

**ASSIGNMENT OF MORTGAGE AND THIRD AMENDMENT TO MORTGAGE AND SECURITY AGREEMENT**

This Assignment of Mortgage and Third Amendment to Mortgage and Security Agreement (the "Third Amendment") is made as of the 1st day of November, 1996, to assign and amend the Mortgage and Security Agreement dated the 30th day of June, 1988, by and between ROSE ACRE FARMS, INC., an Indiana corporation (the "Mortgagor") and COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "Rabobank Nederland", New York Branch, a banking association ("Rabobank") and with Rabobank as Agent for itself and FBS Ag Credit, Inc. ("FBS") and Farm Credit Services of Mid-America, ACA ("FCS") (as "Agent"; Rabobank and the Agent being hereinafter referred to individually and collectively as the "Mortgagee"), as previously amended.

I. Assignment. Rabobank does hereby transfer, convey and assign to itself individually and to itself as Agent for itself, FBS and FCS all of its interest in the Mortgage.

II. Amendment. WHEREAS, the Mortgagor, Rabobank, FBS, FCS and the Agent have entered into a Mortgage and Security Agreement dated the 30th day of June, 1988, which covered the real estate described on Exhibit "A" attached hereto and which was recorded on June 30, 1988, in the office of the County Recorder of Madison County, Iowa, in Book of Mortgages 150 at Page 534 and on June 30, 1988, in the office of the County Recorder of Guthrie County, Iowa, in Book 402 of Mortgages at Page 1913 (the "Mortgage and Security Agreement");

WHEREAS, the Mortgage and Security Agreement was previously amended by that certain First Amendment to Mortgage and Security Agreement made as of the 15th day of January, 1991, which was recorded on February 12, 1991, in the office of the County Recorder of Madison County, Iowa, in Book of Mortgages 158 at Page 217 and on February 12, 1991, in the office of the County Recorder of Guthrie County, Iowa, in Book of Mortgages 409, Page 1234 (the "First Amendment") and by that certain Second Amendment to Mortgage and Security Agreement dated as of the 20th day of March, 1992 and which was recorded on March 25, 1992, in the office of the County Recorder of Madison County, Iowa, in Book of Mortgages 161 at

NOTICE: THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF \$70,000,000. LOANS AND ADVANCES UP TO THIS AMOUNT, TOGETHER WITH INTEREST ARE SENIOR TO INDEBTEDNESS TO OTHER CREDITORS UNDER SUBSEQUENTLY RECORDED OR FILED MORTGAGES AND LIENS.

NOTHING HEREIN SHALL CONSTITUTE A COMMITMENT TO MAKE ADDITIONAL OR FUTURE LOANS OR ADVANCES IN ANY AMOUNT.

FILED NO. **1668**

BOOK 186 PAGE 64

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MICHELLE UTSLER  
RECORDER  
MADISON COUNTY, IOWA

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REC \$ 55.00  
AUD \$           
S.A.F. \$ 1.00

Page 527 and on March 25, 1992, in the office of the County Recorder of Guthrie County, Iowa, in Book 413 of Mortgages at Page 0571 (the Mortgage and Security Agreement, as amended by the First and Second Amendment is hereinafter referred to as the "Mortgage");

WHEREAS, the Mortgagor, Rabobank, FBS, FCS and the Agent have entered into that certain Revolving Credit Agreement dated as of November 1, 1996, under the terms of which Mortgagee agrees to lend, and Mortgagor agrees to borrow, the principal sum of up to \$35,000,000 (the "Revolving Credit Agreement") and that certain Term Loan Agreement dated as June 1, 1994, under the terms of which Mortgagee agrees to lend, and Mortgagor agrees to borrow, the principal sum of up to \$20,500,000 (the "Term Loan Agreement"); and

