

**SECURITY AGREEMENT**

**THIS SECURITY AGREEMENT** (the "Agreement") is entered into as of \_\_\_\_\_, 20\_\_\_\_, between:

\_\_\_\_\_  
\_\_\_\_\_

(collectively referred to as "Grantor") and **CHS Capital, LLC**, a Minnesota limited liability company, **CHS Inc.**, a Minnesota corporation and **CHS Capital, LLC dba CHS Capital Illinois, LLC** (collectively, "CHS").

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**ARTICLE 1. DEFINED TERMS**

**Definitions.**

a) The following terms have the meanings given to them in the Uniform Commercial Code ("UCC") and terms used herein without definition that are defined in the UCC have the meanings given to them in the UCC (such meanings to be equally applicable to both the singular and plural forms of the terms defined): "Accession", "Account", "Debt", "Cash Proceeds", "Chattel Paper", "Commercial Tort Claim", "Commodity Account", "Deposit Account", "Electronic Chattel Paper", "Equipment", "Products", "Fixture", "General Intangible", "Goods", "Instruments", "Inventory", "Investment Property", "Letter-of-Credit Right", "Noncash Proceeds", "Proceeds", "Record", "Securities Account", "Security", "Supporting Obligation" and "Tangible Chattel Paper".

b) **Default and Event of Default:** Each of the following constitutes a default by Grantor under this document: (i) the failure of the Grantors to perform any warranty or agreement contained in this? Agreement or in any instrument securing payment of any other indebtedness, (ii) a default by Grantor under any other promissory note or other instrument of indebtedness executed by Grantors, or any one or more of them, and payable to CHS; (iii) if any statement or report furnished by the Grantor to CHS is false in any material aspect; (iv) if any Collateral is lost, stolen, substantially damaged, destroyed, or, without the Grantor's prior written consent, sold or encumbered; (v) if any of the Grantors die, are dissolved or its existence is terminated, declares insolvency, is declared insolvent, is the subject to of any proceedings under bankruptcy or insolvency law, or is the subject of any proceeding under any state or federal farm or agricultural mediation law; (vi) any failure by Grantor to cultivate and harvest the crops resulting from the use of the products herein in due season and in a good and farmer like manner, or to property care for or protect any of the Collateral; (vii) CHS, in good faith, deems itself insecure or determines that the prospect of Grantor's payment under this Agreement or any other indebtedness or the prospect of Grantor's performance of this or any other instrument securing this Agreement or relating to is impaired, and (viii) and failure by Grantors to satisfy, to CHS's satisfaction, each condition set out in any other instrument or evidence of indebtedness. Upon the occurrence of any one or more events of default, at CHS's option, all unpaid obligations shall become immediately due and payable, without notice to or demand upon Grantors and CHS shall have all remedies as to the Collateral of a secured party under the UCC.

**ARTICLE 2. GRANT OF SECURITY INTEREST**

**Collateral.** For value received, Grantor hereby grants CHS a continuing, security interest (the "Security Interest") in all of Grantor's current or future personal property (tangible, intangible and mixed), wherever located, and whether now owned or hereafter acquired, including, without limitation, all: (a) Accounts; (b) Chattel Paper, whether Electronic Chattel Paper or Tangible Chattel Paper; (c) Inventory, including, without limitation, all raw materials, works-in-process, finished goods, tangible property, stock-in-trade, wares, and merchandise; (d) Equipment, including, without limitation, all machinery, furniture, furnishings and vehicles (all more completely described, but not limited to those described in any attached exhibits); (e) Instruments; (f) Investment Property; (g) Commercial Tort Claims; (h) Documents; (i) Deposit Accounts; (j) Letter-of-Credit

Right; (k) General Intangibles; (l) Supporting Obligations; (m) Goods, including, without limitation, fuel, oil and fuel additives and supplements; (n) all crops now growing or to be grown, including all accounts arising thereof and any crop inventory; (o) all livestock, offspring of livestock and any and all products and accounts thereof of livestock, including but not limited to assignment of all products and proceeds of livestock; (p) to the extent not listed above as original collateral; (q) all CHS Inc. equities and patronage; and (r) all Proceeds (whether Cash Proceeds or Noncash foregoing, including, without limitation, the Proceeds of the foregoing and all insurance, eminent domain, Proceeds), Accessions, and substitutes of the and condemnation awards related to any of the foregoing (collectively, the "Collateral").

