF IOWA )  
 ) ss.  
COUNTY OF MADISON )

On this 15<sup>th</sup> day of December, 2003, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared VERNE CRABBS, to me personally known, who being by me duly sworn, and by him voluntarily executed



Robert J. Kress  
NOTARY PUBLIC in and for the State of Iowa

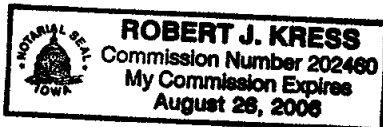
ASSOCIATED GRADING AND EXCAVATION, LLC

By: Jeffrey H. Beisner  
Jeffrey Beisner  
Its: Managing Member

By: Kevin J. Waechter  
Kevin J. Waechter  
Its: managing member

STATE OF IOWA )  
 ) ss.  
COUNTY OF MADISON )

On this 10<sup>th</sup> day of December, 2003, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Jeffrey Beisner and Kevin J. Waechter, its Managers/Members to me personally known, who being by me duly sworn, did say that they are the Managers/Members of the Limited Liability Company executing the within and foregoing instrument; that no seal has been procured by the said Limited Liability Company; that said instrument was signed on behalf of said Limited Liability Company by authority of its board of directors; and that the officer acknowledged the execution of instrument to be the voluntary act and deed of said Limited Liability Company, by it and by him voluntarily executed.



Robert J. Kress  
NOTARY PUBLIC in and for the State of Iowa

Exhibit "A"

Equipment List

EQUIPMENT
D6H CAT Dozer
D9G Cat Dozer
463 F Cat Scraper
48" American Roller
Rome Disc
2 Tile Trailers
86 Talbert Lowboy Trailer
95 Snapper Mower
87 4X4 Ford
87 4X4 Ford 4 dr.
79 - 1 Ton Truck
GMC Dump Truck
Rock Box
89 Peterbilt Truck
Miscellaneous Tools
92 Chevy 1 Ton Truck
Air Compressor
Polaris Ranger 6 Wheeler
99 Ford 350 Crew Cab
TOTAL

*[Handwritten mark]*

EXHIBIT "B"

**COPY**

**UCC FINANCING STATEMENT**  
FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Donald F. Neiman  
c/o Bradshaw, Fowler, Proctor &  
Fairgrave, P.C.  
801 Grand Avenue, Suite 3700  
Des Moines, IA 50309-2727

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME  
**Associated Grading and Excavating, LLC**

1b. INDIVIDUAL'S LAST NAME *[Handwritten]* FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**645 N.E. 6<sup>th</sup> Street Earlham IA 50072 USA**

1d. TAX I.D. #: SSN OR EIN ADD'NL INFO RE 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL I.D.#, if any (optional)  
**Corporation Iowa**  NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. TAX I.D. #: SSN OR EIN ADD'NL INFO RE ORGANIZATION 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL I.D.#, if any (optional)  
 NONE

3. SECURED PARTY'S (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME

3b. INDIVIDUAL'S LAST NAME *[Handwritten]* FIRST NAME MIDDLE NAME SUFFIX  
**Crabbs Verne**

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**R.R. 1, Box 419 Earlham IA 50072**

4. This FINANCING STATEMENT covers the following collateral:  
See attached.

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  COSIGNEE/COSIGNOR  BAILEE/BAILOR  SELLER/BUYER  A.G. LIEN  NON-  
UCC FILING

6.  This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional]  All Debtors  Debtor 1  Debtor 2

8. OPTIONAL FILER REFERENCE DATA  
LOAN NO. «TLOANNUMBER» («TLOCATION»)