



NASSAU COUNTY
BOARD OF COUNTY COMMISSIONERS
P.O. Box 1010
Fernandina Beach, Florida 32035-1010

Nick Deonas
Ansley Acree
Vickie Samus
Floyd L. Vanzant
Marianne Marshall

Dist. No. 1 Fernandina Beach
Dist. No. 2 Fernandina Beach
Dist. No. 3 Yulee
Dist. No. 4 Hilliard
Dist. No. 5 Callahan

J. M. "Chip" OXLEY, JR.
Ex-Officio Clerk

MICHAEL S. MULLIN
County Attorney

March 22, 2004

Mr. Dan Powell
First National Bank
1891 South 14th Street
Fernandina Beach, FL 32034

RE: Short Term Loan - \$229,449

Dear Mr. Powell:

As Counsel for the Board of County Commissioners of Nassau County, Florida, I am of the opinion that:

1. The Board of County Commissioners has the legal authority to enter into a loan agreement with First National Bank.
2. First National Bank was chosen based upon a competitive process as established by the Clerk of the Court.
3. The terms of the loan are legally valid and binding.
4. No litigation is pending, or, to the best of my knowledge, threatened in any court or other tribunal, state or federal, in any way questioning or affecting the validity of the loan agreement or the ability of the Board of County Commissioners to repay same.
5. The Chairman of the Board of County Commissioners is authorized to execute the loan agreement on behalf of the Board of County Commissioners.
6. The purpose of the short term loan is for the purchase of three dump trucks for the Road and Bridge Department.
7. Nassau County is a "political subdivision" of a state within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

(904) 321-5703, 879-1029, (800) 958-3496

An Affirmative Action / Equal Opportunity Employer

Mr. Dan Powell
March 22, 2004
Page Two

8. The Board of County Commissioners adopted, by their motion at their March 17, 2004 meeting, a covenant to budget and appropriate the funds for the re-payment of the loan. That motion is a statement by the Board of County Commissioners that they will in fact budget and appropriate the funds.
9. The loan amount will be exempt from Florida Documentary Stamps.
10. The interest on the loan will be tax free.

Sincerely yours,



Michael S. Mullin
County Attorney

MSM:jb

CC: J. M. "Chip" Oxley, Jr., Ex-Officio Clerk
Floyd L. Vanzant, Chairman, Board of County Commissioners

* * * TRANSMISSION RESULT REPORT (IMMEDIATE TX) (MAR. 22. 2004 10:56AM) * * *

FAX HEADER:

DATE	TIME	ADDRESS	MODE	TIME	PAGE	RESULT	PERSONAL NAME	FILE
MAR. 22.	10:56AM	93211511	G3ES	0'21"	P.	2 OK		490

: BATCH
M : MEMORY TX
S : STANDARD
* : PC

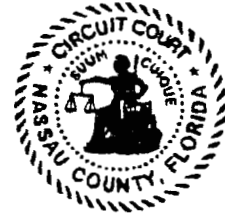
C : CONFIDENTIAL
L : SEND LATER
D : DETAIL
+ : ROUTING

\$: TRANSFER
@ : FORWARDING
F : FINE
Q : RECEPT. NOTICE REQ.

P : POLLING
E : ECM
> : REDUCTION
A : RECEPT. NOTICE



J. M. "CHIP" OXLEY, JR.
Clerk of Circuit and County Courts
Nassau County
Post Office Box 456
Fernandina Beach, Florida 32035-0456
Phones: (904) 321-5700 (800) 958-3496
Callahan-Hilliard (904) 879-1029



FACSIMILE TRANSMITTAL SHEET

DATE: 3-22-04 NUMBER OF PAGES (INCLUDING COVER) 3

TO: Dan Powell

FAX NUMBER: _____

FROM: Michael S. Mollin

IF THIS TRANSMISSION IS INCOMPLETE OR POORLY RECEIVED, PLEASE
NOTIFY JONI AT (904) 321-5722.

OUR FAX NUMBER IS (904) 321-5795.

*Mr. Powell - Revised letter to
confirm the loan amount -
Hard copy to follow in the mail*

: BATCH
M : MEMORY TX
S : STANDARD
* : PC

C : CONFIDENTIAL
L : SEND LATER
D : DETAIL
+ : ROUTING

\$: TRANSFER
@ : FORWARDING
F : FINE
O : RECEIPT. NOTICE REQ.
P : POLLING
E : ECM
Y : REDUCTION
A : RECEIPT. NOTICE

MAR. 22. 3:13PM 93211511 G3ES 0.27 P. 3 OK 497

DATE	TIME	ADDRESS	MODE	TIME	PAGE	RESULT	PERSONAL NAME	FILE
------	------	---------	------	------	------	--------	---------------	------

FAX HEADER:

* * * * * TRANSMISSION RESULT REPORT (IMMEDIATE TX) (MAR. 22. 2004 3:13PM) * * *



NASSAU COUNTY
BOARD OF COUNTY COMMISSIONERS
P. O. Box 1010
Fernandina Beach, Florida 32035-1010

Nick Deonas
Ansley Acree
Vickie Samus
Floyd L. Vanzant
Marianne Marshall

Dist. No. 1 Fernandina Beach
Dist. No. 2 Fernandina Beach
Dist. No. 3 Yulee
Dist. No. 4 Hilliard
Dist. No. 5 Callahan

J. M. "Chip" OXLEY, JR.
Ex-Officio Clerk

MICHAEL S. MULLIN
County Attorney

March 22, 2004

Mr. Dan Powell
First National Bank
1891 South 14th Street
Fernandina Beach, FL 32034

RE: Short Term Loan - \$230,649

Dear Mr. Powell:

As Counsel for the Board of County Commissioners of Nassau County, Florida, I am of the opinion that:

1. The Board of County Commissioners has the legal authority to enter into a loan agreement with First National Bank.
2. First National Bank was chosen based upon a competitive process as established by the Clerk of the Court.
3. The terms of the loan are legally valid and binding.
4. No litigation is pending, or, to the best of my knowledge, threatened in any court or other tribunal, state or federal, in any way questioning or affecting the validity of the loan agreement or the ability of the Board of County Commissioners to repay same.
5. The Chairman of the Board of County Commissioners is authorized to execute the loan agreement on behalf of the Board of County Commissioners.
6. The purpose of the short-term loan is for the purchase of three dump trucks for the Road and Bridge Department.
7. Nassau County is a "political subdivision" of a state within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

~~197733~~
229,449

DEFINITIONS

1. **Current Assets** - Cash, marketable securities, accounts receivable - trade (net), inventory (net) and other current assets.
2. **Account/Trade Receivables** - All current accounts and notes and deferred notes, less reserve for bad debts.
3. **Inventory-Gross** - Value of finished goods, work in progress and raw materials.
4. **Fixed Assets** - Net value of all land, buildings, machinery, equipment, fixtures, furniture, etc.
5. **Total Assets** - All current assets, receivables, inventory, fixed assets and amounts due from officers and employees, investments, deferral/prepaid expenses, cash surrender value of life insurance policies and others.
6. **Current Liabilities** - Bank notes payable, other trade notes payable, accounts payable-trade, other accounts payable, due to officers and employees, taxes-income other, accrued expenses, long term debt due within one year, other current liabilities.
7. **Long Term Liabilities** - Notes, bonds, and mortgages and other accounts coming due in one year or more.
8. **Total Liabilities** - All current, long term and other liabilities.
9. **Net Sales** - All sales less discounts, charge-backs and allowances.
10. **Gross Profit** - Net sales less the cost of goods sold.
11. **Net Operating Profit** - Gross profit less: expenses, (selling, general and administrative, interest, depreciation), officer's compensation, provision for bad debt and other expenses.
12. **Net Profit or Loss** - Net operating profit, plus other income, less federal, state and local taxes.
13. **Gross Revenues** - Value of all sales and services provided prior to deducting discounts, charge backs and allowances. This amount is requested to determine Applicant's rights and Creditor's obligations under the Equal Credit Opportunity Act. The term has no exact accounting definition and Creditor will rely on value provided by Applicant.

