

CONTRACT OF SALE

BETWEEN
PEOPLE'S NUTRITIONAL BAKERY, INC.
AND
PEOPLE'S NUTRITIONAL BAKERY, A COOPERATIVE

AGREEMENT made and entered into as of the 15th day of July, 1981, between People's Nutritional Bakery, Inc. (hereinafter called the Seller) and People's Nutritional Bakery, A Cooperative (hereinafter called the Buyer) for the sale of all the assets of the Seller, such sale deemed to have been made as of the closing date of the 31st day of July, 1981:

W I T N E S S E T H

1. TRANSFER OF ASSETS. On the terms and conditions set forth, Seller agrees to sell, convey, transfer, assign and deliver to Buyer, and Buyer agrees to purchase and accept, as hereinafter provided, all of the Seller's assets, property and business, including goodwill, owned by the Seller, as a going concern of Seller, of every kind and description, wherever located, including, without limitation, all property, tangible or intangible, real, personal or mixed, accounts receivable, bank accounts, cash and securities, claims and rights under contracts of Seller, rights to use the name "People's Nutritional Bakery" and all other names and slogans used by Seller in connection with its business or products, all as the same shall exist at time of closing referred to in paragraph 3 hereof (hereinafter called the Closing Date).

A. The assets, property, and business to be sold, conveyed, transferred, and delivered to Buyer on the Closing Date shall, without limitation, include all assets, property and business of Seller as shown on the statement and balance sheet of Seller as of 31st day of July, 1981, a copy of which, initialed by the Board of Directors of Seller, is attached to and incorporated with this Contract.

B. Seller agrees that Buyer, after the Closing Date, shall have the right and authority to collect for account of Buyer all receivables and other items which shall be transferred to Buyer, as provided herein, and to endorse without recourse and without warranties of any kind the name of Seller on any checks or other evidences of indebtedness received by Buyer on account of any receivables or other items. Seller agrees that it will transfer and deliver to Buyer any cash or other property that Seller may receive in respect of such receivables or other items.

C. Seller shall have the right to retain its books of account (except open accounts receivable ledgers and open accounts payable ledgers), check books, cancelled checks, minute books, stock transfer ledger and property of a like nature.

D. Seller will use its best efforts to obtain the consent to the assignment thereof to Buyer of any other party to a contract, license, lease, commitment, sales order, or purchase order now held in Seller's name.

2. ASSUMPTION AND PAYMENT OF LIABILITIES.

A. Subject to the terms and conditions of this Agreement,

B. Buyer shall specifically not assume any debt, liability or obligation incurred by the Seller in purchase of capital assets, assets used in the trade or business or general borrowings used to maintain the business. Such debts, liabilities and obligations shall include:

- (a) Liabilities of the Seller for any tax including those incident to this sale, past due Federal income tax, FICA, FUTA and wage withholding, and the equivalent taxes in the State of Minnesota;
- (b) Any bank loans or other financing agreements used to purchase the assets used in the trade or business; and
- (c) Any other loan agreements.

3. CLOSING DATE. The closing under this agreement shall take place on July 31, 1981 at the office of the Seller.

4. PURCHASE PRICE. The purchase price shall be sixty-five thousand dollars (\$65,000.00) payable as follows: twenty-one thousand, six hundred and sixty-six dollars (\$21,666.00) payable with interest at a rate of interest of ten percent (10%) non-compounded simple interest on the thirtieth of June, 1982, twenty-one thousand, six hundred and sixty-six (\$21,666.00) payable with interest at a rate of ten percent (10%) non-compounded simple interest payable on the thirtieth day of June, 1983 and twenty-one thousand, six hundred and sixty-eight dollars (\$21,668.00) payable with interest at a rate of ten percent (10%) non-compounded simple interest on the thirtieth of June, 1984. All notes may be accelerated by the Buyer without penalty at any point before it becomes due. The promissory notes are incorporated into this agreement and are a part thereto.