**Indebtedness Secured.** This Security Interest is granted to secure: (a) the payment of all indebtedness and the performance of all obligations of any kind or nature, whether direct or indirect, absolute or contingent, or now outstanding or hereafter existing or arising, of Grantor now or hereafter owing to CHS, including, without limitation, amounts owed under all obligations of Grantor under this Agreement and all amounts owed by Grantor to CHS for products or otherwise, and (b) all costs, expenses, and reasonable attorneys' fees incurred by CHS in the disbursement, administration, enforcement, and collection of any indebtedness or the protection, maintenance, and liquidation of the Collateral (including allocated costs of in-house counsel), all of which shall be paid by Grantor (collectively, the "Indebtedness").

### **ARTICLE 3. COVENANTS, AGREEMENTS, AND RIGHTS OF PARTIES**

**Defense of the Collateral.** The Grantor shall defend its right, title, and interest in and to the Collateral against any and all persons and against any and all claims, take all action necessary to maintain its right, title, and interest in and to the Collateral, and take all action necessary to prevent any material impairment of the Collateral.

**Conduct of Business.** In the conduct of its business and in all respects related to any of the Collateral, the Grantor shall comply with all applicable Laws.

**Products.** Upon the request of CHS, Grantor shall provide to CHS the names and addresses of all buyers, commission merchants and selling agents. Grantor shall supplement the list of potential buyers, commission merchants and selling agents provided to CHS whenever necessary or requested by CHS. Grantor authorizes CHS to notify any and all potential buyers, commission merchants and selling agents named by Grantor of CHS's interest in the Products and to take any and all other measures required or allowed by Law to perfect and protect CHS's interest in Products.

**Value of Collateral.** Grantor shall notify CHS within seven (7) days of any significant changes in either the value of the Collateral or the types of items which constitute Collateral.

**Relocation of Collateral.** Grantor shall not permit any tangible Collateral to be located or relocated in any state (and, if a county filing is required, in any county) in which a financing statement covering such Collateral is required to be, but has not in fact been, filed in order to perfect the Grantor's security interest. Grantor shall obtain the written consent of the CHS prior to the removal or relocating of any tangible Collateral.

**Change in Name, State of Organization, or Location.** Grantor shall not change: (a) its name or make any changes in the trade names under which it now operates, (b) its state of organization, or (c) the location of its principal place of business, its registered address, or its chief executive offices.

**Taxes.** Grantor shall pay promptly when due all taxes and assessments upon the Collateral including, but not limited to, any governmental charges that could become a lien upon the Collateral.

**Possession of Third Party.** Where any Collateral is in the possession of a third party, the Grantor shall notify CHS immediately and join with CHS in notifying the third party of CHS's security interest and obtaining an acknowledgment from the third party that is holding such Collateral for the benefit of CHS. In the event any of the Collateral shall be delivered to a warehouseman or other bailee for storage or any other purpose, Grantor shall cause any negotiable or nonnegotiable document, warehouse

receipt, scale ticket or other writing evidencing such storage to be issued in the name of CHS and shall cause such document to be immediately delivered to Lender.

**Information.** Grantor agrees to permit CHS or CHS agents: (a) to have access to and inspect the Collateral, (b) from time to time, to verify Accounts and all Collateral, and (c) to review, make copies of, or extract from the books, records, and files of Grantor information related to Collateral. Grantor shall provide such access or information upon reasonable prior notice from CHS.

**Financing Statements.** Grantor shall, at the request of CHS, execute and deliver to CHS any financing statements or other notices that CHS may desire in order perfect its security interest.

**CHS's Rights to Perform.** CHS may, but shall have no obligation to: (a) discharge taxes, Liens, security interests, or other encumbrances at any time levied or placed upon the Collateral, (b) pay for the maintenance and preservation of the Collateral, (c) obtain and/or pay for insurance on the Collateral, and (d) cause to be performed for and on the behalf of Grantor any obligations of Grantor under this Agreement which Grantor has failed (or is assumed to have failed) or refused to perform. Grantor shall reimburse CHS upon demand for all payments made and all expenses incurred by CHS pursuant to this Section, with interest, from the date paid or incurred by CHS, at the maximum interest rate allowed.

**Security Agreement to Control.** In the event of any conflict between this Agreement and the terms of any application for credit submitted by Grantor or any loan commitment given by CHS to Grantor, this Agreement shall control.