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
P O BOX 1010
FERNANDINA BEACH, FL 32035-1010

First National Bank of Nassau
County
1891 South 14th Street
Fernandina Beach, FL 32034

Loan Number 190804608
Date 03/24/2004
Maturity Date 03/24/2007
Loan Amount \$ 229,449.00
Renewal Of _____

BORROWER'S NAME AND ADDRESS
I includes each borrower above, jointly and severally.

LENDER'S NAME AND ADDRESS
You means the lender, its successors and assigns.

or value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of TWO HUNDRED TWENTY NINE THOUSAND FOUR HUNDRED FORTY NINE AND 00/100 Dollars \$ 229,449.00

Single Advance: I will receive all of this principal sum on 03/24/2004. No additional advances are contemplated under this note.
 Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.
Conditions: The conditions for future advances are _____

Open End Credit: You and I agree that I may borrow up to the maximum principal sum more than one time. This feature is subject to all other conditions and expires on _____

Closed End Credit: You and I agree that I may borrow (subject to all other conditions) up to the maximum principal sum only one time.

INTEREST: I agree to pay interest on the outstanding principal balance from 03/24/2004 at the rate of 2.600 % per year until 03/24/2007

Variable Rate: This rate may then change as stated below.

Index Rate: The future rate will be _____ the following index rate: _____

No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

Frequency and Timing: The rate on this note may change as often as _____
A change in the interest rate will take effect _____

Limitations: During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ % . The rate may not change more than _____ % each _____

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

The amount of each scheduled payment will change. The amount of the final payment will change.

ACCRAUAL METHOD: Interest will be calculated on a 365/360 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

on the same fixed or variable rate basis in effect before maturity (as indicated above).

at a rate equal to _____

LATE CHARGE: If a payment is made more than 10 days after it is due, I agree to pay a late charge of 5.000% to a maximum of \$100.00 but not less than \$5.00

ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which are are not included in the principal amount above: _____

PAYMENTS: I agree to pay this note as follows:

Interest: I agree to pay accrued interest _____

Principal: I agree to pay the principal _____

Installments: I agree to pay this note in 3 payments. The first payment will be in the amount of \$ 80,550.32 and will be due 03/24/2005. A payment of \$ 80,550.32 will be due annually

thereafter. The final payment of the entire

unpaid balance of principal and interest will be due 03/24/2007

PURPOSE: The purpose of this loan is PURCHASE OF DUMP TRUCKS

ADDITIONAL TERMS:

Settlement Statement

Commercial Loan

Name & Address of Borrower:
 Nassau County Board of County
 Commissioners
 P O Box 1010
 Fernandina Beach, FL 32035

Property Location:(if different from above).

Name & Address of Lender:
 FIRST NATIONAL BANK OF NASSAU
 1891 S 14TH STREET
 FERNANDINA BEACH, FL 32034

Loan Number:190804608 **Settlement Date:** 03/24/04

Settlement Charges	Disbursement to Others	
Items Payable in Connection with Loan		
Loan Origination Fee		
Appraisal Fee		
Inspection Fee		
Title Search		
Title Insurance		
Recording Fees		
City/County Tax/Stamps	Total Disbursed	\$0.00
State Tax/Stamps		
Real Estate Taxes	Net Settlement	
	Loan Amount	\$229,449.00
	Plus Cash/Check from Borrower	
Landfill Assesment		
	Minus Total Settlement Charges	\$0.00
	Minus Total Disbursements	\$0.00
Survey		\$0.00
Environmental	Equals Disbursements to Borrower	\$229,449.00
	Borrower(s) Signature(s)	

If this agreement covers inventory, I will not dispose of it except in my ordinary course of business at the fair market value for the Property, or at a minimum price established between you and me.

If this agreement covers farm products I will provide you, at your request, a written list of the buyers, commission merchants or selling agents to or through whom I may sell my farm products. In addition to those parties named on this written list, I authorize you to notify at your sole discretion any additional parties regarding your security interest in my farm products. I remain subject to all applicable penalties for selling my farm products in violation of my agreement with you and the Food Security Act. In this paragraph the terms farm products, buyers, commission merchants and selling agents have the meanings given to them in the Federal Food Security Act of 1985.

If this agreement covers chattel paper or instruments, either as original collateral or proceeds of the Property, I will note your interest on the face of the chattel paper or instruments.

REMEDIES - I will be in default on this security agreement if I am in default on any note this agreement secures or if I fail to keep any promise contained in the terms of this agreement. If I default, you have all of the rights and remedies provided in the note and under the Uniform Commercial Code. You may require me to make the secured property available to you at a place which is reasonably convenient. You may take possession of the secured property and sell it as provided by law. The proceeds will be applied first to your expenses and then to the debt. I agree that 10 days written notice sent to my last known address by first class mail will be reasonable notice under the Uniform Commercial Code. My current address is on page 1.

PERFECTION OF SECURITY INTEREST - I authorize you to file a financing statement covering the Property. I will comply with, facilitate, and otherwise assist you in connection with obtaining possession of or control over the Property for purposes of perfecting your security interest under the Uniform Commercial Code.

ADDITIONAL TERMS OF THE NOTE

DEFINITIONS - As used on pages 1 and 2, "X" means the terms that apply to this loan. "I," "me" or "my" means each Borrower who signs this note and each other person or legal entity (including guarantors, endorsers, and sureties) who agrees to pay this note (together referred to as "us"). "You" or "your" means the Lender and its successors and assigns.

APPLICABLE LAW - The law of the state of Florida will govern this agreement. Any term of this agreement which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a variation. If any provision of this agreement cannot be enforced according to its terms, this fact will not affect the enforceability of the remainder of this agreement. No modification of this agreement may be made without your express written consent. Time is of the essence in this agreement.

PAYMENTS - Each payment I make on this note will first reduce the amount I owe you for charges which are neither interest nor principal. The remainder of each payment will then reduce accrued unpaid interest, and then unpaid principal. If you and I agree to a different application of payments, we will describe our agreement on this note. I may prepay a part of, or the entire balance of this loan without penalty, unless we specify to the contrary on this note. Any partial prepayment will not excuse or reduce any later scheduled payment until this note is paid in full (unless, when I make the prepayment, you and I agree in writing to the contrary).