A. In the event that the Buyer is unable to secure financing from a financial institution, the parties hereto agree that all payments under the above promissory notes shall be suspended and that a payment schedule based on the profitability of the business shall be instituted.

B. Said notes shall be the obligation of the Buyer and will be fully secured by the assets of the business transferred in this Agreement.

5. REPRESENTATIONS AND WARRANTIES OF SELLER. Seller hereby agrees, represents and warrants as follows:

A. Seller is a corporation duly organized and existing and in good standing under the laws of the State of Minnesota, and it is entitled to own or lease its assets and properties in said state.

B. The attached Statement fairly represents the financial position of the Seller as of the date thereof.

C. Seller has good and marketable title to the material, machinery, and equipment in its plant and structures, free and clear of all mortgages, liens and encumbrances except those listed on the attached statement.

6. REPRESENTATIONS AND WARRANTIES OF THE BUYER. Buyer hereby represents, warrants and agrees as follows:

A. Buyer is a cooperative association duly organized and in good standing under the laws of the State of Minnesota

7. CONDUCT OF BUSINESS PENDING CLOSING. Seller covenants that pending the closing;

A. Its business will be carried on only in the ordinary course.

B. It will make no change in its authorized capital stock, or in its issued capital stock.

C. It will declare no dividends or make other distributions in respect of Seller's stock, or directly redeem, purchase or otherwise acquire such stock.

D. It will make no change in the compensation of any officer or employee without the prior written consent of Buyer.


8. EXPENSES OF THIS AGREEMENT. The Buyer and Seller each shall pay its own expenses incident to the preparation and carrying out of this Agreement, whether or not the transaction contemplated thereby is consummated.

9. GOVERNING LAW AND ENTIRE AGREEMENT. This instrument contains the entire agreement between the parties thereto with respect to the transaction contemplated herein. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

10. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their duly authorized officers and their respective corporate seals (if such exist) to be affixed hereto, on this 15th day of July, 1981.

ATTEST:



Secretary

PEOPLE'S NUTRITIONAL BAKERY, INC.



President

ATTEST:



Assistant Secretary

PEOPLE'S NUTRITIONAL BAKERY, A COOPERATIVE



President

To: 120, P00

From: 18

Re: Update on suits, liability vs. INC

10/30/83

IRS: Regularly takes any refund due to Zack ; this year there was approx. \$300.00 involved.

Creditors: Suit is threatened by Auto Truck Co. (for repair done); amount is \$680.36.
(against INC)

McGarvey Coffee; continued invoices, amount of \$231.53.

Holden Business Forms: continued correspondance from D & B to INC; amount is 104.27.

To: P00, 120
From: NB 18
Re: 802, legal questions
10/30/83

Some questions have been raised by 203 in process of preparation for an audit being conducted by coop auditing. **First**, there is a question as to attributing original capital (\$5,000 ?) to particular people. **Second**, is the question of attributing some ownership to Zack, since his name was discussed as a possible party to negotiate a loan from the bank.

The timing of this is that the audit is underway. The auditor has requested legal documents in the normal course of the audit, including the contract of sale, Articles of Incorp. and By-laws.

O: The process that is underway - obtaining an audit which can in turn be used in obtaining loans from NB's bank and possibly NCCB - involves on the one hand the coop F00 and sale, which in turn result in particular relationships of ownership and liability vs. approaching NB's bank as a closely held business, making use of Ted and Zack's long history with the company and relationship with the bank.

On the one hand, the F00 of coop is not owned by one or two particular owners; on the other hand, the old business was. Presumably what is being considered is that the bank wants to deal with one or two people who have clear responsibility for the business.

E: **The issues of liability for past debts have not been resolved.** Letters from collection agencies trickle in - at a much slowed pace - but have not been reported on an on-going basis because they are handled in a procedural manner. Some could ripen into suits.

My understanding of the IRS is not clear - whether that is a dead issue. The IRS sent a communication which was passed on; to 120.

