

COMMERCIAL SECURITY AGREEMENT

THIS COMMERCIAL SECURITY AGREEMENT ("Agreement"), dated as of March 21 2013 is made between WHITE RIVER VALLEY ELECTRIC COOPERATIVE, INC. a Missouri non-profit corporation ("Secured Party"), with its principal office at 2449 State Hwy 76E, Branson, Missouri 65615 and EMERALD POINTE UTILITY COMPANY, a Missouri corporation ("Debtor"), with its principal place of business and its registered office located at 118 State Drive, Hollister, MO 65672.

SECURED DEBTS. This Agreement will secure all sums advanced by Secured Party under the terms of this Agreement and the payment and performance of the following described Secured Debts that Debtor owes to Secured Party:

- i. **Specific Debts.** The following debts and all extensions, renewals, refinancings, modifications, and replacements: Promissory Note executed by Debtor dated March 21, 2013 in the principal amount of Sixty Six Thousand Eight Hundred and Sixty and 00/100 DOLLARS (\$66,860.00) payable to the order of Secured Party.

SECURITY INTEREST. To secure the payment and performance of the Secured Debts, Debtor hereby grants Secured Party a security interest in all of the Property described in this Agreement that debtor owns or has sufficient rights in which to transfer an interest, now or in the future, wherever the Property is or will be located, and all proceeds and products of the Property. "Property" includes all parts, accessories, repairs, replacements, improvements, and accessions to the Property; any original evidence of title or ownership; any and all obligations that support the payment or performance of the Property. "Proceeds" includes anything acquired upon the sale, lease, license, exchange, or other disposition of the Property; any rights and claims arising from the Property; and any collections and distributions on account of the Property. This Agreement remains in effect until terminated in writing, even if the Secured Debts are paid and Secured Party is no longer obligated to advance funds to Debtor or Borrower.

PROPERTY DESCRIPTION. The Property is described as follows:

Specific Property Description: The property includes, but is not limited by, the following:

- All equipment and other personal property generally described as two commercial power generators more specifically identified on the UCC-1 Financing Statement attached hereto and incorporated herein by reference and located in Taney County, Missouri.

USE OF PROPERTY. The Property will be used for business purposes.

GENERAL PROVISIONS. Each Debtor's obligations under this Agreement are independent of the obligations of any other Debtor. Secured Party may sue each Debtor individually or together with any other Debtor. Secured Party may release any part of the Property and Debtor will remain obligated under this Agreement. The duties and benefits of this Agreement will bind the successors and assigns of Debtor and Secured Party. No modification of this Agreement is effective unless made in writing and signed by Debtor and Secured Party. Whenever used, the plural includes the singular and the singular includes the plural. Time is of the essence.

APPLICABLE LAW. This Note will be governed by, construed and enforced in accordance with federal law and the laws of the State of Missouri. This Note has been accepted by Lender in the state of Missouri.

Initialed by:
Borrower
Lender




NAME AND LOCATION. Debtor's name indicated on page 1 is Debtor's exact legal name. If Debtor is an individual, Debtor's address is Debtor's principal residence. If Debtor is not an individual, Debtor's address is the location of Debtor's chief executive offices or sole place of business. If Debtor is an entity organized and registered under state law, Debtor has provided Debtor's state of registration on page 1. Debtor will provide verification of registration and location upon Secured Party's request. Debtor will provide Secured Party with at least 30 days notice prior to any change in Debtor's name, address, or state of organization or registration.

WARRANTIES AND REPRESENTATIONS. Debtor has the right, authority, and power to enter into this Agreement. The execution and delivery of this Agreement will not violate any agreement governing Debtor or Debtor's property, or to which Debtor is a party. Debtor makes the following warranties and representations which continue as long as this Agreement is in effect:

- (1) Debtor is duly organized and validly existing in all jurisdictions in which Debtor does business;
- (2) the execution and performance of the terms of this Agreement have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law or order;
- (3) other than previously disclosed to Secured Party, Debtor has not changed Debtor's name or principal place of business within the last 10 years and has not used any other trade or fictitious name; and
- (4) Debtor does not and will not use any other name without Secured Party's prior written consent.
- (5) Debtor owns all of the Property, and Secured Party's claim to the Property is ahead of the claims of any other creditor, except as otherwise agreed and disclosed to Secured Party prior to any advance on the Secured Debts.
- (6) The Property has not been used for any purpose that would violate any laws or subject the Property to forfeiture or seizure.

DUTIES TOWARD PROPERTY. Debtor will protect the Property and Secured Party's interest against any competing claim. Except as otherwise agreed, Debtor will keep the Property in Debtor's possession at the address indicated on page 1 of this Agreement. Debtor will keep the Property in good repair and use the Property only for purposes specified on page 1. Debtor will not use the Property in violation of any laws and will pay all taxes and assessments levied or assessed against the Property. Secured Party has the right of reasonable access to inspect the Property, including the right to require debtor to assemble and make the Property available to Secured Party. Debtor will immediately notify Secured Party of any loss or damage to the Property. Debtor will prepare and keep books, records, and accounts about the Property and Debtor's business, to which Debtor will allow Secured Party reasonable access.