INTEREST - Interest accrues on the principal remaining unpaid from time to time, until paid in full. If I receive the principal in more than one advance, each advance will start to earn interest only when I receive the advance. The interest rate in effect on this note at any given time will apply to the entire principal sum outstanding at that time. Notwithstanding anything to the contrary, I do not agree to pay and you do not intend to charge any rate of interest that is higher than the maximum rate of interest you could charge under applicable law for the extension of credit that is agreed to in this note (either before or after maturity). If any notice of interest accrual is sent and is in error, we mutually agree to correct it, and if you actually collect more interest than allowed by law and this agreement, you agree to refund it to me.

INDEX RATE - The index will serve only as a device for setting the interest rate on this note. You do not guarantee by selecting this index, or the margin, that the interest rate on this note will be the same rate or charge on any other loans or class of loans you make to me or other borrowers.

POST MATURITY RATE - For purposes of deciding when the "Post Maturity Rate" (shown on page 1) applies, the term "maturity" means the date of the last scheduled payment indicated on page 1 of this note or the date you accelerate payment on the note, whichever is earlier.

SINGLE ADVANCE LOANS - If this is a single advance loan, you and I expect that you will make only one advance of principal. However, you may add other amounts to the principal if you make any payments described in the "PAYMENTS BY LENDER" paragraph below.

MULTIPLE ADVANCE LOANS - If this is a multiple advance loan, you and I expect that you will make more than one advance of principal. If this is closed end credit, repaying a part of the principal will not entitle me to additional credit.

SET-OFF - I agree that you may set off any amount due and payable under this note against any right I have to receive money from you.

"Right to receive money from you" means:

- (1) any deposit account balance I have with you;
- (2) any money owed to me on an item presented to you or in your possession for collection or exchange; and
- (3) any repurchase agreement or other nondeposit obligation.

"Any amount due and payable under this note" means the total amount of which you are entitled to demand payment under the terms of this note at the time you set off. This total includes any balance the due date for which you properly accelerate under this note.

If my right to receive money from you is also owned by someone who has not agreed to pay this note, your right of set-off will apply to my interest in the obligation and to any other amounts I could withdraw on my sole request or endorsement. Your right of set-off does not apply to an account or other obligation where my rights are only as a representative. It also does not apply to any Individual Retirement Account or other tax-deferred retirement account.

You will not be liable for the dishonor of any check when the dishonor occurs because you set off this debt against any of my accounts. I agree to hold you harmless from any such claims arising as a result of your exercise of your right to set-off.

DEFAULT - I will be in default if any one or more of the following occur: (1) I fail to make a payment on time or in the amount due; (2) I fail to keep the Property insured, if required; (3) I fail to pay, or keep any promise, on any debt or agreement I have with you; (4) any other creditor of mine attempts to collect any debt I owe him through court proceedings; (5) I die, am declared incompetent, make an assignment for the benefit of creditors, or become insolvent (either because my liabilities exceed my assets or I am unable to pay my debts as they become due); (6) I make any written statement or provide any financial information that is untrue or inaccurate at the time it was provided; (7) I do or fail to do something which causes you to believe you will have difficulty collecting the amount I owe you; (8) any collateral securing this note is used in a manner or for a purpose which threatens confiscation by a legal authority; (9) I change my name or assume an additional name without first notifying you before making such a change; (10) I fail to plant, cultivate and harvest crops in due season; (11) any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.

REMEDIES - If I am in default on this note you have, but are not limited to, the following remedies:

- (1) You may demand immediate payment of all I owe you under this note (principal, accrued unpaid interest and other accrued unpaid charges).
- (2) You may set off this debt against any right I have to the payment of money from you, subject to the terms of the "SET-OFF" paragraph herein.
- (3) You may demand security, additional security, or additional parties to be obligated to pay this note as a condition for not using any other remedy.
- (4) You may refuse to make advances to me or allow purchases on credit by me.
- (5) You may use any remedy you have under state or federal law.
- (6) You may make use of any remedy given to you in any agreement securing this note.

By selecting any one or more of these remedies you do not give up your right to use later any other remedy. By waiving your right to declare an event to be a default, you do not waive your right to consider later the event a default if it continues or happens again.

COLLECTION COSTS AND ATTORNEY'S FEES - I agree to pay all costs of collection, replevin or any other or similar type of cost if I am in default. In addition, if you hire an attorney to collect this note, I also agree to pay any reasonable fee you incur with such attorney plus court costs (except where prohibited by law). I agree that "reasonable attorney's fees" shall be construed to mean 10% of the principal sum named in this note, or such larger fee that the court may determine to be reasonable and just. To the extent permitted by the United States Bankruptcy Code, I also agree to pay the reasonable attorney's fees and costs you incur to collect this debt as awarded by any court exercising jurisdiction under the Bankruptcy Code.

WAIVER - I give up my rights to require you to do certain things. I will not require you to:

- (1) demand payment of amounts due (presentment);
- (2) obtain official certification of nonpayment (protest); or
- (3) give notice that amounts due have not been paid (notice of dishonor);

To the extent permitted by law, I also waive my right to a trial by jury in respect to any litigation arising from this note and any other agreement executed in conjunction with this credit transaction.

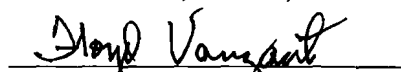
I waive any defenses I have based on suretyship or impairment of collateral.

OBLIGATIONS INDEPENDENT - I understand that I must pay this note even if someone else has also agreed to pay it (by, for example, signing this form or a separate guarantee or endorsement). You may sue me alone, or anyone else who is obligated on this note, or any number of us together, to collect this note. You may without notice release any party to this agreement without releasing any other party. If you give up any of your rights, with or without notice, it will not affect my duty to pay this note. Any extension of new credit to any of us, or renewal of this note by all or less than all of us will not release me from my duty to pay it. (Of course, you are entitled to only one payment in full.) I agree that you may at your option extend this note or the debt represented by this note, or any portion of the note or debt, from time to time without limit or notice and for any term without affecting my liability for payment of the note. I will not assign my obligation under this agreement without your prior written approval.

FINANCIAL INFORMATION - I agree to provide you, upon request, any financial statement or information you may deem necessary. I warrant that the financial statements and information I provide to you are or will be accurate, correct and complete.

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGES 1, 2 AND 3). I have received a copy on today's date.


J.M. OXLEY JR., EX-OFFICIO CLERK


FLOYD VANZANT, CHAIRPERSON

SECURITY

SECURITY INTEREST: I give you a security interest in all of the Property described below that I own or have sufficient rights in which to transfer an interest, now or in the future, wherever the Property is or will be located, and all proceeds and products of the Property. "Property" includes all parts, accessories, repairs, replacements, improvements, and acccessions to the Property; any original evidence of title or ownerships and all obligations that support the payment or performance of the Property. "Proceeds" includes anything acquired upon the sale, lease, license, exchange, or other disposition of the Property; any rights and claims arising from the Property; and any collections and distributions on account of the Property.