#### **ARTICLE 4. REMEDIES UPON DEFAULT**

**Remedies Generally.** In addition to all rights and remedies provided under any related and/or applicable documents, at any time and from time to time after the occurrence and during the continuation of an Event of Default, CHS may do any of the following:

- a) Declare any Indebtedness immediately due and payable, without notice or demand;
- b) Pursue all the rights and remedies of CHS under the Uniform Commercial Code and any other applicable laws of the State of Minnesota or any other State as designated by CHS;
- c) Pursue all rights and remedies under any other documents;
- d) Require Grantor to assemble the Collateral (and any Proceeds of the Collateral) and deliver the same to CHS at a place to be designated by CHS;
- e) Without a judicial hearing prior to such taking, enter any premises where the Collateral is located and take possession of the Collateral or remove the Collateral from such premises;
- f) Sell, transfer, or otherwise dispose of all or any of the Collateral at any time, or from time to time. CHS shall give Grantor commercially reasonable prior notice of either the date after which any intended private sale is to be made or the time and place of any intended public sale, provided that CHS need give no such notice in the case of Collateral which CHS determines to be declining rapidly in value or which is customarily sold on a recognized market. CHS shall have the right to conduct such sales on Grantor's premises, without charge, and such sales may be adjourned from time to time in accordance with applicable Law without further requirement of notice to Grantor. Grantor acknowledges that a private sale may result in a reduced purchase price or less favorable terms than a public sale, but such private sale shall, nevertheless, be deemed to be commercially reasonable. At any public sale CHS may purchase the Collateral or any part thereof free from any right of redemption, which right Grantor hereby waives. After deducting all expenses and attorneys' fees (including allocated costs of in-house counsel) incurred in assembling, taking, repairing, storing, selling, and delivering the Collateral or any part thereof, CHS may apply the net proceeds of the sale to the Indebtedness with such allocation as to item and maturity as CHS, in its sole discretion, deems advisable and shall refund the surplus, if any, to Grantor, who shall be liable for any deficiency. CHS may

sell or otherwise dispose of the Collateral without giving any warranties as to the Collateral and may specifically disclaim any warranties of title or the like, any or all of which will not be considered to adversely affect the commercial reasonableness of any sale or other disposition of the Collateral. CHS has no obligation to clean up or otherwise prepare the Collateral for sale. If CHS sells any of the Collateral upon credit, the Grantor will be credited only with payments actually made by the purchaser, received by CHS, and applied to the Indebtedness. In the event the purchaser fails to pay for the Collateral, CHS may resell the Collateral, and the Grantor shall be credited with the net proceeds of such re-sale in accordance with the above procedure; and notify any Account Obligor(s) of its Security Interest in Grantor's Accounts and collect the same. Grantor will thereafter receive all Account payments as the agent of and as trustee for CHS and will deliver to CHS on the day of receipt all checks, cash, drafts, acceptances and other Account payments. Until such delivery, Grantor shall not use or commingle any Account payments and shall at all times keep all such remittances separate and apart from Grantor's own funds, capable of identification as the CHS's property. After any Event of Default, CHS and its representatives are hereby authorized to endorse in Grantor's name any item received by the CHS representing any payment on or Proceeds of any of the Collateral and may sign Grantor's name upon all Accounts, invoices, assignments, financing statements, notices to Grantor, bills of lading, storage receipts, or other instruments or documents in respect to the Accounts, the Proceeds therefrom, or property related thereto. Grantor shall promptly give CHS copies of all Account statements, accompanied by such additional information, documents, or copies as CHS may request. Grantor shall maintain all records with respect to the Accounts and with respect to the general conduct and operation of Grantor's business, including, without limitation, balance sheets, operating statements, and other financial information in accordance with generally accepted accounting principles and as CHS may request.

g) Allow CHS to exercise Grantor's remittance via ACH transaction for any of the amount owing.

**Cumulative Remedies.** All rights and remedies of CHS shall be cumulative, and such rights and remedies may be exercised concurrently, independently, or successively by CHS, in its discretion.

**Payment of Expenses.** Grantor shall pay to CHS on demand all expenses, including, but not limited to, attorneys' fees and legal expenses (including allocated costs of in-house counsel) paid or incurred by CHS in protecting and enforcing the rights of and obligations to CHS under any provision of this Agreement, including, but not limited to, its right to take possession of the Collateral and Proceeds of the Collateral from the custody of Grantor or any trustee or receiver in bankruptcy or any other person. All such expenses shall become part of the Indebtedness and shall bear interest from the date paid or incurred by CHS at the rate as stated in term on indebtedness.

**Notice of Sale.** Any notice required to be given by CHS to Grantor with respect to the sale or other disposition of the Collateral shall be deemed commercially reasonable if mailed, in the manner set forth below, at least ten (10) days before the time of such sale or other disposition.

## ARTICLE 5. MISCELLANEOUS

**Financing Statements.** Grantor hereby specifically agrees that CHS may file one or more financing statements, continuation statements, effective financing statement(s) and any other central notice filings, in forms satisfactory to CHS, and Grantor shall pay the cost of filing the same, wherever filing is deemed by CHS to be necessary or desirable. Notwithstanding the foregoing, Grantor appoints and constitutes CHS its agent and attorney-in-fact to execute on behalf of Grantor any such financing or continuation statements, if necessary, and to execute and deliver any other document (including, without limitation, any governmental forms necessary to place liens on titles) necessary or desirable in perfecting CHS's lien on the Collateral.