Debtor will not sell, offer to sell, license, lease, or otherwise transfer or encumber the Property without Secured Party's prior written consent. Any disposition of the Property will violate Secured Party's rights, unless the Property is inventory sold in the ordinary course of business at fair market value. If the Property includes chattel paper or instruments, either as original collateral or as proceeds of the Property, Debtor will record Secured Party's interest on the face of the chattel paper or instruments.

PERFECTION OF SECURITY INTEREST. Debtor authorizes Secured Party to file a financing statement covering the Property. Debtor will comply with, facilitate, and otherwise assist Secured Party in connection with obtaining possession or control over the Property for purposes of perfecting Secured Party's interest under the Uniform Commercial Code.

INSURANCE. Debtor agrees to keep the Property insured against the risks reasonably associated with the Property until the Property is released from this Agreement. Debtor will maintain this insurance in the amounts Secured Party requires. Debtor may choose the insurance company, subject to Secured Party's approval, which will not be unreasonably withheld. Debtor will have the insurance provider name

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Secured Party as loss payee on the insurance policy. Debtor will give Secured Party and the insurance provider immediate notice of any loss. Secured Party may apply the insurance proceeds toward the Secured Debts. Secured Party may require additional security as a condition of permitting any insurance proceeds to be used to repair or replace the Property. If Secured Party acquires the Property in damaged condition, Debtor's right to any insurance policies and proceeds will pass to Secured Party to the extent of the Secured Debts. Debtor will immediately notify Secured Party of the cancellation or termination of insurance. If Debtor fails to keep the Property insured, or fails to provide Secured Party with proof of insurance, Secured Party may obtain insurance to protect Secured Party's interest in the Property. The insurance may include coverages not originally required of Debtor, may be written by a company other than one Debtor would choose, and may be written at a higher rate than Debtor could obtain if Debtor purchased the insurance.

AUTHORITY TO PERFORM. Debtor authorizes Secured Party to do anything Secured Party deems reasonably necessary to protect the Property and Secured Party's interest in the Property. If Debtor fails to perform any of Debtor's duties under this Agreement, Secured Party is authorized, without notice to Debtor, to perform the duties or cause them to be performed. These authorizations include, but are not limited to, permission to pay for the repair, maintenance, and preservation of the Property and take any action to realize the value of the Property. Secured Party's authority to perform for Debtor does not create an obligation to perform, and Secured Party's failure to perform will not preclude Secured Party from exercising any other rights under the law of this Agreement.

If Secured Party performs for Debtor, Secured Party will use reasonable care. Reasonable care will not include any steps necessary to preserve rights against prior parties or any duty to take action in connection with the management of the Property.

If Secured Party comes into possession of the Property, Secured Party will preserve and protect the Property to the extent required by law. Secured Party's duty of care with respect to the Property will be satisfied if Secured Party exercises reasonable care in the safekeeping of the Property or in the selection of a third party in possession of the Property.

Secured Party may enforce the obligations of an account debtor or other person obligated on the Property. Secured Party may exercise Debtor's rights with respect to the account debtor's or other person's obligations to make payment or otherwise render performance to Debtor, and enforce any security interest that secures such obligations.

PURCHASE MONEY SECURITY INTEREST. If the Property includes items purchased with the Secured Debts, the Property purchased with the Secured Debts will remain subject to Secured Party's security interest until the Secured Debts are paid in full. Payments on any non-purchase money loan also secured by this Agreement will not be applied to the purchase money loan. Payments on the purchase money loan will be applied first to the non-purchase money portion of the loan, if any, and then to the purchase money portion in the order in which the purchase money Property was acquired. If the purchase money Property was acquired at the same time, payments will be applied in the order Secured Party selects. No security interest will be terminated by application of this formula.

EVENTS OF DEFAULT. The Secured Party shall have the option to declare the entire unpaid amount of the Secured Debts and accrued interest immediately due and payable, without presentment, demand, or notice of any kind, if any of the following events occurs before the Secured Debts are fully repaid subject to the cure provision contained herein:

(a) Any payment of principal and interest or other obligation on the Secured Debts is not made when due by Debtor or any guarantor on any obligations owed Secured Party.

Initialed by:
Borrower

Lender

[Signature]
[Signature]

(b) Any provision of this Agreement is breached or proves to be untrue or misleading in any material respect.

(c) Any warranty, representation, or statement made or furnished the Secured Party by Debtor or any guarantor in connection with the Secured Debts and this Agreement (including any warranty, representation, or statement in the Debtor's or any guarantor's financial statements) or to induce the Secured Party to make the Secured Debts, is untrue or misleading in any material respect.

(d) Any default occurs under any agreement with another financial institution, which default is not corrected within the cure period provided in such agreement, if any.

(e) Any voluntary or involuntary bankruptcy, reorganization, insolvency, arrangement, receivership, or similar proceeding is commenced by or against Debtor under and federal or state law, or Debtor makes any assignment for the benefit of creditors.

