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MARY E. WELTY
RECORDER
MADISON COUNTY, IOWA

Fee \$20.00

TRURO TAVERN PARTNERSHIP AGREEMENT

THIS AGREEMENT made this 1st day of February, 1989 by and between Dennis D. Hiatt and Merle L. Pottorff, each as individuals.

WHEREAS, Dennis Hiatt and Merle Pottorff desire to be engaged in the business of owning and operating a tavern in Truro and desire to associate in the form of a partnership for their mutual benefits.

WHEREAS, Dennis Hiatt and Merle Pottorff desire to reduce the terms, conditions, obligations and responsibilities of said partners effective February 1, 1989 to writing.

NOW, THEREFORE, in consideration of the mutual promises and undertakings hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and the intending to be mutually bound herein, the parties freely and voluntarily agree as follows:

PLACE OF DOING BUSINESS

1. It is agreed and understood that Dennis Hiatt and Merle Pottorff will purchase for the sum of thirteen thousand dollars (\$13,000.00) on contract with two thousand dollars (\$2,000.00) down and three hundred dollars (\$300.00) per month the existing tavern in Truro, Iowa as a principal place of business in which the partnership will operate. That all mail and business concerning the tavern will take place on the partnership property in Truro, Iowa. That both partners to this agreement shall have free access to and from said site at reasonable hours in which to complete their work, work at the bar, and do any necessary repairs to the structure.

OPERATING EXPENSES

2. It is further agreed between the partners that each one will share in the input expenses of the material, inventory, building, equipment, and any other improvements or items to be used directly in the ownership, maintenance and operation of a bar whatsoever. But at the time of signing this agreement neither

party is bringing any independently owned property into the partnership agreement which he is requesting a dollar value credit for as his fifty percent contribution to the partnership. It is further understood and agreed that each partner will be responsible for fifty percent (50%) of the maintenance, repair and replacement of any material, tools or fixtures used in the operation and maintenance of the tavern in Truro, Iowa during the duration of this partnership agreement.

3. Either party to this agreement shall have the expressed authority to bind the other partner in an amount up to \$100 for the purchase of materials, tools, or related expenses without the prior approval of the other partner. Any expense incurred in excess of \$100 will require the approval of both partners before the partnership will be bound to pay for the expenses.

EMPLOYER IDENTIFICATION NUMBER

4. At this time the parties to the agreement have applied for an Employer Identification Number. This Employer Identification Number when received will be the Employer Identification Number used as required for any taxes, that the partnership will be due or liable to pay for, and shall be used solely for the partnership's business.

TERMINATION

5. This agreement can be terminated at any time by either party to this agreement upon sixty (60) days written notice to the non-terminating party at the address listed below for the non-terminating party.

6. That this partnership agreement can be terminated upon mutual agreement of the parties.

7. That either party to this agreement will have the option to purchase the equity of the other party to this agreement. The equity position of either partner shall be determined by the close of the business books the month preceding notice of the other party to purchase the equity position of the other party.

8. That upon termination, the assets will be divided fifty percent (50%) to each party to this agreement either in like kind

or in cash disbursements, any remaining profits in the partnership will be divided fifty-fifty.

9. That this partnership will automatically dissolve and the assets and remaining profits will be split fifty percent (50%) to each party to this agreement upon the happening of anyone of the following events:

- a) The death of either party;
- b) The entrance into the military service of this or other country, voluntarily or involuntarily;
- c) An act of God or natural disaster that prohibits the continuation of the partnership;
- d) The disability of either one or both of the partners to continue working for the mutual benefit of both parties;
or
- e) The relocation of either party so as to make it impractical for the two of them to continue the partnership.

If such events take place, the assets and profits of the partnership will be settled within thirty (30) days of the event requiring termination.

10. This agreement does not preclude either party, their heirs, assigns or beneficiaries from seeking adequate remedy at law for the breach of this agreement against the other party.

PROFITS

11. The profits of this partnership shall be distributed on the fifty percent (50%) basis to each partner. Said profits shall be distributed quarterly each year beginning at the end of June, 1989. The partners, upon joint and mutual written agreement, may distribute profits at an earlier time other than quarterly, if agreed upon.

12. The partners to this agreement will establish a joint checking account at a bank mutually agreed upon by both parties in the name of TRURO TAVERN. This account shall be used to deposit the income and to pay the expenses as related to the partnership and for further distribution of the profits on a quarterly basis or as agreed upon by the parties.

13. The losses of this partnership agreement, will be paid fifty percent (50%) by each partner. Neither partner shall

unreasonably withhold his share of the debts of this partnership so as to cause a bad credit rating for the other partner or the partnership itself. The payment of such losses and/or debts will be due and payable as such debts become due and payable.

MISCELLANEOUS PROVISIONS

A. REVIEW/MODIFICATION

14. It is agreed and understood by and between the parties that this agreement and the parties respective responsibilities contained herein shall be reviewed on at least a semi-annual basis for purposes of reapportionment and/or reassessment of the expenses as may be required on an equitable basis.

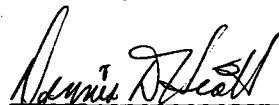
B. AUDIT/ACCOUNTING


15. All expenses contemplated herein shall be, absent special circumstances, be paid on a monthly basis or as required by each statement so as to protect the good name and credit of both partners. All books and records shall be mutually open for inspection upon the request of any party to this agreement. The parties shall account one to the other on a monthly basis, which accounting shall be, absent further request for supporting documents, rendered by receipt of a photocopy of the common expense account ledger, and/or actual sales receipts.

C. RECEIPTS/ACCEPTANCE

16. It is further agreed and understood by and between Dennis Hiatt and Merle Pottorff and each of them that their respective signatures will constitute an acknowledgment of a receipt of a copy of this agreement and acceptance of its terms. This document has been executed in duplicate so that both parties to this agreement may have an original copy.

IN WITNESS WHEREOF, the parties have executed the foregoing partnership agreement in duplicate on the date first hereinof written.


DENNIS D. HIATT
R.R. 1
Peru, Iowa 50222


MERLE L. POTTORFF
310 South 11th Street, #4
Adel, Iowa 50003