- Accounts and Other Rights to Payment: All rights to payment, whether or not earned by performance, including, but not limited to, payment for property or services sold, leased, rented, licensed, or assigned. This includes any rights and interests (including all liens) which I have by law or agreement against any account debtor or obligor.
Inventory: All inventory held for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in my business.
Equipment: All equipment including, but not limited to, machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts, and tools. The Property includes any equipment described in a list or schedule I give to you, but such a list is not necessary to create a valid security interest in all of my equipment.
Instruments and Chattel Paper: All instruments, including negotiable instruments and promissory notes and any other writings or records that evidence the right to payment of a monetary obligation, and tangible and electronic chattel paper.
General Intangibles: All general intangibles including, but not limited to, tax refunds, patents and applications for patents, copyrights, trademarks, trade secrets, goodwill, trade names, customer lists, permits and franchises, payment intangibles, computer programs and all supporting information provided in connection with a transaction relating to computer programs, and the right to use my name.
Documents: All documents of title including, but not limited to, bills of lading, dock warrants and receipts, and warehouse receipts.
Farm Products and Supplies: All farm products including, but not limited to, all poultry and livestock and their young, along with their produce, products, and replacements; all crops, annual or perennial, and all products of the crops; and all feed, seed, fertilizer, medicines, and other supplies used or produced in my farming operations.
Government Payments and Programs: All payments, accounts, general intangibles, and benefits including, but not limited to, payments in kind, deficiency payments, letters of entitlement, warehouse receipts, storage payments, emergency assistance and diversion payments, production flexibility contracts, and conservation reserve payments under any preexisting, current, or future federal or state government program.
Investment Property: All investment property including, but not limited to, certificated securities, uncertificated securities, securities entitlements, securities accounts, commodity contracts, commodity accounts, and financial assets.
Deposit Accounts: All deposit accounts including, but not limited to, demand, time, savings, passbook, and similar accounts.
Specific Property Description: The Property includes, but is not limited by, the following:

UNSECURED

If applicable, enter real estate description and record owner information:

The Property will be used for a personal business agricultural purpose.

Borrower/Owner State of organization/registration (if applicable)

ADDITIONAL TERMS OF THE SECURITY AGREEMENT

GENERALLY - This agreement secures this note and any other debt I have with you, now or later. However, it will not secure other debts if you fail with respect to such other debts, to make any required disclosure about this security agreement or if you fail to give any required notice of the right of rescission. If property described in this agreement is located in another state, this agreement may also, in some circumstances, be governed by the law of the state in which the property is located.

NAME AND LOCATION - My name indicated on page 1 is my exact legal name. If I am an individual, my address is my principal residence. If I am not an individual, my address is the location of my chief executive offices or sole place of business. If I am an entity organized and registered under state law, my address is located in the state in which I am registered, unless otherwise indicated on page 2. I will provide verification of registration and location upon your request. I will provide you with at least 30 days notice prior to any change in my name, address, or state of organization or registration.

OWNERSHIP AND DUTIES TOWARD PROPERTY - I represent that I own all of the Property, or to the extent this is a purchase money security interest I will acquire ownership of the Property with the proceeds of the loan. I will defend it against any other claim. Your claim to the Property is ahead of the claims of any other creditor. I agree to do whatever you require to protect your security interest and to keep your claim in the Property ahead of the claims of other creditors. I will not do anything to harm your position. I will not use the Property for a purpose that will violate any laws or subject the Property to forfeiture or seizure.

I will keep books, records and accounts about the Property and my business in general. I will let you examine these records at any reasonable time. I will prepare any report or accounting you request, which deals with the Property.

I will keep the Property in my possession and will keep it in good repair and use it only for the purpose(s) described on page 1 of this agreement. I will not change this specified use without your express written permission. I represent that I am the original owner of the Property and, if I am not, that I have provided you with a list of prior owners of the Property.

I will keep the Property at my address listed on page 1 of this agreement, unless we agree I may keep it at another location. If the Property is to be used in another state, I will give you a list of those states. I will not try to sell the Property unless it is inventory or I receive your written permission to do so. If I sell the Property I will have the payment made payable to the order of you and me. You may demand immediate payment of the debt(s) if the debtor is

your failure to perform will not preclude you from exercising any of your other rights under the law or this security agreement.

PURCHASE MONEY SECURITY INTEREST - For the sole purpose of determining the extent of a purchase money security interest arising under this security agreement: (a) payments on any nonpurchase money loan also secured by this agreement will not be deemed to apply to the Purchase Money Loan, and (b) payments on the Purchase Money Loan will be deemed to apply first to the nonpurchase money portion of the loan, if any, and then to the purchase money obligations in the order in which the items of collateral were acquired or if acquired at the same time, in the order selected by you. No security interest will be terminated by application of this formula. "Purchase Money Loan" means any loan the proceeds of which, in whole or in part, are used to acquire any collateral securing the loan and all extensions, renewals, consolidations and refinancing of such loan.

PAYMENTS BY LENDER - You are authorized to pay, on my behalf, charges I am or may become obligated to pay to preserve or protect the secured property (such as property insurance premiums). You may treat those payments as advances and add them to the unpaid principal under the note secured by this agreement or you may demand immediate payment of the amount advanced.

INSURANCE - I agree to buy insurance on the Property against the risks and for the amounts you require and to furnish you continuing proof of coverage. I will have the insurance company name you as loss payee on any such policy. You may require added security if you agree that insurance proceeds may be used to repair or replace the Property. I will buy insurance from a firm licensed to do business in the state where you are located. The firm will be reasonably acceptable to you. The insurance will last until the Property is released from this agreement. If I fail to buy or maintain the insurance (or fail to name you as loss payee) you may purchase it yourself.

WARRANTIES AND REPRESENTATIONS - If this agreement includes accounts, I will not settle any account for less than its full value without your written permission. I will collect all accounts until you tell me otherwise. I will keep the proceeds from all the accounts and any goods which are returned to me or which I take back in trust for you. I will not mix them with any other property of mine. I will deliver them to you at your request. If you ask me to pay you the full price on any returned items or items retaken by myself, I will do so. You may exercise my rights with respect to obligations of any account debtors, or other persons obligated on the Property, to pay or perform, and you may



J. M. "CHIP" OXLEY, JR.
 Clerk of Circuit and County Courts
 Nassau County
 Post Office Box 456
 Fernandina Beach, Florida 32035-0456
 Phones: (904) 321-5700 (800) 958-3496
 Callahan-Hilliard (904) 879-1029



FACSIMILE TRANSMITTAL SHEET

DATE: 2/13/04

NUMBER OF PAGES: 2
 (including cover)

TO: Kim Sheppard
Jimmy Weaver
Wachovia

FAX NO.: 904

FROM: Sarah

*Banking
 Institutions sent
 letter for short term
 loan - awarded
 2 First Nat'l*

Should this transmission be included in the Finance Department at (904) 541-1111 All the

OUR FAX NUMBER IS (904) 321-5700

Additional information:

HP OfficeJet T Series
Personal Printer/Fax/Copier/Scanner

Fax History Report for
J.M. Oxley, Jr. CLERK
904-321-5907
Feb 13 2004 3:13pm

Last Fax

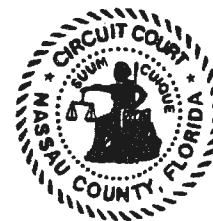
<u>Date</u>	<u>Time</u>	<u>Type</u>	<u>Identification</u>	<u>Duration</u>	<u>Pages</u>	<u>Result</u>
Feb 13	3:12pm	Sent	92771927	0:49	2	OK

Result:

OK - black and white fax
OK color - color fax



J. M. "CHIP" OXLEY, JR.
Clerk of Circuit and County Courts
Nassau County
Post Office Box 456
Fernandina Beach, Florida 32035-0456
Phones: (904) 321-5700 (800) 958-3496
Callahan-Hilliard (904) 879-1029



FACSIMILE TRANSMITTAL SHEET

DATE: 2/13/04

NUMBER OF PAGES: 2
(including cover)

TO: Marlene Frost

Vystar

FAX NO.: 261-4219

FROM: Sarah

Should this transmission be incomplete or poorly received, please call the Finance Department at (904) 548-4800.

