

MRD 1-3-00

01-31-2000

SHEET

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

To the Honorable Commissioner of F

Attached original documents or copy thereof.

1. Name of conveying party(ies):

Barry Nelson

Additional name(s) of conveying party(ies) attached? Yes ☒ No

3. Nature of conveyance:

☐ Assignment

Merger

☒ Security Agreement

Change of Name

Other

Execution Date: March 30, 1999

2. Name and address of receiving party(ies)

Name: The First National Bank of West Union

Internal Address:

Street Address: 115 North VineP.O. Box 233West Union, Iowa 52175-0233Additional name(s) & address(es) attached? Yes ☒ No

4. Application number(s) or patent number(s):

If this document is being filed together with a new application, the execution date of the application is:

A. Patent Application No.(s)

B. Patent No.(s) 5,964,263Additional numbers attached? Yes ☒ No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Wendy K. Marsh

Internal Address:

ZARLEY, McKEE, THOMTE, VOORHEES & SEASEStreet Address: 801 Grand AvenueSuite 3200City: Des Moines, State: Iowa Zip: 50309-2721

6. Total number of applications and patents involved:

1

7. Total fee (37 CFR 3.41).....\$ 40.00☒ Enclosed

Authorized to be charged to deposit account

8. Deposit account number: If any additional fees are required, please charge account number **26-0084**

(Attach duplicate copy of this page if paying by deposit account)

01/28/2000 DNGUYEN 00000247 5964263

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40.00 OP

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Wendy K. Marsh, Reg. No. 39,705

Name of Person Signing

Signature

December 27, 1999

Date

Total number of pages including cover sheet, attachments, and document:

13

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents & Trademarks, Box Assignments

Washington, D.C. 20231

PATENT
REEL: 010499 FRAME: 0776

**SECURED
LOAN AGREEMENT**

THIS SECURED LOAN AGREEMENT (herein "Loan Agreement") made on the date of execution hereof, by and between GRIDWORKS, INC. ("Borrower") and FIRST NATIONAL BANK OF WEST UNION, West Union, Iowa, (the "Bank"),

WITNESSETH:

WHEREAS, Borrower has applied to the Bank for loans in the total amount of Seven Hundred Fifty Thousand and no/100 Dollars (\$750,000.00);

WHEREAS THE Bank has agreed to lend such funds to Borrower subject to the terms and conditions hereof;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, it is agreed by and between the Bank and Borrower as follows:

**ARTICLE I
DEFINITIONS AND REFERENCES**

Section 1.1 DEFINED TERMS. For the purpose of this Loan Agreement, unless context otherwise requires, the following terms shall have the respective meanings assigned to them in this Section 1.1. Other terms are defined elsewhere herein:

"Business Day" shall mean a day on which business is transacted by the Bank. Neither Saturday nor Sunday shall be considered a Business Day.

"Collateral Documents" Shall mean financing statements, guarantees and any and all other documents and instruments in form and content as the Bank may request from time to time in connection with loans made hereunder and all amendments, modifications and extensions thereof.

"Debt" shall mean the sum of (i) the principal and interest from time to time owing by Borrower to the Bank evidenced by this Loan Agreement, the Collateral Documents and the Promissory Notes, together with all costs, expenses, fees and all other amounts from time to time owing by Borrower to the Bank, as provided therein (ii) all other amounts from time to time owing by Borrower to the Bank, except pursuant to consumer credit transactions, and (iii) any extensions or renewals of any of the foregoing, whether by renewal note or other agreement or otherwise.

"Default" shall have the meaning assigned in Paragraph 7.1 hereof.

"Effective Date" shall mean the date after the execution and delivery of this Loan Agreement by both parties on which all conditions precedent set forth in Article IV shall have been met or waived in writing by the Bank.

"Generally Accepted Accounting Principles" (sometimes here "GAAP") shall mean those generally accepted accounting principles and practices that are recognized as such by the American Institute of Certified Public Accountants and by the Financial Accounting Standards Board.

"Promissory Notes" shall mean all notes executed and delivered pursuant to Article II and any and all extensions and renewals thereof.

"Termination Date" shall mean with annual renewals thereafter, approval in writing by both parties, or such earlier date on which the loans shall be terminated pursuant to Section 7.1.