WHEREAS, as a means of inducing the Mortgagee to enter into the Revolving Credit Agreement, Mortgagee agrees to execute and deliver this Third Amendment in order that the Mortgage, as amended by this Third Amendment also secures Mortgagee's indebtedness, liability and obligations under the 1994 Term Loan Agreement, and any and all other indebtedness, liabilities and obligations now and at any time and from time to time owing by the Mortgagor to COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "Rabobank Nederland", New York Branch, a banking association ("Rabobank") and Rabobank as Agent for itself and FBS Ag Credit, Inc. and Farm Credit Services of Mid-America, ACA (as "Agent"; Rabobank and the Agent being hereinafter referred to individually and collectively as the "Mortgagee").

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Mortgagor and the Mortgagee hereby amend the Mortgage, as follows:

A. The third paragraph on the first page of the Mortgage, which begins with the word "NOTICE" and ends with the word "LIENS" is hereby amended and restated in its entirety as follows:

NOTICE: THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF \$70,000,000. LOANS AND ADVANCES UP TO THIS AMOUNT, TOGETHER WITH INTEREST ARE SENIOR TO INDEBTEDNESS TO OTHER CREDITORS UNDER SUBSEQUENTLY RECORDED OR FILED MORTGAGES AND LIENS.

B. That portion of the Mortgage captioned "THE GRANT" is hereby amended and restated in its entirety as follows:

#### THE GRANT

For good and valuable consideration, including, but not limited to the issuance of the February Letter of Credit (as herein below defined), the extension of credit under the Term Loan Agreement (as herein below defined), the Revolving

Credit Agreement (as herein below defined) of up to the principal amount of \$35,000,000 and the extension of credit under the Term Loan Agreement (as herein below defined) of up to the principal amount of \$20,500,000, the receipt of all of which is hereby acknowledged, the Mortgagor does by these presents grant, bargain, sell, convey, mortgage and warrant unto the Mortgagee, its successors and assigns, the following described real estate situated in the Counties of Madison and Guthrie, State of Iowa, (the "Land"), to-wit:

See Exhibit "A" attached hereto by this reference made a part hereof

and all buildings, structures and improvements now existing and to be constructed thereon (the "Buildings");

TOGETHER with all and singular the easements, rights of way, licenses, privileges, and appurtenances thereunto belonging, and also all the estate, right, title and interest of Mortgagor either at law or in equity, of, in and to the Land and Buildings, and every part thereof, or in anywise appertaining thereto, including without limitation the entire interest of the Mortgagor in, to, over and under any streets, alleys, or land adjoining the Land and Buildings, and all claims of the Mortgagor either in law or in equity, in possession or expectancy, of, in and to the Land and Buildings, and all estates, rights and interests hereinafter acquired by Mortgagor in the Land and Buildings, and all right, title and interest of Mortgagor in and to any strips and gores adjoining the Land and Buildings;

TOGETHER with all fixtures and equipment of every kind and nature whatsoever, now or hereafter located in or upon or affixed to said Land and Buildings, or any part thereof, and used or usable in connection with any present or future operation of said Land and Buildings, and now owned or hereafter acquired by Mortgagor, including, but without limitation of the generality of the foregoing, all heating, lighting, incinerating, refrigerating, ventilating, air-conditioning, air-cooling, lifting, fire extinguishing, plumbing, cleaning, communications, and power equipment and apparatus; all gas, water and electrical equipment, and all elevators, escalators, conveyors, feeders, waterers, incubators, switchboards, engines, motors, tanks, pumps, screens, storm doors, storm windows, conduits, compressors, furnaces, boilers, ranges, ovens, sinks, water closets, pipes, faucets, mirrors, refrigerators, dishwashers, office equipment, cooking apparatus and appliances, built-in furniture and installations, communications equipment, sprinklers and alarm systems; and all renewals or replacements thereof, all additions thereto or articles in substitution thereof, and all of the estates, right, title and interest of the Mortgagor in and to all equipment and fixtures of any nature whatsoever now or hereafter situated on the Land and Buildings, or intended to be used in connection with the operation thereof; it being understood and agreed that all such fixtures and equipment are declared to be a

portion of the security for the indebtedness hereby secured (whether in single units or centrally controlled, and whether physically attached to said real estate or not);