OUR FAX NUMBER IS (904) 321-5907

Additional information:

HP OfficeJet T Series
Personal Printer/Fax/Copier/Scanner

Fax History Report for
J.M. Oxley, Jr. CLERK
904-321-5907
Feb 13 2004 3:14pm

Last Fax

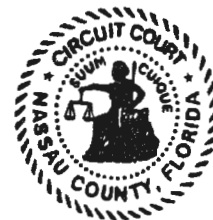
<u>Date</u>	<u>Time</u>	<u>Type</u>	<u>Identification</u>	<u>Duration</u>	<u>Pages</u>	<u>Result</u>
Feb 13	3:14pm	Sent	92614219	0:48	2	OK

Result:

OK - black and white fax
OK color - color fax



J. M. "CHIP" OXLEY, JR.
Clerk of Circuit and County Courts
Nassau County
Post Office Box 456
Fernandina Beach, Florida 32035-0456
Phones: (904) 321-5700 (800) 958-3496
Callahan-Hilliard (904) 879-1029



FACSIMILE TRANSMITTAL SHEET

DATE: 2/13/04

NUMBER OF PAGES: 2
(including cover)

TO: Linda Lamb
8 Flags F. C. U.

FAX NO.: 261-9916

FROM: Sarah

Should this transmission be incomplete or poorly received, please call the Finance Department at (904) 548-4800.

OUR FAX NUMBER IS (904) 321-5907

Additional information:

HP OfficeJet T Series
Personal Printer/Fax/Copier/Scanner

Fax History Report for
J.M. Oxley, Jr. CLERK
904-321-5907
Feb 13 2004 3:16pm

Last Fax

<u>Date</u>	<u>Time</u>	<u>Type</u>	<u>Identification</u>	<u>Duration</u>	<u>Pages</u>	<u>Result</u>
Feb 13	3:16pm	Sent	92619916	0:47	2	OK

Result:

OK - black and white fax
OK color - color fax



J. M. "CHIP" OXLEY, JR.
Clerk of Circuit and County Courts
Nassau County
Post Office Box 456
Fernandina Beach, Florida 32035-0456
Phones: (904) 321-5700 (800) 958-3496
Callahan-Hilliard (904) 879-1029



FACSIMILE TRANSMITTAL SHEET

DATE: 2/13/04

NUMBER OF PAGES: 2
(including cover)

TO: John Sheppard
Bank of America

FAX NO.: 261-4094

FROM: Sarah

Should this transmission be incomplete or poorly received, please call the Finance Department at (904) 548-4800.

OUR FAX NUMBER IS (904) 321-5907

Additional information:

HP OfficeJet T Series
Personal Printer/Fax/Copier/Scanner

Fax History Report for
J.M. Oxley, Jr. CLERK
904-321-5907
Feb 13 2004 3:18pm

Last Fax

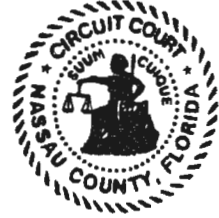
<u>Date</u>	<u>Time</u>	<u>Type</u>	<u>Identification</u>	<u>Duration</u>	<u>Pages</u>	<u>Result</u>
Feb 13	3:17pm	Sent	92614094	0:49	2	OK

Result:

OK - black and white fax
OK color - color fax



J. M. "CHIP" OXLEY, JR.
Clerk of Circuit and County Courts
Nassau County
Post Office Box 456
Fernandina Beach, Florida 32035-0456
Phones: (904) 321-5700 (800) 958-3496
Callahan-Hilliard (904) 879-1029



FACSIMILE TRANSMITTAL SHEET

DATE: 02/13/04

NUMBER OF PAGES: 2
(including cover)

TO: Reba Quirk
Compass Bank

FAX NO.: 261-3337

FROM: Sarah

Should this transmission be incomplete or poorly received, please call the Finance Department at (904) 548-4800.

OUR FAX NUMBER IS (904) 321-5907

Additional information:

HP OfficeJet T Series
Personal Printer/Fax/Copier/Scanner

Fax History Report for
J.M. Oxley, Jr. CLERK
904-321-5907
Feb 13 2004 3:20pm

Last Fax

<u>Date</u>	<u>Time</u>	<u>Type</u>	<u>Identification</u>	<u>Duration</u>	<u>Pages</u>	<u>Result</u>
Feb 13	3:19pm	Sent	92613337	0:49	2	OK

Result:

OK - black and white fax
OK color - color fax



J. M. "CHIP" OXLEY, JR.
Clerk of Circuit and County Courts
Nassau County
Post Office Box 456
Fernandina Beach, Florida 32035-0456
Phones: (904) 321-5700 (800) 958-3496
Callahan-Hilliard (904) 879-1029



FACSIMILE TRANSMITTAL SHEET

DATE: 2/13/04

NUMBER OF PAGES: 2
(including cover)

TO: Dan Powell

F.N.F.B.

FAX NO.: 321-1511

FROM: Sarah

Should this transmission be incomplete or poorly received, please call the Finance Department at (904) 548-4800.

OUR FAX NUMBER IS (904) 321-5907

Additional information:

HP OfficeJet T Series
Personal Printer/Fax/Copier/Scanner

Fax History Report for
J.M. Oxley, Jr. CLERK
904-321-5907
Feb 13 2004 3:23pm

Last Fax

<u>Date</u>	<u>Time</u>	<u>Type</u>	<u>Identification</u>	<u>Duration</u>	<u>Pages</u>	<u>Result</u>
Feb 13	3:22pm	Sent	93211511	0:48	2	OK

Result:

OK - black and white fax
OK color - color fax



J. M. "CHIP" OXLEY, JR.
Clerk of Circuit and County Courts
Nassau County
Post Office Box 456
Fernandina Beach, Florida 32035-0456
Phones: (904) 321-5700 (800) 958-3496
Callahan-Hilliard (904) 879-1029



FACSIMILE TRANSMITTAL SHEET

DATE: 02/13/04

NUMBER OF PAGES: 2
(including cover)

TO: Merideth Severance
South Trust

FAX NO.: 261-7767

FROM: Sarah

Should this transmission be incomplete or poorly received, please call the Finance Department at (904) 548-4800.