I: Maintaining the clear F00 of coop and F00 of a sale can become relevant when processes start to intersect. 18's understanding is that the same audit is to be used for both NCCB and NB's working bank and that the audit will be the basis for audits to come. There is intersection between the auditor and these two banks. In the course of doing an audit, it is normal to look at the legal documents and to disclose pending litigation.

S: Question? **Is the process of obtaining a loan with NB's bank to be shaped in such a way which minimizes F00 of coop and the sale?** If so, what structures can be designed to do this? The question arises with Z's participation, not T's.

Second, whatever structure or determination is made with respect to the present audit needs to be translated into the accounting work that 203 is doing in preparation for the audit.

Some new input: 18 attended the final part of a convention of coops which was taking place next door to work (stopped by during # lunch), and joined into a luncheon. The group was several hundred, made up of people in agriculture and many rural businesses, including electric coops, and representatives from the large coops. By the looks of people present, none appeared to be connected with "movement-type" coops. The NCCB was listed as largest bank financing coops. The main topics which had been discussed was how to cope with financial crisis going on in agriculture and coops in general. Nevertheless, 18's impression is that the F00 of coop is not so unusual to a bank. The difference is that when a bank financing a coop looks at the question of who can they go after and who is responsible, etc., they look at the equity which is required by members as opposed to who is the owner. In looking at this audit for the long run, **18 would recommend attributing \$1000 each to particular board members or officers, one of them being Ted.** This is different from attributing most of the initial capital to one or two owners. There will be confusion if the F00 of coop is not maintained, unless there are some structures which 18 does not yet know.

Department of the Treasury
Internal Revenue Service

OGDEN, UT 84201

OMB NO.: 1545-0504 EXP. 33-04-30
OMB NO. 1545-0506

If you have any questions, refer to this information

Date of This Notice: 09 SEP 1981
Taxpaying Identifying Number: [REDACTED]
Document Locator Number: 29840-030-33470-2
Form 940 Tax Year Ended: DEC 31, 1981

PEOPLES NUTRITIONAL BAKERY INC
774 AMUNDSON AVE SUITE 212
EDINA, MN 55424

Call: 291-1422 MINNEAPOLIS-ST. PAUL
800-424-1040 OTHER MINNESOTA

or
Write: Chief, Taxpayer Assistance Section
Internal Revenue Service Center
OGDEN, UT 84201

If you write, be sure to attach this part of notice.
The copy is for your records.

Proposed Increase in Tax

Information reported on your Form 940 for the above year does not agree with the information given to us by your State Unemployment Insurance Agency. You are allowed full credit for all State contributions paid on time up to a maximum of 2.7% of the total wages subject to Federal tax. You are allowed only 90% of this credit if part of your payment to the State is late.

The State's figures follow:		MN	
State Reporting Number	1562271-000		
Wages (State's records)	\$ 29,169.65		\$
	.00		
	.00		
	.00		
Experience rate(s)03100		
	.00000		
	.00000		
	.00000		
Contributions paid on time00		
Contributions paid late	\$.00		\$

If you disagree with the State's figures or if the State reporting number is incorrect, you should contact the State for corrected proof of credit. Send us the corrected proof with this notice. If we do not hear from you within 90 days, we will assume you agree and will bill you for the additional tax, plus interest. If you agree with the above information, we will adjust your tax as follows:

	Reported On Return		As Corrected
Total taxable wages	\$ 29,001.42	\$	29,001.42
Gross FUTA tax	986.05		986.05
Less allowable credit	783.04		.00
Tax balance	203.01		986.05
Less tax previously assessed			203.01
Increase in tax		\$	783.04

If you completed Part II of Form 940, these items are not shown in that part.

If you have any questions, you may call or write - see the information in the upper right corner of this notice. To make sure that IRS employees give courteous responses and correct information to taxpayers, a second employee sometimes listens in on telephone calls.