Section 1.2 INCORPORATION BY REFERENCE. All agreements, instruments and documents

referred to in this Loan Agreement are by this reference made a part of this Loan Agreement for all purposes.

ARTICLE II NOTES

Section 2.1 NOTES. Subject to the terms and conditions of this Loan Agreement, the Bank agrees to lend Borrower up to \$750,000.00. The obligation of Borrower to repay the Bank the aggregate amount of up to \$750,000.00, together with the accrued interest thereon, is evidenced by existing Promissory Notes (herein the "Notes") as follows:

<u>Loan No.</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
82055	100,000.00	10.75	March 25, 1999
82883	100,000.00	10.75	August 26, 1999
83077	45,000.00	10.00	October, 6, 2001
83236	60,000.00	11.00	May 6, 1999
83312	50,000.00	10.75	May 25, 1999
83375	47,914.00	10.00	March 25, 1999

and future Promissory Notes that shall be executed by Borrower. However, it is anticipated that the existing Notes will be combined into two notes.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.1 BORROWER'S REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to the Bank that:

(a) All financial statements and other information furnished by Borrower to the Bank in connection with this Loan Agreement will, in all material respects, fairly represent the financial condition of the Borrower at the respective dates thereof.

(b) The execution, delivery and performance of this Loan Agreement and the Promissory Notes and the Collateral Documents are not in violation of any contract, or instrument by which Borrower or any of Borrower's properties are bound. This Loan Agreement, the Promissory Notes and the Collateral Documents when executed and delivered by Borrower to the Bank as provided herein, will be valid and binding obligations of Borrower, enforceable in accordance with the respective terms and provisions thereof.

(c) The execution, delivery and performance of this Loan Agreement and the Promissory Notes and Collateral Documents do not result in the breach of any order, rule or regulation of any court or governmental agency having jurisdiction over Borrower or any of its properties. No consent, approval, authorization or order of any court or governmental agency or third party is required in connection with the execution and delivery by Borrower of this Loan Agreement, the Promissory Notes and Collateral Documents.

(d) Borrower conducts its business and maintains properties in compliance with all laws and regulations applicable thereto. There are no legal, equitable, arbitration or administrative proceedings pending, or to the knowledge of Borrower threatened, against Borrower and there are no outstanding judgments, injunctions, writs, rulings, or orders by any court or governmental agency against Borrower that do or may adversely affect Borrower's ownership or use of any of its properties or have any other material adverse affect on Borrower or Borrower's business.

(e) Borrower has timely filed all federal, state and local tax returns theretofore required to be filed and has paid or will timely pay all taxes when due including without limitations any and all taxes covering the collateral. There are no pending (or to the knowledge of Borrower, threatened) claims for tax deficiencies asserted against Borrower by any taxing authority that have not been disclosed to the Bank.

(f) Borrower has no outstanding indebtedness, obligations or liabilities except to the Bank and except those incurred in the ordinary course of business, which have not been disclosed to the Bank in the financial statements delivered by Borrower to the Bank prior to Closing.

ARTICLE IV CLOSING

Section 4.1 CLOSING REQUIREMENTS. The closing of the loan contemplated by this Loan Agreement and the execution and delivery of this Loan Agreement, the Promissory Notes and the Collateral Documents shall take place at the Bank on the date of execution hereof (herein "Closing"). The obligation of the Bank to lend funds to Borrower is subject to the following conditions precedent:

- (a) There shall not exist at the time of Closing any condition or event which constitutes a Default under this Loan Agreement.
- (b) Borrower shall have executed and delivered to the Bank this Loan Agreement, the Promissory Notes and all Collateral Documents required by the Bank.
- (c) The Bank shall have received the unlimited guarantees in form and content acceptable to the Bank executed by Barry J. Nelson and Constance Nelson.