OUR FAX NUMBER IS (904) 321-5907

Additional information:

HP OfficeJet T Series
Personal Printer/Fax/Copier/Scanner

Fax History Report for
J.M. Oxley, Jr. CLERK
904-321-5907
Feb 13 2004 3:24pm

Last Fax

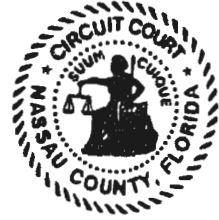
<u>Date</u>	<u>Time</u>	<u>Type</u>	<u>Identification</u>	<u>Duration</u>	<u>Pages</u>	<u>Result</u>
Feb 13	3:23pm	Sent	92617767	0:49	2	OK

Result:

OK - black and white fax
OK color - color fax



J. M. "CHIP" OXLEY, JR.
Clerk of Circuit and County Courts
Nassau County
Post Office Box 456
Fernandina Beach, Florida 32035-0456
Phones: (904) 321-5700 (800) 958-3496
Callahan-Hilliard (904) 879-1029



FACSIMILE TRANSMITTAL SHEET

DATE: 02/13/04

NUMBER OF PAGES: 2
(including cover)

TO: Raymond Nance
Southeastern Bank

FAX NO.: 225-8065

FROM: Irish

Should this transmission be incomplete or poorly received, please call the Finance Department at (904) 548-4800.

OUR FAX NUMBER IS (904) 321-5907

Additional information:

HP OfficeJet T Series
Personal Printer/Fax/Copier/Scanner

Fax History Report for
J.M. Oxley, Jr. CLERK
904-321-5907
Feb 13 2004 3:26pm

Last Fax

<u>Date</u>	<u>Time</u>	<u>Type</u>	<u>Identification</u>	<u>Duration</u>	<u>Pages</u>	<u>Result</u>
Feb 13	3:25pm	Sent	92258065	0:59	2	OK

Result:

OK - black and white fax
OK color - color fax



J. M. "CHIP" OXLEY, JR.
Clerk of Circuit and County Courts
Nassau County
Post Office Box 456
Fernandina Beach, Florida 32035-0456
Phones: (904) 321-5700 (800) 958-3496
Callahan-Hilliard (904) 879-1029



FACSIMILE TRANSMITTAL SHEET

DATE: 2/13/04

NUMBER OF PAGES: 2
(including cover)

TO: Susan

F. C. C. B.

FAX NO.: 491-7643

FROM: Sarah

Should this transmission be incomplete or poorly received, please call the Finance Department at (904) 548-4800.

OUR FAX NUMBER IS (904) 321-5907

Additional information:

HP OfficeJet T Series
Personal Printer/Fax/Copier/Scanner

Fax History Report for
J.M. Oxley, Jr. CLERK
904-321-5907
Feb 13 2004 3:28pm

Last Fax

<u>Date</u>	<u>Time</u>	<u>Type</u>	<u>Identification</u>	<u>Duration</u>	<u>Pages</u>	<u>Result</u>
Feb 13	3:27pm	Sent	94917643	0:49	2	OK

Result:

OK - black and white fax
OK color - color fax

NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS
P O BOX 1010
FERNANDINA BEACH, FL 32035-1010
BORROWER'S NAME AND ADDRESS

"I" includes each borrower above, jointly and severally.

First National Bank of Nassau County

1891 South 14th Street
Fernandina Beach, FL 32034

LENDER'S NAME AND ADDRESS

"You" means the lender, its successors and assigns.

Loan Number 190804608

Date 03/24/2004

Maturity Date 03/24/2007

Loan Amount \$ 229,449.00

Renewal Of _____

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of TWO HUNDRED TWENTY

NINE THOUSAND FOUR HUNDRED FORTY NINE AND 00/100

Dollars \$ 229,449.00

Single Advance: I will receive all of this principal sum on 03/24/2004. No additional advances are contemplated under this

Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

Open End Credit: You and I agree that I may borrow up to the maximum principal sum more than one time. This feature is subject to all other conditions and expires on _____.

Closed End Credit: You and I agree that I may borrow (subject to all other conditions) up to the maximum principal sum only one time.

INTEREST: I agree to pay interest on the outstanding principal balance from 03/24/2004 at the rate of 2.600 % per year until 03/24/2007.

Variable Rate: This rate may then change as stated below.

Index Rate: The future rate will be _____ the following index rate: _____

No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

Frequency and Timing: The rate on this note may change as often as _____
A change in the interest rate will take effect _____.

Limitations: During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ %.

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

The amount of each scheduled payment will change. The amount of the final payment will change.

ACCRUAL METHOD: Interest will be calculated on a 365/360 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

on the same fixed or variable rate basis in effect before maturity (as indicated above).

at a rate equal to _____.

LATE CHARGE: If a payment is made more than 10 days after it is due, I agree to pay a late charge of 5.000% to a maximum of \$100.00 but not less than \$5.00.

ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which are are not included in the principal amount above: _____.

PAYMENTS: I agree to pay this note as follows:

Interest: I agree to pay accrued interest _____.

Principal: I agree to pay the principal _____.

Installments: I agree to pay this note in 3 payments. The first payment will be in the amount of \$ 80,550.32 and will be due 03/24/2005. A payment of \$ 80,550.32 will be due annually thereafter. The final payment of the entire unpaid balance of principal and interest will be due 03/24/2007.

PURPOSE: The purpose of this loan is PURCHASE OF DUMP TRUCKS.

ADDITIONAL TERMS:

Settlement Statement

Commercial Loan

Name & Address of Borrower:

Nassau County Board of County
Commissioners
P O Box 1010
Fernandina Beach, FL 32035

Name & Address of Lender:

FIRST NATIONAL BANK OF NASSAU
1891 S 14TH STREET
FERNANDINA BEACH, FL 32034

Property Location:(if different from above).

Loan Number:190804608

Settlement Date: 03/24/04

Settlement Charges

Disbursement to Others

Items Payable in Connection with Loan

Loan Origination Fee

Appraisal Fee

Inspection Fee

Title Search

Title Insurance

Recording Fees

City/County Tax/Stamps

State Tax/Stamps

Real Estate Taxes

Landfill Assesment

Survey

Environmental

Total Disbursed

\$0.00

Net Settlement

Loan Amount

\$229,449.00

Plus Cash/Check from Borrower

Minus Total Settlement Charges

\$0.00

Minus Total Disbursements

\$0.00

Equals Disbursements to

If this agreement covers inventory, I will not dispose of it except in my ordinary course of business at the fair market value for the Property, or at a minimum price established between you and me.

If this agreement covers farm products I will provide you, at your request, a written list of the buyers, commission merchants or selling agents to or through whom I may sell my farm products. In addition to those parties named on this written list, I authorize you to notify at your sole discretion any additional parties regarding your security interest in my farm products. I remain subject to all applicable penalties for selling my farm products in violation of my agreement with you and the Food Security Act. In this paragraph the terms farm products, buyers, commission merchants and selling agents have the meanings given to them in the Federal Food Security Act of 1985.

If this agreement covers chattel paper or instruments, either as original collateral or proceeds of the Property, I will note your interest on the face of the chattel paper or instruments.