A G R E E M E N T

AGREEMENT by and between People's Nutritional Bakery, A Cooperative (hereinafter the "Buyer") and Mark Krivchenia, Robert Goonin and Dan Rybeck (hereinafter the "Shareholder" or "Shareholders") made on the first day of November, 1983.

WHEREAS on or about July 15, 1981 the Buyer entered into a Contract of Sale (hereinafter the "Contract") with the People's Nutritional Bakery, Inc. (hereinafter the "Corporation") to purchase all of the assets of the Corporation for the sum of Sixty-Five Thousand Dollars (\$65,000.00);

WHEREAS the Buyer issued its Promissory Notes (hereinafter the "Notes") in the face amount of Sixty-Five Thousand Dollars (\$65,000.00) to the Corporation in payment of the Buyer's obligation under the Contract;

WHEREAS on or about July 1, 1981 the Corporation adopted a plan of complete liquidation under Section 337 of the Internal Revenue Code of 1954, as amended (hereinafter the "Code");

WHEREAS on or about June 15, 1982 the Corporation pursuant to its plan of liquidation, distributed its assets to the Shareholders, such assets included the Notes;

WHEREAS the Corporation was subsequently dissolved pursuant to the Articles of Dissolution issued by the Secretary of State of the State of Minnesota on June 30, 1982;

WHEREAS [REDACTED] constituted the only Shareholders of the Corporation on the date of its dissolution;

WHEREAS the Shareholders received, and were assigned, the Notes pursuant to the liquidation of the Corporation, each Shareholder receiving vace amount of Notes as follows:

[REDACTED]	\$26,000.00
[REDACTED]	\$26,000.00
[REDACTED]	\$13,000.00

WHEREAS no part of the principal amount of the Notes has heretofore been paid or otherwise satisfied by the Buyer;

WHEREAS the Buyer, having used the assets in its business since their acquisition, believes that the assets were substantially overvalued at the time of purchase;

WHEREAS the Shareholders are desirous of rapid payment of the Notes and also believe that the fair market value of the assets is substantially less than the purchase price in the Contract.

THEN IT IS AGREED THAT:

1. The purchase price of the assets shall be reduced to Twenty Thousand Dollars (\$20,000.00) in conformity with the actual fair market value as of July 15, 1981,

2. The purchase price shall be in conformity with Code Section 105(e)(5) and the Buyer shall reduce the basis of the assets for all purposes,

3. The Contract shall be modified only as to the purchase price and shall otherwise remain fully in effect as to all other terms and conditions,

4. This Agreement shall be attached to and incorporated into the Contract,

5. The Notes shall be marked "Paid in Full" and new promissory notes (hereinafter the "New Notes") shall be issued by the Buyer in the face amount of Twenty Thousand Dollars (\$20,000.00) payable to the Shareholders as follows:



\$8,000.00
\$8,000.00
\$4,000.00,

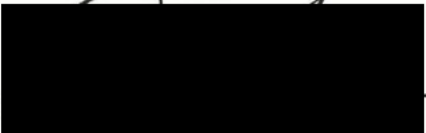
6. The New Notes shall contain all the terms and conditions of the Notes and shall be identical in all respects except as to face amounts,

7. Nothing contained herein shall cause any Party to this Agreement to assume any liability or be relieved of any liability imposed under the Contract or Notes.

SIGNED this just day of November, 1983.



PEOPLE'S NUTRITIONAL BAKERY, A COOPERATIVE
BY ITS President



PEOPLE'S NUTRITIONAL BAKERY,
A COOPERATIVE

Promissory Note
\$8,000.00

St. Paul, Minnesota
November 1, 1983

FOR VALUE RECEIVED, the undersigned, People's Nutritional Bakery, a Cooperative, (herein called the "Payor"), hereby promises to pay to the order of

_____ the principal sum of eight thousand dollars (\$8,000), together with interest computed on the basis of a 360-day year and 30-day month on the unpaid balance thereof at the rate of 10% per annum from the date hereof, said interest to be payable on June 30, 1984, June 30, 1985, and June 30, 1986 together with principal payments of \$2,666.00 on June 30, 1984, \$2,666.00 on June 30, 1985, and \$2,668.00 on June 30, 1986. The Payor may prepay its indebtedness in full at any time prior to maturity without premium or penalty upon ninety (90) days prior written notice to Payee.