ARTICLE V COVENANTS OF BORROWER

Section 5.1 AFFIRMATIVE COVENANTS. Borrower covenants and agrees that, unless the Bank may otherwise consent in writing, until the full and final payment of the Debt:

- (a) Borrower will pay all amounts due under this Loan Agreement, the Promissory Notes, and the Collateral Documents in accordance with the terms hereof and thereof, and will perform and comply with every covenant, term and condition herein or therein contained.
- (b) Borrower will maintain a system of accounting in accordance with Generally Accepted Accounting Principles and will, furnish to the Bank the following statements and reports at Borrower's expense:
 - (1) Within 60 days after Fiscal Year End of 1999 and annually thereafter, complete financial reports of Borrower together with all notes thereto, prepared in such reasonable detail as is acceptable to the Bank which shall contain a balance sheet, income statement, and statement of change in financial position.
 - (2) Within 15 days after each month end, Borrower will furnish to the Bank a financial report together with all notes there, prepared in such reasonable detail as it is acceptable to the Bank which shall contain a balance sheet, income statement, accounts receivable aging, and account payable aging, and a statement of changes in financial position from the previous month period setting forth in comparative form the

corresponding year-to-date figures for the statement of profit and loss. All of the above shall be duly certified by the appropriate officer or officers of Borrower.

(3) When completed, but not later than June 1 of each year during the term hereof, a projection of earnings, cash flow, and expected operating borrowing needs for the next fiscal year of said Borrower.

(c) Borrower will furnish to the Bank, upon request, full information pertaining to any covenant, provision or condition hereof, or to any matter in connection with the business and operations of Borrower. Borrower will at any time without notice, permit authorized representatives (which may include independent accountants, agents, attorneys, appraisers or any other persons designated by the Bank when accompanied by authorized representative of Borrower) to inspect the Collateral and to visit and inspect any of the inventory and information relating to accounts receivable and other property of Borrower including Borrower's books of account, other books and records, and to make copies or photographs thereof. Borrower will permit the Bank or its representatives to reasonably investigate and verify the accuracy of information furnished to the Bank thereunder or in connection herewith and to discuss all such matters with the officers, employees and representatives of Borrower.

(d) Borrower will promptly notify the Bank:

(1) of any material change in its financial condition;

(2) of the occurrence of a Default hereunder;

(3) of any material adverse claim (which shall include without limitation any claim of \$20,000.00 or more) asserted against Borrower or any of its property; and

(4) of the filing of any suit or proceeding against Borrower or either of them in which an adverse decision could have a material adverse affect upon Borrower or the business and operations of Borrower.

(e) Borrower will pay the Bank for any and all expenses, including one half the amount of reasonable attorney fees, incurred in connection with preparation of this Loan Agreement, the Promissory Notes, and the Collateral Documents and in connection with any amendment hereof or any renewals or extensions of the Debt, and all expenses to protect the Collateral and all expenses of enforcement hereof and collection of the Debt including without limitation attorney fees, court costs, expert witness fees, auditors, appraisers and costs of sale of the Collateral.

(f) Borrower will keep all property used in the conduct of its business in good condition and make all needed repairs and replacements, ordinary wear and tear excepted.

(g) Borrower shall maintain insurance upon all property of a character usually insured by persons, business and corporations principally engaged in the same or similar businesses. Insurance policies covering the Collateral shall be endorsed to provide for payment of losses to the Bank as its interest may appear and to provide that such policies may not be canceled without thirty (30) days written notice to the Bank. Such insurance shall cover fire, casualty and any other hazards normally insured and shall be in the amount of the full insurable value of the property. At all times, adequate insurance against liability on account of damages to person or property and worker's compensation insurance shall be maintained covering Borrower.

(h) If Borrower fails to pay taxes, insurance or other amounts required hereunder or under

any Collateral Documents, the Bank may, at its option, pay the same and shall be immediately reimbursed by Borrower therefore. All amounts so paid by the Bank shall constitute a part of the Debt and shall be secured by the Collateral. Debtor shall, at the election of the Bank, pay interest on all such sums advanced by the Bank at a rate equal to the highest interest rate set forth in the Notes.

(i) The Borrower will strive to obtain a ratio of current assets to current liabilities ratio of not less than 1.5 to 1.0, as per GAAP which shall be reflected in the financial statement submitted to the Bank pursuant to Section 5.1(b).

(j) The Borrower will strive to maintain a ratio of total debt to net worth of not greater than 2.5 to 1.0, as per GAAP which shall be reflected in the financial statement submitted to the Bank pursuant to Section 5.1(b).