REMEDIES - I will be in default on this security agreement if I am in default on any note this agreement secures or if I fail to keep any promise contained in the terms of this agreement. If I default, you have all of the rights and remedies provided in the note and under the Uniform Commercial Code. You may require me to make the secured property available to you at a place which is reasonably convenient. You may take possession of the secured property and sell it as provided by law. The proceeds will be applied first to your expenses and then to the debt. I agree that 10 days written notice sent to my last known address by first class mail will be reasonable notice under the Uniform Commercial Code. My current address is on page 1.

PERFECTION OF SECURITY INTEREST - I authorize you to file a financing statement covering the Property. I will comply with, facilitate, and otherwise assist you in connection with obtaining possession of or control over the Property for purposes of perfecting your security interest under the Uniform Commercial Code.

ADDITIONAL TERMS OF THE NOTE

DEFINITIONS - As used on pages 1 and 2, "" means the terms that apply to this loan. "I," "me" or "my" means each Borrower who signs this note and each other person or legal entity (including guarantors, endorsers, and sureties) who agrees to pay this note (together referred to as "us"). "You" or "your" means the Lender and its successors and assigns.

APPLICABLE LAW - The law of the state of Florida will govern this agreement. Any term of this agreement which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a variation. If any provision of this agreement cannot be enforced according to its terms, this fact will not affect the enforceability of the remainder of this agreement. No modification of this agreement may be made without your express written consent. Time is of the essence in this agreement.

PAYMENTS - Each payment I make on this note will first reduce the amount I owe you for charges which are neither interest nor principal. The remainder of each payment will then reduce accrued unpaid interest, and then unpaid principal. If you and I agree to a different application of payments, we will describe our agreement on this note. I may prepay a part of, or the entire balance of this loan without penalty, unless we specify to the contrary on this note. Any partial prepayment will not excuse or reduce any later scheduled payment until this note is paid in full (unless, when I make the prepayment, you and I agree in writing to the contrary).

INTEREST - Interest accrues on the principal remaining unpaid from time to time, until paid in full. If I receive the principal in more than one advance, each advance will start to earn interest only when I receive the advance. The interest rate in effect on this note at any given time will apply to the entire principal sum outstanding at that time. Notwithstanding anything to the contrary, I do not agree to pay and you do not intend to charge any rate of interest that is higher than the maximum rate of interest you could charge under applicable law for the extension of credit that is agreed to in this note (either before or after maturity). If any notice of interest accrual is sent and is in error, we mutually agree to correct it, and if you actually collect more interest than allowed by law and this agreement, you agree to refund it to me.

INDEX RATE - The index will serve only as a device for setting the interest rate on this note. You do not guarantee by selecting this index, or the margin, that the interest rate on this note will be the same rate you charge on any other loans or class of loans you make to me or other borrowers.

POST MATURITY RATE - For purposes of deciding when the "Post Maturity Rate" (shown on page 1) applies, the term "maturity" means the date of the last scheduled payment indicated on page 1 of this note or the date you accelerate payment on the note, whichever is earlier.

SINGLE ADVANCE LOANS - If this is a single advance loan, you and I expect that you will make only one advance of principal. However, you may add other amounts to the principal if you make any payments described in the "PAYMENTS BY LENDER" paragraph below.

MULTIPLE ADVANCE LOANS - If this is a multiple advance loan, you and I expect that you will make more than one advance of principal. If this is closed end credit, repaying a part of the principal will not entitle me to additional credit.

SET-OFF - I agree that you may set off any amount due and payable under this note against any right I have to receive money from you.

"Right to receive money from you" means:

- (1) any deposit account balance I have with you;
- (2) any money owed to me on an item presented to you or in your possession for collection or exchange; and
- (3) any repurchase agreement or other nondeposit obligation.

"Any amount due and payable under this note" means the total amount of which you are entitled to demand payment under the terms of this note at the time you set off. This total includes any balance the due date for which you properly accelerate under this note.

If my right to receive money from you is also owned by someone who has not agreed to pay this note, your right of set-off will apply to my interest in the obligation and to any other amounts I could withdraw on my sole request or endorsement. Your right of set-off does not apply to an account or other obligation where my rights are only as a representative. It also does not apply to any Individual Retirement Account or other tax-deferred retirement account.

You will not be liable for the dishonor of any check when the dishonor occurs because you set off this debt against any of my accounts. I agree to hold you harmless from any such claims arising as a result of your exercise of your right to set-off.

DEFAULT - I will be in default if any one or more of the following occur: (1) I fail to make a payment on time or in the amount due; (2) I fail to keep the Property insured, if required; (3) I fail to pay, or keep any promise, on any debt or agreement I have with you; (4) any other creditor of mine attempts to collect any debt I owe him through court proceedings; (5) I die, am declared incompetent, make an assignment for the benefit of creditors, or become insolvent (either because my liabilities exceed my assets or I am unable to pay my debts as they become due); (6) I make any written statement or provide any financial information that is untrue or inaccurate at the time it was provided; (7) I do or fail to do something which causes you to believe you will have difficulty collecting the amount I owe you; (8) any collateral securing this note is used in a manner or for a purpose which threatens confiscation by a legal authority; (9) I change my name or assume an additional name without first notifying you before making such a change; (10) I fail to plant, cultivate and harvest crops in due season; (11) any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.

REMEDIES - If I am in default on this note you have, but are not limited to, the following remedies:

- (1) You may demand immediate payment of all I owe you under this note (principal, accrued unpaid interest and other accrued unpaid charges).
- (2) You may set off this debt against any right I have to the payment of money from you, subject to the terms of the "SET-OFF" paragraph herein.
- (3) You may demand security, additional security, or additional parties to be obligated to pay this note as a condition for not using any other remedy.
- (4) You may refuse to make advances to me or allow purchases on credit by me.
- (5) You may use any remedy you have under state or federal law.
- (6) You may make use of any remedy given to you in any agreement securing this note.

By selecting any one or more of these remedies you do not give up your right to use later any other remedy. By waiving your right to declare an event to be a default, you do not waive your right to consider later the event a default if it continues or happens again.

COLLECTION COSTS AND ATTORNEY'S FEES - I agree to pay all costs of collection, replevin or any other or similar type of cost if I am in default. In addition, if you hire an attorney to collect this note, I also agree to pay any reasonable fee you incur with such attorney plus court costs (except where prohibited by law). I agree that "reasonable attorney's fees" shall be construed to mean 10% of the principal sum named in this note, or such larger fee that the court may determine to be reasonable and just. To the extent permitted by the United States Bankruptcy Code, I also agree to pay the reasonable attorney's fees and costs you incur to collect this debt as awarded by any court exercising jurisdiction under the Bankruptcy Code.

WAIVER - I give up my rights to require you to do certain things. I will not require you to:

- (1) demand payment of amounts due (presentment);
- (2) obtain official certification of nonpayment (protest); or
- (3) give notice that amounts due have not been paid (notice of dishonor);

To the extent permitted by law, I also waive my right to a trial by jury in respect to any litigation arising from this note and any other agreement executed in conjunction with this credit transaction.

I waive any defenses I have based on suretyship or impairment of collateral.