In the event that Payor is unable to secure financing from a financial institution by June 30, 1984, such inability evidenced by a written refusal or denial from three banks or similar financial institutions, the above stated payment schedule shall be null and void. Payments subsequent to the inability to secure the above stated financing shall be based on the financial condition of the Payor according to the following formula: payments shall be made monthly, including interest accrued at the rate of 10% per annum on any unpaid principal, whenever sales exceed 120% of the cost of goods sold together with any expenses incurred in the operation of the business, (hereinafter "the excess amount"), including, but not limited to, allocations for patronage dividends based on amounts pre-paid as such. _____ or any assignee thereunder, shall have the right to inspect the books and assets of the Payor at any time to determine the Payor's financial condition. Payor agrees to not incur any loan or debt in excess of 35% of its net worth without the consent of _____. Payor agrees not to pay patronage dividends in an excessive amount. Payor further agrees to operate the business in a reasonable and businesslike manner.

Whenever payments must be made under the above formula, they shall be in an amount of 75% of the excess amount, and shall be first allocated to any accrued interest and then to principal.

Payments of both principal and interest are to be made at the offices of People's Nutritional Bakery, A Cooperative, 918 University Avenue, St. Paul, MN 55104.

This Note is one of a series of Notes issued pursuant and subject to a certain Agreement between People's Nutritional Bakery, Inc. and Payor, Dated July 15, 1981, and the failure to make in full any payment when due of interest of principal under this Note or the breach of any of the undertakings and guarantees provided in said Agreement or in the Security Agreement provided for therein, shall constitute a default under this Note entitling the Payee hereof, in addition to any other right or remedy which it may have in law or equity, to immediate acceleration of all payments due hereunder.

Any amounts due hereunder the payment of which is in default shall bear interest at the rate of 10% but not in excess of the maximum rate permitted by applicable law.

The following shall constitute events of default hereunder, and upon the happening of any one of these events, both the principal amount and accrued interest hereunder may be declared immediately due and payable upon written notice to the Payor from the holder hereof:

(a) Default in the payment of any installment of interest or principal when it becomes due and payable, and the continuance of such default for a period of ten business days after receipt by the Payor of written notice of such default;

(b) The Payor, including its successors and assigns, makes an assignment for the benefit of creditors or admits in writing an inability to pay his debts generally as they become due; or an order, judgment or decree is entered adjudicating the Payor bankrupt or insolvent; or the Payor petitions or applies to any tribunal for the appointment of a trustee, receiver or liquidator of the Payor or of any substantial part of the assets of the Payor or commences any proceeding (other than a proceeding for the voluntary liquidation and dissolution of Payor) relating to the Payor under any bankruptcy, reorganization, arrangement, insolvency, readjustment or proceeding commenced against the Payor and either (1) Payor by any act indicated its approval thereof, consent thereto or acquiescence therein, or (2) such petition application or proceeding is not dismissed within thirty days;

This Note shall be construed in accordance with the laws of the State of Minnesota. *This Note is made pursuant to agreement made by [redacted] November 1, 1983*

Attest

Secretary

Chairperson, Board of Directors

Nov. 1 1983

Date

Nov. 1, 1983

Date

PEOPLE'S NUTRITIONAL BAKERY,
A COOPERATIVE

Promissory Note
\$8,000.00

St. Paul, Minnesota
November 1, 1983

FOR VALUE RECEIVED, the undersigned, People's Nutritional Bakery, a Cooperative, (herein called the "Payor"), hereby promises to pay to the order of

_____ the principal sum of eight thousand dollars (\$8,000), together with interest computed on the basis of a 360-day year and 30-day month on the unpaid balance thereof at the rate of 10% per annum from the date hereof, said interest to be payable on June 30, 1984, June 30, 1985, and June 30, 1986 together with principal payments of \$2,666.00 on June 30, 1984, \$2,666.00 on June 30, 1985, and \$2,668.00 on June 30, 1986. The Payor may prepay its indebtedness in full at any time prior to maturity without premium or penalty upon ninety (90) days prior written notice to Payee.