Section 5.2 NEGATIVE COVENANTS. Borrower covenants and agrees that until the full and final payment of the Debt, unless the prior written consent of the Bank has first been obtained, Borrower will not:

(a) Purchase or acquire or commit to purchase or acquire any assets in excess of \$20,000.00 in any one (1) year or any stock or securities or make any investment, except in the ordinary course of Borrower's business.

(b) Create, incur assume, guarantee, endorse, become or be liable for or suffer to exist any debt, liability or obligation, except:

(1) the Debt;

(2) current debts, obligations and liabilities to vendors, suppliers, and persons providing services, and expenditures for goods and services normally required by Borrower in the ordinary course of business;

(3) taxes, assessments and governmental charges or levies which are not delinquent;

(4) those disclosed to the Bank at or prior to Closing.

(c) create, assume nor permit to exist any purchase money security interest, or any other security interest, additional mortgage, pledge, encumbrance, or lien of any kind upon any of Borrower's properties or assets, whether now owned or hereafter acquired except those disclosed to the Bank at or prior to Closing.

(d) Declare nor pay any stock dividends to shareholders, nor cause or permit to declare or pay any stock dividends to shareholders. Borrower will not, directly or indirectly, purchase, redeem, acquire or retire any shares of the capital stock or interests in the limited partnership, respectively, of the Borrower whether now or hereafter outstanding or cause or permit any reduction or retirement of the capital stock of Borrower.

(e) Borrower will not extend credit to or make any loans to, or pay any type of compensation to, shareholders, officers or directors without the prior written consent of the Bank.

(f) Make an expenditure or commitment or incur any obligation or enter into or engage in any transaction except in the ordinary course of business.

(g) Voluntarily prepay any debts, liabilities or obligations except the Debt.

(f) Borrower will not allow to exist or enter into lease commitments or obligations requiring, in the aggregate, rental payments in excess of Twenty Thousand and no/100 Dollars (\$20,000.00) in any fiscal year.

ARTICLE VI COLLATERAL SECURITY

Section 6.1 COLLATERAL. The repayment of the debt and the performance by the Borrower of all the obligations of Borrower hereunder and under the Collateral Documents shall at all times be secured by the Collateral described in this Article and by Mortgages covering the real property described in Exhibit A, all to be duly executed and delivered to the Bank at Closing.

Section 6.2 COLLATERAL DOCUMENTS. Borrower agrees to execute, or obtain and deliver to the Bank, the Promissory Notes and the Guarantees, together with such Financing Statements, Mortgages, and any and all other documents and instruments in form and content as the Bank or its attorneys may request from time to time in connection with loans made hereunder. All such documents and all amendments, modifications and extensions thereof are herein collectively called the "Collateral Documents."

Section 6.3 SECURITY INTEREST. In order to secure payment of the Debt and secure the performance of all covenants, agreements and obligations of Borrower set forth herein, Borrower and Guarantors hereby grant to the Bank a security interest in the following described property wherever located and whether now existing or hereafter acquired (herein the "Collateral"):

(a) All inventory of goods now owned or hereafter acquired by way of replacement, substitution, addition or otherwise by Borrower wherever located held for use by Borrower or for sale or other disposition at wholesale or retail; and

(b) All present and future accounts, accounts receivable, instruments, documents, chattel paper, deposit accounts and leases; and

(c) All general intangibles now owned or hereafter acquired by Borrower including without limitation all claims of any nature Borrower may now have against any party other than the Bank or any property owned by such party.

(d) Any and all money, instruments, securities, documents, credits, claims, and demands now owned or hereafter acquired by Borrower and any property, rights and interest of Borrower which at any time shall come into the possession or custody or under the control of the Bank or any of its agents, associates, or correspondents, for any purposes whatsoever, additions thereto and substitutions therefore, and

(e) All equipment now owned or hereafter acquired and used by Borrower (by way of replacement, substitution, addition or otherwise) wherever located, including, but not limited to, all spare parts, all non-titled rolling stock, machinery, trade fixtures, furniture, computers, other personal property and goods used or acquired by Borrower together with all additions and accessions thereto; and

(f) All motor vehicles owned or leased by Borrower with option to purchase; and

(g) All Patents, trademarks, trade names, copyrights, logos, and all other property and property rights unique to Borrower and/or Guarantors, now owned or owned in the future while this agreement is effective, that are used and necessary in connection with the operation of Gridworks business; and