OBLIGATIONS INDEPENDENT - I understand that I must pay this note even if someone else has also agreed to pay it (by, for example, signing this form or a separate guarantee or endorsement). You may sue me alone, or anyone else who is obligated on this note, or any number of us together, to collect this note. You may without notice release any party to this agreement without releasing any other party. If you give up any of your rights, with or without notice, it will not affect my duty to pay this note. Any extension of new credit to any of us, or renewal of this note by all or less than all of us will not release me from my duty to pay it. (Of course, you are entitled to only one payment in full.) I agree that you may at your option extend this note or the debt represented by this note, or any portion of the note or debt, from time to time without limit or notice and for any term without affecting my liability for payment of the note. I will not assign my obligation under this agreement without your prior written approval.

FINANCIAL INFORMATION - I agree to provide you, upon request, any financial statement or information you may deem necessary. I warrant that the financial statements and information I provide to you are or will be accurate, correct and complete.

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGES 1, 2 AND 3). I have received a copy on today's date.

SECURITY

SECURITY INTEREST: I give you a security interest in all of the Property described below that I own or have sufficient rights in which to transfer an interest, now or in the future, wherever the Property is or will be located, and all proceeds and products of the Property. "Property" includes all parts, accessories, repairs, replacements, improvements, and accessions to the Property; any original evidence of title or ownerships and all obligations that support the payment or performance of the Property. "Proceeds" includes anything acquired upon the sale, lease, license, exchange, or other disposition of the Property; any rights and claims arising from the Property; and any collections and distributions on account of the Property.

- Accounts and Other Rights to Payment:** All rights to payment, whether or not earned by performance, including, but not limited to, payment for property or services sold, leased, rented, licensed, or assigned. This includes any rights and interests (including all liens) which I have by law or agreement against any account debtor or obligor.
- Inventory:** All inventory held for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in my business.
- Equipment:** All equipment including, but not limited to, machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts, and tools. The Property includes any equipment described in a list or schedule I give to you, but such a list is not necessary to create a valid security interest in all of my equipment.
- Instruments and Chattel Paper:** All instruments, including negotiable instruments and promissory notes and any other writings or records that evidence the right to payment of a monetary obligation, and tangible and electronic chattel paper.
- General Intangibles:** All general intangibles including, but not limited to, tax refunds, patents and applications for patents, copyrights, trademarks, trade secrets, goodwill, trade names, customer lists, permits and franchises, payment intangibles, computer programs and all supporting information provided in connection with a transaction relating to computer programs, and the right to use my name.
- Documents:** All documents of title including, but not limited to, bills of lading, dock warrants and receipts, and warehouse receipts.
- Farm Products and Supplies:** All farm products including, but not limited to, all poultry and livestock and their young, along with their produce, products, and replacements; all crops, annual or perennial, and all products of the crops; and all feed, seed, fertilizer, medicines, and other supplies used or produced in my farming operations.
- Government Payments and Programs:** All payments, accounts, general intangibles, and benefits including, but not limited to, payments in kind, deficiency payments, letters of entitlement, warehouse receipts, storage payments, emergency assistance and diversion payments, production flexibility contracts, and conservation reserve payments under any preexisting, current, or future federal or state government program.
- Investment Property:** All investment property including, but not limited to, certificated securities, uncertificated securities, securities entitlements, securities accounts, commodity contracts, commodity accounts, and financial assets.
- Deposit Accounts:** All deposit accounts including, but not limited to, demand, time, savings, passbook, and similar accounts.
- Specific Property Description:** The Property includes, but is not limited by, the following:

UNSECURED

If applicable, enter real estate description and record owner information: _____

The Property will be used for a personal business agricultural _____ purpose.
Borrower/Owner State of organization/registration (if applicable) _____

ADDITIONAL TERMS OF THE SECURITY AGREEMENT

GENERALLY - This agreement secures this note and any other debt I have with you, now or later. However, it will not secure other debts if you fail with respect to such other debts, to make any required disclosure about this security agreement or if you fail to give any required notice of the right of rescission. If property described in this agreement is located in another state, this agreement may also, in some circumstances, be governed by the law of the state in which the Property is located.

NAME AND LOCATION - My name indicated on page 1 is my exact legal name. If I am an individual, my address is my principal residence. If I am not an individual, my address is the location of my chief executive offices or sole place of business. If I am an entity organized and registered under state law, my address is located in the state in which I am registered, unless otherwise indicated on page 2. I will provide verification of registration and location upon your request. I will provide you with at least 30 days notice prior to any change in my name, address, or state of organization or registration.

OWNERSHIP AND DUTIES TOWARD PROPERTY - I represent that I own all of the Property, or to the extent this is a purchase money security interest I will acquire ownership of the Property with the proceeds of the loan. I will defend it against any other claim. Your claim to the Property is ahead of the claims of any other creditor. I agree to do whatever you require to protect your security interest and to keep your claim in the Property ahead of the claims of other creditors. I will not do anything to harm your position. I will not use the Property for a purpose that will violate any laws or subject the Property to forfeiture or seizure.

I will keep books, records and accounts about the Property and my business in general. I will let you examine these records at any reasonable time. I will prepare any report or accounting you request, which deals with the Property.

I will keep the Property in my possession and will keep it in good repair and use it only for the purpose(s) described on page 1 of this agreement. I will not change this specified use without your express written permission. I represent that I am the original owner of the Property and, if I am not, that I have provided you with a list of prior owners of the Property.

I will keep the Property at my address listed on page 1 of this

your failure to perform will not preclude you from exercising any of your other rights under the law or this security agreement.

PURCHASE MONEY SECURITY INTEREST - For the sole purpose of determining the extent of a purchase money security interest arising under this security agreement: (a) payments on any nonpurchase money loan also secured by this agreement will not be deemed to apply to the Purchase Money Loan, and (b) payments on the Purchase Money Loan will be deemed to apply first to the nonpurchase money portion of the loan, if any, and then to the purchase money obligations in the order in which the items of collateral were acquired or if acquired at the same time, in the order selected by you. No security interest will be terminated by application of this formula. "Purchase Money Loan" means any loan the proceeds of which, in whole or in part, are used to acquire any collateral securing the loan and all extensions, renewals, consolidations and refinancing of such loan.

PAYMENTS BY LENDER - You are authorized to pay, on my behalf, charges I am or may become obligated to pay to preserve or protect the secured property (such as property insurance premiums). You may treat those payments as advances and add them to the unpaid principal under the note secured by this agreement or you may demand immediate payment of the amount advanced.

INSURANCE - I agree to buy insurance on the Property against the risks and for the amounts you require and to furnish you continuing proof of coverage. I will have the insurance company name you as loss payee on any such policy. You may require added security if you agree that insurance proceeds may be used to repair or replace the Property. I will buy insurance from a firm licensed to do business in the state where you are located. The firm will be reasonably acceptable to you. The insurance will last until the Property is released from this agreement. If I fail to buy or maintain the insurance (or fail to name you as loss payee) you may purchase it yourself.

WARRANTIES AND REPRESENTATIONS - If this agreement includes accounts, I will not settle any account for less than its full value without your written permission. I will collect all accounts until you tell me otherwise. I will keep the proceeds from all the accounts and any goods