TOGETHER with all right, title, and interest of the Mortgagor in and to all leases and subleases with respect to the Land and Buildings, and the rents, issues, and profits arising therefrom, and all cash or securities deposited to secure performance by the lessees or sublessees of their obligations thereunder, whether said cash or securities are to be held until the expiration of the terms of said leases or subleases or are to be applied to one or more of the installments of rent coming due immediately prior to the expiration of said terms; and all leasehold estates held or hereafter acquired by Mortgagor in connection with its operation of the Land and Buildings;

IT BEING the intention of the parties that, to the full extent of the law, all property of the character hereinabove described, both real and personal, and all estates and interest in such property, which are now owned or hereafter acquired by the Mortgagor and are a part of, used on or in connection with the use or enjoyment of, affixed or annexed to the Land and Buildings, shall be and remain or become and constitute a portion of the security covered by and subject to the first and paramount lien of this Mortgage, together with all rents, income, revenues, insurance proceeds and profits thereof and the present and continuing right to make claim for, elect, receive and receipt for any and all such rents, income, revenue, insurance proceeds, issues and profits arising therefrom or in connection therewith; and together with such further and different estate or estates acquired by the Mortgagor in any of the said property at any time hereafter; and together with any and all right, title and interest of Mortgagor in and to all awards, damages and moneys received in connection with any taking of all or any portion of the property subject to the lien hereof under the exercise of eminent domain, or any money or settlement received by the Mortgagor in connection with any conveyance in lieu of such taking, and any and all moneys and other properties, real and personal, which may from time to time be subjected to the lien hereof though a supplement of this Mortgage or otherwise, it being the intention of the Mortgagor that all property hereafter acquired by the Mortgagor and required to be subject to the lien of this Mortgage or intended so to be shall forthwith by the acquisition thereof by the Mortgagor be as fully now owned by the Mortgagor and were specifically described in this Mortgage and conveyed and mortgaged hereby or pursuant hereto, (all of the above-mentioned property set forth in the foregoing paragraphs is collectively referred to herein as the "Mortgaged Collateral");

TO HAVE AND TO HOLD the Mortgaged Collateral with the privileges and appurtenances thereunto belonging, and all rents, issues and profits therefrom, unto Mortgagee, its successors and assigns, forever, for the uses and purposes herein expressed. Mortgagor covenants that at and until the execution and delivery of this Mortgage, Mortgagor is well seized of the Land and Buildings in fee simple

and Mortgagor's interest in the fixtures and equipment that are a part of the Mortgaged Collateral is free and clear of all liens, encumbrances and security interests, subject, however, only to the Permitted Encumbrances noted on Exhibit "B-1" attached hereto (the "Permitted Encumbrances"), and has good, right and full power to grant, bargain, sell, convey, grant a security interest in, mortgage and warrant the entire Mortgaged Collateral in the same manner and form written; and that the same are free from all liens, encumbrances and security interests, whatsoever, excepting only the Permitted Encumbrances, and that the Mortgagor does warrant and will defend the said Mortgaged Collateral, with the privileges and appurtenances thereunto belonging to the Mortgagee, its successors and assigns, forever, against all lawful claims and demands whatsoever.