(h) All fixtures now or hereafter located on the real property described in Exhibit "All

attached hereto and by this reference made a part hereof; and

- (i) All of the proceeds of the Collateral; and
- (j) All products of the Collateral; and
- (k) All additions to and accessions to the Collateral;
- (l) Life insurance policy in the amount of \$1,000,000.00 on the life of Barry J. Nelson to be assigned to the Bank as beneficiary;
- (m) All shares of stock of Dynamic Software Resources to be held in escrow by a third party;
- (n) Real estate described in Exhibit A;
- (o) Assignment of contract rights of Barry J. Nelson in the property known as Valhalla in

Clermont, Iowa.

Section 6.4 PLEDGE OF DEPOSIT ACCOUNTS. As additional Collateral for payment of the Debt, Borrower hereby pledges and assigns to the Bank all of Borrower's right, title and interest in any deposit account maintained by Borrower with the Bank and any other money now or hereafter owed Borrower by the Bank or any assignee of the Bank. Borrower agrees that the Bank, may, without prior notice or demand, set off funds maintained in any such deposit account and any other money now or hereafter owed Borrower by the Bank to be applied against the Debt whether or not the Promissory Notes or any other evidence of the Debt is then due and payable.

Section 6.5 WARRANTY OF TITLE AND PRIORITY OF LIENS AND SECURITY INTERESTS. Borrower hereby represents and warrants that Borrower is the lawful owner of the Collateral and that the Collateral is and at all times during the term hereof shall remain, free and clear of any and all security interest liens and encumbrances of any nature, except the liens and security interest of the Bank. Borrower further represents and warrants that the Security Agreement, Financing Statements and such other documents as may from time to time be requested by and delivered to the Bank create a legal and valid first lien and first security interest in the Collateral and that the said lien and security interest is, and will at all times during the term hereof, be enforceable against the Borrower and that the Borrower will defend the Collateral against all claims and demands whatsoever. Notwithstanding the above, the mortgages on the real estate described in Exhibit A shall be second mortgages and the security interest in the two (2) Universal Laser System X-100, serial Nos. 3625 and 3855 shall be second to the security interest of Upper Exploreland.

Section 6.6 COVENANTS AS TO COLLATERAL. So long as the Debt or any part thereof remains unpaid, Borrower covenants and agrees with the Bank as follows:

- (a) Borrower shall at Borrower's own expense take all reasonable and appropriate steps when necessary to enforce the collection of all receivables, accounts due and items representing proceeds thereof.
- (b) Borrower shall at all times keep accurate and complete records of the Collateral and its proceeds.
- (c) Borrower shall sign and execute alone or with the Bank and deliver any financing statements, or other document or procure any document, and pay all connected costs, necessary to protect the Collateral against the rights or interest of third persons.

(d) Borrower will not agree to any material adverse modification of any of the terms of any account or claim held by Borrower without the prior written consent of the Bank.

(e) if any part of the Collateral is evidenced by promissory notes, trade acceptances, documents or other instruments for the payment of money, Borrower will, at the request of the Bank immediately deliver them to the Bank, appropriately endorsed to the Bank's order and, regardless of the form of endorsement, Borrower waives presentment, demand, notice or dishonor, protest and notice of protest.

(f) The Collateral will be properly maintained in good condition and will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear in the ordinary course of its intended primary use.

(g) The machinery and equipment forming a part of the Collateral will be used in the business of Borrower and shall remain in Borrower's possession or control at all times at Borrower's risk of loss and shall be kept at the location in Elgin, Iowa, as described in Exhibit "A" attached hereto and by this reference made a part hereof, except for temporary removal in connection with ordinary use or unless Borrower notifies the Bank in writing and the Bank consents in writing in advance of removal to another location.

(h) At such time as Borrower shall execute any leases or subleases covering any real property that may be owned or leased by Borrower during the term hereof, Borrower shall execute and deliver to the Bank written assignments of all such leases and subleases in form and content acceptable to the Bank. Upon receipt, such subleases will be considered a part of the Collateral.