(f) Any substantial part of the inventory, equipment, or other property of the Debtor, real or personal, tangible or intangible, is damaged or destroyed and the damage or destruction is not covered by collectible insurance.

(g) Debtor defaults in the payment of any principal or interest on any obligation to Secured Party or any other creditor.

(h) Debtor suffers or permits any lien, encumbrance, or security interest to arise or attach to any of the Debtor's property, or any judgement is entered against Debtor that is not satisfied or appealed within thirty days.

(i) Any default under any agreement between any guarantor and Secured Party.

(j) the failure of Debtor to perform, keep, comply with or observe any of the covenants, conditions, promises, agreements or obligations of Debtor under the Note, this Agreement, any loan agreement between Debtor and Secured Party, any Derivative Agreements, or under any other document or instrument evidencing, securing or relating to any indebtedness or obligation of Debtor to Secured Party whether now existing or hereafter arising.

It shall also constitute an event of default and Secured Party shall also have the option to declare the entire unpaid amount of the Secured Debts and accrued interest immediately due and payable, without presentment, demand, or notice of any kind, if Secured Party reasonably and in good faith deems itself insecure or its prospects for payment of the Secured Debts impaired.

REMEDIES UPON DEFAULT. Upon the occurrence, or the discovery by Secured Party of the occurrence, of any of the foregoing events, circumstances, or conditions of default and failure of Debtor to cure as provided herein, Secured Party shall have, in addition to its option to declare the entire unpaid amount of the Secured Debts and accrued interest thereon immediately due and payable, all of the rights and remedies of a secured party under applicable State law. Without in any way limiting the generality of the foregoing, Secured Party shall also have the following specific rights and remedies:

(a) To take immediate possession of all equipment, inventory, fixtures, and any or all other collateral securing the Secured Debts, whether now owned or hereafter acquired, without notice, demand, presentment, or resort to legal process and, for those purposes, to enter any premises where any of the collateral is located and remove the collateral there from or render it unusable.

(b) To require Debtor to assemble and make the collateral available to Secured Party at a place to be designed by Secured Party which is also reasonably convenient to Debtor.

(c) To retain the collateral in satisfaction of any unpaid principal or interest or other obligation on the Secured Debts or sell the collateral at public or private sale after giving at least five days' notice of the time and place of the sale and with or without having the collateral physically present at the place of the sale.

(d) To make any repairs to the collateral which Secured Party deems necessary or desirable for the purposes of sale.

Initialed by:
Borrower

Lender

(e) To exercise any and all rights of set-off which Secured Party may have against any account, fund, or property of any kind, tangible or intangible, belonging to Debtor which shall be in Secured Party's possession or under its control.

(f) To cure such defaults, with the result that all costs and expenses incurred or paid by Secured Party in effecting such cure shall be additional charges on the Secured Debts which bear interest at the interest rate of the Secured Debts and are payable upon demand.

If Secured Party repossesses the Property or enforces the obligations of any account debtor, Secured Party may keep or dispose of the Property as provided by law. Secured Party will apply the proceeds of any collection or disposition first to Secured Party's expenses of enforcement, which includes reasonable attorneys' fees and legal expenses to the extent not prohibited by law, and then to the Secured Debts. Debtor (or Borrower, if not the same) will be liable for the deficiency, if any.

By choosing any one or more of these remedies, Secured Party does not give up the right to use any other remedy. Secured Party does not waive a default by not using a remedy.

WAIVER. No failure or delay on the part of the Secured Party in exercising any power or right hereunder, and no failure of Secured Party to give Debtor notice of default hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. No modification or waiver of any provision of this Agreement or any instrument executed pursuant hereto or consent to any departure by Debtor from this Agreement or such instrument shall in any event be effective unless the same shall be in writing, and such waiver or consent shall be effective only in the specific instance and for the particular purpose for which given. Debtor waives all claims for damages caused by Secured Party's acts or omissions where Secured Party acts in good faith.

NOTICE AND ADDITIONAL DOCUMENTS. Where notice is required, Debtor agrees that 10 days prior written notice will be reasonable notice to Debtor under the Uniform Commercial Code. Notice to one party is notice to all parties. Debtor agrees to sign, deliver, and file any additional documents and certifications Secured Party considers necessary to perfect, continue, or preserve Debtor's obligations under this Agreement and to confirm Secured Party's lien status on the Property. In the event Debtor fails or refuses to execute any such documents, Secured party may execute same in Debtor's name, and Debtor hereby appoints Secured Party as its attorney-in-fact and grants Secured Party power of attorney for the limited purpose of executing any such documents.

SIGNATURES. Debtor agrees to the terms of this Agreement and acknowledges receipt of a copy of this Agreement.

SECURED PARTY:
WHITE RIVER VALLEY ELECTRIC
COOPERATIVE, INC.

By: _____

Name: Chris Hamon FOR WRVEC

Title: CEO

DEBTOR:
EMERALD POINTE UTILITY COMPANY

By: _____

Gary W. Snadon, President

Initialed by:
 Borrower _____

Lender _____