PROVIDED ALWAYS, and these presents are upon the following express conditions, that if the:

(a) Mortgagor, its successors and assigns, shall pay or cause to be paid to Rabobank, or order, the full principal sum of \$20,500,000, with interest thereon according to the terms and conditions of the Term Loan Agreement, dated as of June 1, 1994, between Mortgagor and Mortgagee (the "Term Loan Agreement"), and that certain Promissory Note dated June 1, 1994, executed and delivered by Mortgagor to Rabobank pursuant to the terms of the Term Loan Agreement (the "Term Note"), the terms of which are incorporated herein by reference, with interest thereon at the rate set forth therein, and shall pay all other sums due Rabobank as provided in the Term Note and Term Loan Agreement; and

(b) Mortgagor, its successors and assigns, shall pay or cause to be paid to the Mortgagee, or order, the principal sum of \$35,000,000.00, (or so much thereof as which may now or hereafter be advanced), with interest thereon, according to the terms and conditions of the Revolving Credit Agreement dated as of November 1, 1996, between Mortgagor and Mortgagee (the "Revolving Credit Agreement") and the certain Promissory Notes dated as of November 1, 1996, executed and delivered by Mortgagor to the Agent, Rabobank, FBS Ag Credit, Inc. and Farm Credit Services of Mid-America, ACA pursuant to the terms of the Revolving Credit Agreement (the "Revolving Credit Note"), the terms of which are incorporated herein by reference, with interest thereon at the rate set forth therein, and shall pay all other sums due Mortgagee as provided in the Revolving Credit Note and Revolving Credit Agreement; and

(c) Mortgagor, its successors and assigns, shall pay or cause to be paid to Rabobank, or order, the aggregate principal amount of \$6,430,000.00 including (i) the repayment of all indebtedness of the Mortgagor arising under the Reimbursement Agreement dated as of

February 15, 1991, between Mortgagor and Mortgagee (the "February Reimbursement Agreement") on account of any draft drawn under the Letter of Credit issued by Rabobank to Citizens Fidelity Bank and Trust Company, Indiana, as Trustee, in the amount of \$6,430,000.00, dated as of February 15, 1991 (the "February Letter of Credit"), and which indebtedness is due and payable on the day a draft under the February Letter of Credit is honored, and all renewals, extensions and modifications thereof and any agreement or note issued in evidence thereof or in substitution therefore; (ii) the payment of the annual commission for causing the issuance of the February Letter of Credit designated in the February Reimbursement Agreement; (iii) the payment of all other sums as may be advanced by Rabobank in accordance with the February Reimbursement Agreement; (iv) interest on all amounts described above at an annual rate which shall at all times be equal to the rate of interest announced by Rabobank from time to time as its base rate plus 1 1/2%; and (v) the payment and performance of all other indebtedness, liabilities or obligations of the Mortgagor to Rabobank arising as a result of the covenants and agreements of the Mortgagor contained in the February Reimbursement Agreement or this Mortgage; and

(d) Mortgagor, its successors and assigns, shall pay or cause to be paid to the Mortgagee, or order, all indebtedness, liability or obligation at any time and from time to time owing by the Mortgagor to the Agent, Rabobank, FBS Ag Credit, Inc. and Farm Credit Services of Mid-America, ACA on account of any and all past, present, or future loans, guaranties, advances, accommodations and other extensions of credit for any purpose whether such indebtedness, liability or obligation is direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several, to the same extent and having the same priority as if such future or additional loans, advances, or readvances were made on the date of the execution of this Mortgage; and

(e) Mortgagor, its successors and assigns, shall pay or cause to be paid to the Agent, Rabobank, FBS Ag Credit, Inc. and Farm Credit Services of Mid-America, ACA, or order, any and all sums, together with interest accruing thereon as herein provided, that may hereafter be advanced by or on behalf of the Mortgagee under the terms of this Mortgage as a result of the failure of the Mortgagor to perform its obligations under this Mortgage,

then this Mortgage and the estate hereby granted shall cease, determine and be void, and said Mortgage shall thereupon be released by the Mortgagee at the cost and expense of the Mortgagor.

The Term Loan Agreement, the Revolving Credit Agreement, and the February Reimbursement Agreement are hereinafter individually and collectively referred to as the "Credit Agreement"; and the Term Note and the Revolving Credit Note are hereinafter collectively referred to as the "Note."