In the event that Payor is unable to secure financing from a financial institution by June 30, 1984, such inability evidenced by a written refusal or denial from three banks or similar financial institutions, the above stated payment schedule shall be null and void. Payments subsequent to the inability to secure the above stated financing shall be based on the financial condition of the Payor according to the following formula: payments shall be made monthly, including interest accrued at the rate of 10% per annum on any unpaid principal, whenever sales exceed 120% of the cost of goods sold together with any expenses incurred in the operation of the business, (hereinafter "the excess amount"), including, but not limited to allocations for patronage dividends based on amounts pre-paid as such. _____ or any assignee thereunder, shall have the right to inspect the books and assets of the Payor at any time to determine the Payor's financial condition. Payor agrees to not incur any loan or debt in excess of 35% of its net worth without the consent of _____. Payor agrees not to pay patronage dividends in an excessive amount. Payor further agrees to operate the business in a reasonable and businesslike manner.

Whenever payments must be made under the above formula, they shall be in an amount of 75% of the excess amount, and shall be first allocated to any accrued interest and then to principal.

Payments of both principal and interest are to be made at the offices of People's Nutritional Bakery, A Cooperative, 918 University Avenue, St. Paul, MN 55104.

This Note is one of a series of Notes issued pursuant and subject to a certain Agreement between People's Nutritional Bakery, Inc. and Payor, Dated July 15, 1981, and the failure to make in full any payment when due of interest of principal under this Note or the breach of any of the undertakings and guarantees provided in said Agreement or in the Security Agreement provided for therein, shall constitute a default under this Note entitling the Payee hereof, in addition to any other right or remedy which it may have in law or equity, to immediate acceleration of all payments due hereunder.

Any amounts due hereunder the payment of which is in default shall bear interest at the rate of 10% but not in excess of the maximum rate permitted by applicable law.

The following shall constitute events of default hereunder, and upon the happening of any one of these events, both the principal amount and accrued interest hereunder may be declared immediately due and payable upon written notice to the Payor from the holder hereof:

(a) Default in the payment of any installment of interest or principal when it becomes due and payable, and the continuance of such default for a period of ten business days after receipt by the Payor of written notice of such default;

(b) The Payor, including its successors and assigns, makes an assignment for the benefit of creditors or admits in writing an inability to pay his debts generally as they become due; or an order, judgment or decree is entered adjudicating the Payor bankrupt or insolvent; or the Payor petitions or applies to any tribunal for the appointment of a trustee, receiver or liquidator of the Payor or of any substantial part of the assets of the Payor or commences any proceeding (other than a proceeding for the voluntary liquidation and dissolution of Payor) relating to the Payor under any bankruptcy, reorganization, arrangement, insolvency, readjustment or proceeding commenced against the Payor and either (1) Payor by any act indicated its approval thereof, consent thereto or acquiescence therein, or (2) such petition application or proceeding is not dismissed within thirty days;

This Note shall be construed in accordance with the laws of the State of Minnesota. *This Note is made pursuant to agreement between Revlog's Trucking & Bakery, a Cooperative and [redacted] dated 7.1.1983*

Attest

Secretary

Chairperson, Board of Directors

Nov. 1 1983
Date

Nov. 1, 1983
Date

PEOPLE'S NUTRITIONAL BAKERY,
A COOPERATIVE

Promissory Note
\$4,000.00

St. Paul, Minnesota
November 1, 1983

FOR VALUE RECEIVED, the undersigned, People's Nutritional Bakery, a Cooperative, (herein called the "Payor"), hereby promises to pay to the order of