(i) Proceeds of the Collateral are covered by the security interest granted herein. This provision shall not be construed to mean that the Bank consents to the sale of any part of the Collateral except that types or items of property, may without written consent of the Bank, be sold in the ordinary course of borrower's business for fair market value not less than the minimum sale price normally charged by Borrower. The Bank may at any time require that all proceeds of Collateral, received by Borrower shall be held by Borrower upon an express trust for the Bank, shall not be commingled with any other funds or property of Borrower and shall be turned over to the Bank in precisely the form received (but endorsed by Borrower if necessary for collection) not later than the business day following the day of their receipt. All proceeds of Collateral received by the Bank directly or from Borrower shall be applied to reduce the Debt in such order and at such times as the Bank shall determine. In the event at any time during the term hereof, any Collateral is transported outside the State of Iowa, then prior to the date such collateral leaves the State of Iowa, Borrower shall pay to the Bank an amount equal to the then market value of such Collateral as Borrower intends to remove from the State of Iowa.

ARTICLE VII DEFAULT AND REMEDIES

Section 7.1 DEFAULT. If any one of the following events shall occur or be continuing:

(a) Failure of Borrower to pay any payment of principal or interest pursuant to this Loan Agreement or the Promissory Notes or Collateral Documents or any other debt or liability otherwise due hereunder, when the same shall become due and payable, as a result of acceleration or otherwise, or

(b) Failure of Borrower to Perform any other covenant, agreement or provision of this Loan Agreement, the Promissory Notes or the Collateral Documents; or

(c) Any representation or warranty heretofore or hereafter made by or on behalf of Borrower in connection with this Loan Agreement, the Promissory Notes or the Collateral Documents shall prove to have been false or incorrect in any material respect; or

- (d) Borrower or Guarantor shall:
- (1) become insolvent or admit in writing the inability to pay debts as they become due; or
 - (2) file a Petition in Bankruptcy or for Reorganization or for the adoption of an Arrangement under the Bankruptcy Laws of the United States or file any Answer to admission asking for such relief; or
 - (3) make an assignment for the benefit of creditors; or
 - (4) consent to the appointment of a trustee to receive for all or a major portion of his or its property, except for personal estate planning purposes; or
 - (5) be adjudicated a bankrupt or insolvent under any federal or state law; or
 - (6) suffer the entry of a court order under any federal or state law appointing a receiver or trustee for all or a major part of his or its property or ordering or winding up or liquidation of his or its property; or
 - (7) suffer the entry of a final judgment for the payment of money in excess of \$100,000.00 not covered by liability insurance and not discharged within 30 days after entry; or
 - (8) suffer a writ of attachment of any similar process to be issued by any court against all or any substantial part of his or its property;
- (f) The Bank shall deem itself insecure; or

(g) The person or persons managing and controlling and owning the operations of the Borrower no longer is Barry J. Nelson unless said change in management and control and ownership is consented to by the Bank in writing. Then the Bank may, at any time (unless all Defaults theretofore have been remedied within the 20-day cure period referred to in Section 7.2), without further notice to Borrower, declare the unpaid principal and interest of the Debt, immediately due and payable, together any other debt owed by Borrower to the Bank, and all such principal, interest and other debt shall thereupon be immediately due and payable, without presentment, demand, protest, notice of protest, notice of intention to accelerate, or other notice of any kind, all of which are hereby expressly waived by Borrower. The term "Default" as used herein shall mean any of the events specified in subsections (a) through (g) of this Section 7.1.

Section 7.2 REMEDIES. Upon the occurrence of a Default, the Bank shall give written notice to Borrower by ordinary mail addressed to Borrower at its business address of said default and right to cure said default and if Borrower fails to cure said default within twenty (20) days of mailing said notice, the Bank shall have all remedies available to a secured creditor under the Uniform Commercial Code of Iowa and all other remedies allowed by law. In conjunction with, addition to or substitution for those rights and remedies and without notice or demand which are, to the extent permitted by law, expressly waived:

- (a) The Bank may enter upon Borrower's premises to take possession of, assemble and

collect the Collateral or to render it unusable;

(b) The Bank may notify the account debtors or obligors of any accounts, chattel paper, negotiable instruments, documents, general intangibles or other evidences of indebtedness in favor of Borrower to pay or make delivery the Bank directly and the Bank may take control of the proceeds paid or goods delivered to the Bank. Until the Bank elects to exercise these rights, Borrower is authorized to collect and enforce the collection of such accounts. The cost of collection and enforcement, including attorney fees and expenses, shall be borne solely by Borrower whether incurred by the Bank or Borrower;

