

Defendant 3

LONG FAMILY LAND AND CATTLE  
CO. INC.  
BOX 272  
TIMBER LAKE, SD 57656

BANK OF HOVEN  
P.O. BOX 7  
HOVEN, SD 57450

02 07  
Jn RN

ACCOUNT #: 261446  
Loan Number 3253  
Date APRIL 1, 1997  
Maturity Date NOV. 1, 1997  
Loan Amount \$ 40,595.00  
Renewal Of 2960/3039/3040

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

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

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of FORTY THOUSAND FIVE HUNDRED NINETY FIVE AND NO/100 \* \* \* \* \* Dollars \$ 40,595.00

Single Advance: I will receive all of this principal sum on \_\_\_\_\_ . No additional advances are contemplated under this note.  
 Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On APRIL 1, 1997 I will receive the amount of \$ \_\_\_\_\_ and future principal advances are contemplated.  
Conditions: The conditions for future advances are \_\_\_\_\_

Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on \_\_\_\_\_  
 Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from APRIL 1, 1997 at the rate of 11.500 % per year until APRIL 2, 1997

Variable Rate: This rate may then change as stated below.  
 Index Rate: The future rate will be EQUAL TO the following index rate: BANK OF HOVEN BASE RATE PLUS 1.25%

No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.  
 Frequency and Timing: The rate on this note may change as often as DAILY  
A change in the interest rate will take effect DAILY

Limitations: During the term of this loan, the applicable annual interest rate will not be more than \_\_\_\_\_ % or less than \_\_\_\_\_ % . The rate may not change more than \_\_\_\_\_ % each \_\_\_\_\_  
Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

The amount of each scheduled payment will change.  The amount of the final payment will change.  
 THE AMOUNT DUE AT MATURITY WILL CHANGE.

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

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:  
 on the same fixed or variable rate basis in effect before maturity (as indicated above).  
 at a rate equal to \_\_\_\_\_

LATE CHARGE: If a payment is made more than 10 days after it is due, I agree to pay a late charge of A MINIMUM OF \$10.00 AND A MAXIMUM OF \$10.00

ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which  are  are not included in the principal amount above: \$20.00 MINIMUM FINANCE CHARGE

PAYMENTS: I agree to pay this note as follows:  
 Interest: I agree to pay accrued interest ON DEMAND, BUT IF NO DEMAND IS MADE AT MATURITY

Principal: I agree to pay the principal ON DEMAND, BUT IF NO DEMAND IS MADE THEN ON NOVEMBER 1, 1997

Installments: I agree to pay this note in \_\_\_\_\_ payments. The first payment will be in the amount of \$ \_\_\_\_\_ and will be due \_\_\_\_\_ . A payment of \$ \_\_\_\_\_ will be due \_\_\_\_\_ thereafter. The final payment of the entire unpaid balance of principal and interest will be due \_\_\_\_\_

ADDITIONAL TERMS:  
THIS OPERATING LOAN IS UNDER A LIFO AGREEMENT WITH THE BIA

SECURITY: This note is separately secured by (describe separate document by type and date): SA DATED 4-1-97, BIA LIFO, PERSONAL GUARANTEES

PURPOSE: The purpose of this loan is BUSINESS: 1997 RANCH AND FARM OPERATING EXPENSES