C. Paragraph 2 beginning on page 4 of the Mortgage is hereby amended and restated in its entirety as follows:

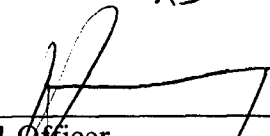
2. Payment; Obligations Secured. Mortgagor will pay the principal of and interest on the indebtedness evidenced by the Note and Credit Agreement, and any and all extensions or modifications thereof, at the time and in the manner therein provided. This Mortgage secures the payment and performance of each and every covenant, obligation and undertaking of the Mortgagor in the Note and the Credit Agreement, and all indebtedness and obligations of Mortgagor and Mortgagee herein and therein now existing or hereafter incurred including, but not limited to, any sums advanced by Mortgagee for legal expenses and attorneys' fees arising out of the enforcement of or foreclosure under this Mortgage and the Assignment and all costs and expenses advanced by Mortgagee hereunder and thereunder.

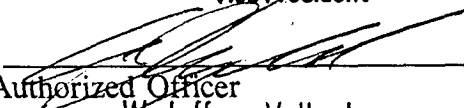
This Mortgage also secures all indebtedness, liability or obligation at any time and from time to time owing by the Mortgagor to the Agent, Rabobank, FBS Ag Credit, Inc. and Farm Credit Services of Mid-America, ACA on account of any and all past, present, or future loans, guaranties, advances, accommodations and other extensions of credit for any purpose whether such indebtedness, liability or obligation is direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several, to the same extent and having the same priority as if such future or additional loans, advances, or readvances were made on the date of the execution of this Mortgage. The total amount of principal secured by this Mortgage may be increased or decreased from time to time, but the total unpaid principal balance so secured at any one time shall not exceed the maximum principal amount of Seventy Million Dollars (\$70,000,000) plus interest thereon at the applicable rate therefor and any disbursements made under the Note, Credit Agreement, Assignment or this Mortgage including, without limitation, the payment of taxes, assessments, levies, insurance premiums, attorneys' fees, costs incurred for the protection of the Property, or otherwise with interest on such disbursements at the rate specified in the Note, Credit Agreement or Assignment, as the case may be, from time to time. It is agreed that any such indebtedness, liability or obligation shall be equally secured with, and have the same priority as, the original principal and shall be subject to all of the terms, provisions, and conditions of this Mortgage, whether or not, any written instrument, agreement or document evidencing such indebtedness, liability or obligation contain a recital that it or they are secured by this Mortgage.



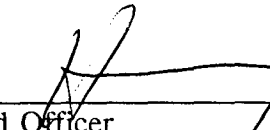


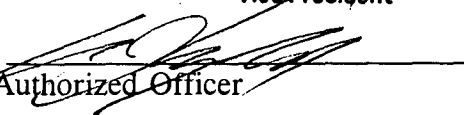
COOPERATIEVE CENTRALE  
RAIFFEISEN-BOERENLEENBANK B.A.,  
"Rabobank Nederland" AS

By   
Authorized Officer  
**DANA W. HEMEKWAY**  
Vice President

By   
Authorized Officer  
W. Jeffrey Vollack  
Vice President, Manager

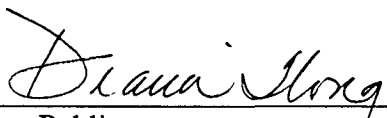
COOPERATIEVE CENTRALE  
RAIFFEISEN-BOERENLEENBANK B.A.,  
"Rabobank Nederland" and Rabobank Nederland  
as Agent for itself and FBS Ag Credit, Inc.  
and Farm Credit Services of Mid-America, ACA AS

By   
Authorized Officer  
**DANA W. HEMEKWAY**  
Vice President

By   
Authorized Officer  
W. Jeffrey Vollack  
Vice President, Manager

STATE OF NEW YORK )  
 ) ss.  
COUNTY OF NEW YORK )