(c) Upon receipt by Borrower or the Bank of checks, drafts, cash and other remittance in payment of on account of accounts payable to Borrower, Borrower will provide all necessary endorsements and deliver such remittance to the Bank to be applied upon the debt;

(d) The Bank may require Borrower to assemble the Collateral and make it available on Borrower's premises or at a place the Bank designates which is mutually convenient to allow the Bank to take possession or dispose of the Collateral;

(e) The Bank may waive any Default or remedy any Default in any reasonable manner without waiving the Default remedied and without waiving any other prior or subsequent Default;

(f) Written notice mailed to Borrower at the addresses set forth on the signature page hereof, not less than twenty (20) days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made, shall constitute reasonable notice;

(g) It shall not be necessary that the Bank take possession of the Collateral or any part thereof prior to the time that any sale pursuant to the provisions of this paragraph is conducted and it shall not be necessary that the Collateral or any part thereof be present at the location of such sale.

The Bank may proceed to protect and enforce its rights by any appropriate proceeding, whether for specific performance of any covenant or agreement contained in this Loan Agreement, the Promissory Notes or the Collateral Documents, or to enforce the payment of the Debt or to enforce any other legal or equitable right - All rights, remedies or powers hereby conferred upon Bank shall be deemed cumulative and not exclusive of any other rights, remedies or powers available under this Loan Agreement, the Promissory Notes, the Collateral Documents or any other agreements or documents executed in connection herewith.

Section 7.3 THE BANK AS ATTORNEY-IN-FACT. Borrower hereby appoints the Bank to be Borrower's attorney-in-fact (without requiring the Bank to act as such) for the purpose of carrying out the provision hereof and taking any action and executing any instrument which the Bank may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Bank shall, as attorney-in-fact of Borrower, have the right to receive, collect and endorse all checks made payable to Borrower, or Borrower's order representing any payment on account of any of the Collateral and to give full discharge therefore

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

The undersigned Borrower(s) acknowledge receipt of a copy of this instrument.

GRIDWORKS, INC.

FIRST NATIONAL BANK OF WEST UNION, IOWA

By Barry J. Nelson, President
Barry J. Nelson, President

By [Signature]
Kevin R. Amundson, Vice-President

GUARANTORS

Barry J. Nelson
Barry J. Nelson, Individually

Constance B. Nelson
Constance B. Nelson, Individually

STATE OF IOWA)
) ss:
COUNTY OF FAYETTE)

On this 30th day of MARCH, 1999, before me, the undersigned, a Notary Public in and for said State, personally appeared **Berry J. Nelson**, to me personally known, who by me duly sworn, did say that he is the President of Gridworks, Inc., executing the foregoing instrument; the seal affixed thereto is the seal of the corporation; that the instrument was signed and sealed on behalf of the corporation by authority of its board of directors.

[Signature]
Jeffrey E. Clements, Notary Public

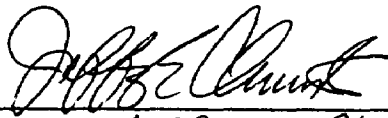
STATE OF IOWA)
) ss:
COUNTY OF FAYETTE)

On this 30th day of MARCH, 1999, before me, the undersigned, a Notary Public in and for said State, personally appeared **Kevin R. Amundson**, to me personally known, who by me duly sworn, did say that he is the Vice-President of First National Bank of West Union, West Union, Iowa, executing the foregoing instrument; the seal affixed thereto is the seal of the corporation; that the instrument was signed and sealed on behalf of the corporation by authority of its board of directors; that Kevin R. Amundson acknowledged the execution of the instrument as officers of the corporation to be their voluntary act and deed of the corporation.

[Signature]
Jeffrey E. Clements, Notary Public

STATE OF IOWA) ss:
FAYETTE COUNTY)

On this 30th day of March, 1999, before me the undersigned, a Notary Public in and for the State of Iowa, personally appeared Barry J. Nelson and Constance B. Nelson, husband and wife, to me known to be the identical persons named in and who executed the foregoing document and acknowledged that he/she executed the same as his/her voluntary act and deed.



Notary Public Jeffrey E. Clements