## SECURITY AGREEMENT

- 1... We the undersigned, Alvin Dred, Sam Dred, and Dred Brothers, a partnership (each a "Debtor" and collectively the "Debtors") hereby grant to State Bank (the "Bank") a security interest in all property as described in Paragraph 2 of this Security Agreement (the "Collateral") to secure the obligations described in Paragraph 3 of this Security Agreement.
- 2.. The Collateral consists of the following:
  - a. All of the Debtors' tractors, planters, cultivators and combines;
  - b. All of the Debtors' checking accounts with the Bank;
  - c. All of the Debtors' corn currently or hereinafter stored at the land on which Debtor Sam Dred resides:
  - d. Soybeans owned by any of the Debtors currently stored in any grain elevator in Farm City, Indiana.
  - e. All of the Debtors' warehouse receipts representing ownership of soybeans owned by any of the Debtors currently stored in any grain elevator in Farm City, Indiana.
  - f. All of the Debtors' investment property evidencing ownership interests in Investment Co. including but no limited to certificated securities.
  - g. All of the Debtors' clothing and furniture currently or hereinafter stored at the residence in which Debtor Sam Dred resides;

  - i. All of the Debtors' gold coins;
  - j. All of the Debtors' farm products;
  - k. All of the Debtors' of debtor's accounts, chattel paper and general intangibles;
  - I. All of the Debtors' rights under that commercial tort claim currently pending in the Monroe (Indiana) Circuit Court under Cause No. XXXXX-53 under caption, Dred Brothers v. Supply Co.
  - m. All of the Debtors' software:
  - n. All of the Debtors' personal property hereinafter acquired which would have been included in subparagraphs a. through m, above had it been owned by any of the Debtors at the time of execution of this Security Agreement;
  - o. Any and all additions, accessions, products, rents, offspring, profits, replacements, substitutes or proceeds of all property included in subparagraphs a. through n, above.
- The security interest granted herein shall secure all obligations of the Debtors or any one of the Debtors to the Bank whether now existing or created in the future.
- 4.. The following shall constitute events of default under this Security Agreement:

- a. Failure of the Debtors or any one of the Debtors to pay any amount due to the Bank as due when due;
- b. Sale or any other transfer of any of the Collateral without written permission of the Bank signed by an Officer of the Bank;
- c. Destruction or damage to any or all of the Collateral in excess of fair wear and tear;
- d. A determination by the Bank that the Bank deems itself to be insecure.

Signed and Agreed to this2009,	day of	,
Alvin Dred	Dred Brothers By Alvin Dred, Partner	
Sam Dred	Dred Brothers By Alvin Dred, Partner	
State Bank By James R. Rich, Loan Officer		