[REDACTED] the principal sum of four thousand dollars (\$4,000), together with interest computed on the basis of a 360-day year and 30-day month on the unpaid balance thereof at the rate of 10% per annum from the date hereof, said interest to be payable on June 30, 1984, June 30, 1985, and June 30, 1986 together with principal payments of \$1,333.00 on June 30, 1984, \$1,333.00 on June 30, 1985, and \$1,335.00 on June 30, 1986. The Payor may prepay its indebtedness in full at any time prior to maturity without premium or penalty upon ninety (90) days prior written notice to Payee.

In the event that Payor is unable to secure financing from a financial institution by June 30, 1984, such inability evidenced by a written refusal or denial from three banks or similar financial institutions, the above stated payment schedule shall be null and void. Payments subsequent to the inability to secure the above stated financing shall be based on the financial condition of the Payor according to the following formula: payments shall be made monthly, including interest accrued at the rate of 10% per annum on any unpaid principal, whenever sales exceed 120% of the cost of goods sold together with any expenses incurred in the operation of the business, (hereinafter "the excess amount"), including, but not limited to allocations for patronage dividends based on amounts pre-paid as such.

[REDACTED] or any assignee thereunder, shall have the right to inspect the books and assets of the Payor at any time to determine the Payor's financial condition. Payor agrees to not incur any loan or debt in excess of 35% of its net worth without the consent of [REDACTED]. Payor agrees not to pay patronage dividends in an excessive amount. Payor further agrees to operate the business in a reasonable and businesslike manner.

Whenever payments must be made under the above formula, they shall be in the amount of 75% of the excess amount, and shall be first allocated to any accrued interest and then to principal.

Payments of both principal and interest are to be made at the offices of People's Nutritional Bakery, A Cooperative, 918 University Avenue, St. Paul, MN 55104.

This Note is one of a series of Notes issued pursuant and subject to a certain Agreement between People's Nutritional Bakery, Inc. and Payor, Dated July 15, 1981, and the failure to make in full any payment when due of interest of principal under this Note or the breach of any of the undertakings and guarantees provided in said Agreement or in the Security Agreement provided for therein, shall constitute a default under this Note entitling the Payee hereof, in addition to any other right or remedy which it may have in law or equity, to immediate acceleration of all payments due hereunder.

Any amounts due hereunder the payment of which is in default shall bear interest at the rate of 10% but not in excess of the maximum rate permitted by applicable law.

The following shall constitute events of default hereunder, and upon the happening of any one of these events, both the principal amount and accrued interest hereunder may be declared immediately due and payable upon written notice to the Payor from the holder hereof:

(a) Default in the payment of any installment of interest or principal when it becomes due and payable, and the continuance of such default for a period of ten business days after receipt by the Payor of written notice of such default;

(b) The Payor, including its successors and assigns, makes an assignment for the benefit of creditors or admits in writing an inability to pay his debts generally as they become due; or an order, judgment or decree is entered adjudicating the Payor bankrupt or insolvent; or the Payor petitions or applies to any tribunal for the appointment of a trustee, receiver or liquidator of the Payor or of any substantial part of the assets of the Payor or commences any proceeding (other than a proceeding for the voluntary liquidation and dissolution of Payor) relating to the Payor under any bankruptcy, reorganization, arrangement, insolvency, readjustment or proceeding commenced against the Payor and either (1) Payor by any act indicated its approval thereof, consent thereto or acquiescence therein, or (2) such petition application or proceeding is not dismissed within thirty days;

This Note shall be construed in accordance with the laws of the State of Minnesota. *This note is made pursuant to agreement between Peoples Mutual Bank, a Cooperative and [redacted] November 1, 1983.*

[redacted]
Attest *Secretary*

[redacted]
Chairperson, Board of Directors

Nov 1, 1983.
Date

Nov. 1, 1983
Date