**Resolution and Authorization.** Grantor warrants that signers acting on behalf of any corporation, limited liability company, partnership (all types of partnerships) or trust, that they are duly authorized to enter into and execute this Agreement on behalf of any corporation, limited liability company, partnership (all types of partnerships) or trust and further are authorized to enter into and execute any other documents in conjunction with this Agreement, including but not limited to: open account application, promissory note, transaction account or any other evidence of indebtedness as well as any other collateral or mortgage documents.

**Manner of Notice.** All notices and demands required or permitted by this Agreement shall be in writing addressed to the relevant address set forth above or such other relevant address as may be specified in writing by the relevant party. All notices, demands, and payments required or permitted by this Agreement shall be deemed properly made: (a) upon personal delivery, (b) three (3) business days after deposit in the United States mail, postage prepaid, registered or certified mail, or (c) one (1) business day after deposit with a recognized overnight courier, postage prepaid. Proof of sending any notice, demand, or payment shall be the responsibility of the sender.

**No Waiver.** No delay on the part of CHS in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by CHS of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. No provision of this Agreement shall be waived by any party, unless such waiver is in writing, signed by a duly authorized representative of the party against whom such waiver is sought to be enforced. A waiver by either party of any breach or failure to comply with any provision of this Agreement by the other party shall not be construed as or constitute a continuing waiver of such provision or a waiver of any other breach of or failure to comply with any other provision of this Agreement.

**Applicable Law.** The terms and conditions of this Agreement shall be governed, construed, interpreted, and enforced in accordance with the domestic laws of the State of Minnesota, or other State, only if designated by CHS without regard to its conflict of law principles. The Grantor agrees that any action against the Grantor for the enforcement of this Agreement or any other evidence of indebtedness may be brought by CHS in any municipal, state or federal court in the State of Minnesota having jurisdiction of the subject matter, or in the State of the Grantor, at the discretion of CHS and the Grantor consents that any such court shall have personal jurisdiction over the Grantor with respect to any such action.

**Binding Effect.** This Agreement shall be binding upon and inure to the benefit of Grantor and CHS and their respective successors and assigns.

**Assignment.** Grantor may not assign this Agreement in whole or in part without the CHS's prior written consent and the Bank at any time may assign this Agreement in whole or in part. CHS may freely assign this Agreement and any of its rights hereunder.

**Modification.** This Agreement cannot be amended, altered or modified, unless done so in a writing, signed by a duly authorized representative of the party against whom such modification is sought to be enforced.

**Severability.** If any portion of this Agreement is found to be invalid or unenforceable for any reason, any court or other tribunal adjudicating the rights and duties of the parties under this Agreement shall alter, modify, or strike portions of the Agreement so that it will be enforceable to the fullest extent permitted by law and be consistent with the parties' intent. If any provision of this Agreement is held, in whole or in part, to be invalid, the remainder of such provision and this Agreement shall remain in full force and effect, with the offensive term or condition being stricken to the extent necessary to comply with any conflicting law.

**Continuing.** This Agreement is a continuing Agreement.

**Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement. The provisions of this Agreement shall supersede all contemporaneous oral agreements, communications, and understandings and all prior oral and written communications, agreements, and understandings between the parties with respect to the subject matter of this Agreement. Each party acknowledges that no representation, inducement, or condition not set forth in this Agreement has been made or relied upon by either party.

**Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be considered an original counterpart, and shall become a binding agreement when each party shall have executed one counterpart and delivered it to the other party. To the extent signed and delivered by means of a facsimile machine or other electronic transmission (including e-mail of a "PDF" signature), this Agreement shall be treated in all respects and for

all purposes as an original agreement and shall be considered to have the same binding legal effect as if it were the original signed version of this Agreement.

**Applicable to SD Residents Only.** If there are any improprieties in making this loan or in loan practices, please refer to the Division of Banking, South Dakota Department of Labor and Regulation at the following address and telephone number: 1601 N. Harrison Avenue, Suite 1, Pierre, South Dakota 57501, (605) 773-3421.

**IN WITNESS WHEREOF**, Grantor and CHS have executed this Agreement as of the date first above written.

**GRANTOR:**

**Individually:**

\_\_\_\_\_  
Individually

\_\_\_\_\_  
Individually

\_\_\_\_\_  
Individually

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Individually

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Individually

\_\_\_\_\_  
Individually

**Entity (If Applicable):**

\_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

Title: \_\_\_\_\_

**CHS:**

**CHS Capital, LLC; CHS Capital, LLC dba CHS Capital Illinois, LLC**

\_\_\_\_\_

Title: \_\_\_\_\_

**CHS Inc.**

\_\_\_\_\_