On this 20th day of November, 1996, before me, the undersigned, a Notary Public in and for the State of New York, personally appeared Dana W. Hemenway and W. Jeffrey Vollack, who, being by me duly sworn duly say that they are the Vice Presidents and Managers, ~~respectively~~, of Cooperative Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", executing the within and foregoing instrument; that (no seal has been procured by the said) (the seal affixed thereto is the seal of said) corporation; that said instrument was signed (and sealed) on behalf of said corporation by authority of its Board of Directors; and the said Vice Presidents and Managers, as such officers, acknowledged the execution of said instrument to be the voluntary act and deed of said banking association, in its individual capacity and as Agent, by them voluntarily executed.

  
\_\_\_\_\_  
Notary Public

DIANA WONG  
Notary Public, State of New York  
No. 4973432  
Qualified in Rockland County  
Commission Expires October 22, 1998

This instrument was prepared by and after recording should be returned to:  
Steven C. Turner  
Baird Holm Law Firm  
1500 Woodmen Tower  
Omaha, NE 68102

192745.05

Exhibit A  
to  
ASSIGNMENT OF MORTGAGE AND THIRD AMENDMENT  
TO MORTGAGE AND SECURITY AGREEMENT  
Dated November 1, 1996

The following described real estate situated in Guthrie County, Iowa, to-wit:

THE WEST HALF (W1/2) OF THE NORTHEAST QUARTER (NE 1/4) AND LOT ONE (1) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE NORTHWEST QUARTER (NW 1/4) AND LOT ONE (1) OF THE NORTHEAST QUARTER (NE 1/4) OF THE NORTHWEST QUARTER (NW 1/4), ALL IN SECTION THIRTY-SIX (36), TOWNSHIP EIGHTY (80) NORTH, RANGE THIRTY-TWO (32), WEST OF THE 5TH P.M., IN GUTHRIE COUNTY, IOWA, EXCEPT A PARCEL OF LAND LOCATED IN THE SOUTHWEST QUARTER (SW 1/4) OF THE NORTHEAST QUARTER (NE 1/4) OF SAID SECTION THIRTY-SIX (36), DESCRIBED AS FOLLOWS: COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 36; THENCE WEST (ASSUMED), 1,405.00 FEET ALONG THE SOUTH LINE OF THE NE 1/4 OF SAID SECTION 36; THENCE NORTH 50.00 FEET TO THE R. O. W. LINE OF COUNTY HIGHWAY N-70, THE POINT OF BEGINNING, THENCE CONTINUING NORTH 185.00 FEET, THENCE WEST 180.00 FEET; THENCE SOUTH 185.00 FEET, THENCE EAST 180.00 FEET TO THE POINT OF BEGINNING; SAID EXCEPTION CONTAINS 0.7645 ACRES.

AND

The following described real estate situated in Madison County, Iowa, to wit:

THE EAST HALF (E 1/2) AND THE NORTHEAST QUARTER (NE 1/4) OF THE NORTHWEST QUARTER (NW 1/4) OF SECTION THIRTY-FOUR (34) IN TOWNSHIP SEVENTY-SIX (76) NORTH, RANGE TWENTY-EIGHT (28) WEST OF THE 5TH P.M., MADISON COUNTY, IOWA, EXCEPT A PARCEL OF LAND IN THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 34, TOWNSHIP 76 NORTH, RANGE 28, WEST OF THE 5TH P.M., MADISON COUNTY, IOWA, MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHEAST CORNER OF SECTION 34, T 76N, R28W OF THE 5th P.M., MADISON COUNTY, IOWA THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS 1,918.38 FEET ALONG THE EAST LINE OF SAID SECTION 34 TO THE POINT OF BEGINNING, THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS WEST 183.00 FEET; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS 100.00 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS EAST 183.0 FEET TO THE EAST LINE OF SAID SECTION 34; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS 100 FEET TO THE POINT OF BEGINNING.