

warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means an entity, whether or not incorporated, that is under common control with the Borrower within the meaning of §4001 of ERISA or is part of a group that includes the Borrower and that is treated as a single employer under §414 of the Code.

“Eurodollar Rate Loan” means a Loan that accrues interest at the LIBOR Rate, as specified in the Note evidencing such Loan.

“Excess Capital” means, as of any date of determination, calculated on a consolidated basis for the Borrower and the other Loan Parties, the aggregate amount by which the Loan Parties’ actual Tangible Assets exceeds the amount of Tangible Assets necessary to show proforma compliance with all financial covenants calculated as of such date, where the analysis supporting such proforma analysis is performed based on the consolidated balance sheet for the Borrower and the other Loan Parties then most-recently delivered to the Lender pursuant to Section 6.01(a) or (b).

“Excess Capital Certificate” means, a certificate in form and substance acceptable to the Lender and executed by a Responsible Officer of the Borrower, providing a detailed calculation of Excess Capital as of the date of a proposed Other Investment pursuant to Section 7.04(f) or of a Restricted Payment pursuant to Section 7.07.

“Excluded Foreign Subsidiary” means any Subsidiary that is not organized and existing under the laws of the United States or any state or commonwealth thereof or under the laws of the District of Columbia, and in respect of which either (a) the pledge of all the Equity Interests of such Subsidiary as Collateral or (b) a guarantee by such Subsidiary of the Obligations, would, in the good faith judgment of the Borrower, result in the adverse tax consequences to the Borrower.

“Event of Default” has the meaning set forth in Section 8.01.

“Excluded Taxes” means any of the following Taxes, imposed on or with respect to the Lender (a) Taxes imposed on or measured by net income (however denominated), and franchise Taxes, (b) any branch profits Taxes imposed by the United States or any similar Tax imposed by any other jurisdiction.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements

of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“Governmental Authority” means the government of any nation or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal or any other level, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of, or pertaining to, government.

“Government Securities” means U.S. Treasury Securities and U.S. Government Agency Securities which are quoted daily in The Wall Street Journal.

“Guarantor(s)” means, individually or collectively, as the case may be, any Subsidiary of the Borrower that becomes a Loan Party by executing a Guaranty, or a joinder thereto, and their respective successors and assigns.

“Guaranty(ies)” means, individually or collectively, as the case may be, the Guaranty executed by the Guarantors, in favor of the Lender, dated as of the Closing Date, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time to the extent permitted under the Loan Documents.

“Guaranty Obligation” as to any Person, means any (a) obligation, contingent or otherwise, of such Person guaranteeing or having the effect of guaranteeing any Debt or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment or performance of such Debt or other obligation, (iii) to maintain working capital, equity capital, net worth or solvency or liquidity or any level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) Lien on any assets of such Person securing any Debt or other obligation of any other Person, whether or not such Debt or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guaranty Obligation shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guaranty Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith.

“Hazardous Materials” means (a) any gasoline, petroleum or petroleum products or by-products, radioactive materials, friable asbestos or asbestos-containing materials, urea-formaldehyde insulation, polychlorinated biphenyls and radon gas, and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

“Heartland” means Heartland Financial USA, Inc., a Delaware corporation.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by any Loan Party under any Loan Document, and (b) to the extent not otherwise described in (a), Other Taxes.

“Insolvency” with respect to any Multiemployer Plan, means such Plan is insolvent within the meaning of §4245 of ERISA.

“Intangible Assets” means, at any date of determination, the sum, calculated on a consolidated basis in accordance with GAAP for the Borrower and the other Loan Parties, of (i) goodwill, organizational expenses, research and development expenses, trademarks, trade names, copyrights, patents, patent applications, licenses and rights in any thereof, covenants not to compete, training costs and other similar intangibles; (ii) deferred charges or unamortized debt discount and expense other than deferred income taxes; (iii) Investments which are not readily marketable; (iv) any write-up in the book value of any assets resulting from a reevaluation thereof subsequent to the date of the Borrower’s consolidated annual financial statement described in Section 5.04(a); (v) accounts receivable, notes receivable or other receivables or amounts owed by officers, shareholders or Affiliates; and (vii) any asset acquired subsequent to the date of this Agreement which the Lender, in its reasonable business judgment, determines to be an intangible asset.

“Intellectual Property” means any and all intellectual property, including copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, technology, know-how and processes, all rights therein, and all rights to sue at law or in equity for any past, present, or future infringement, violation, misuse, misappropriation or other impairment thereof, whether arising under United States, multinational or foreign laws or otherwise, including the right to receive injunctive relief and all proceeds and damages therefrom.

“Investment(s)” has the meaning set forth in Section 7.04.

“Lender” has the meaning set forth in the preamble.

“Letter(s) of Credit”: As provided in Section 2.12(a).

“Letter of Credit Application”: As provided in Section 2.12(c)

“Letter of Credit Commission”: As provided in Section 2.12(e)(i).

“Letter of Credit Commitment” shall mean, at any date, the maximum amount of Letter of Credit Obligations which may from time to time be outstanding hereunder, being initially \$500,000.00 and, as the context may require, the agreement of the Lender to issue the Letters of Credit for the account of the Borrower.

“Letter of Credit Commitment Termination Date”: The earlier of: (a) the Revolving Credit Termination Date; or (b) the date upon which the obligation of the Lender to issue Letters of Credit is terminated pursuant to Section 2.12(b).

“Letter of Credit Obligations”: At any date, the sum of: (a) the aggregate amount available to be drawn on the Letters of Credit on such date; plus (b) the aggregate amount owed by the Borrower to the Lender on such date as a result of draws on the Letters of Credit for which the Borrower has not reimbursed the Lender.

“Liabilities” means, at any Measurement Date, the aggregate amount of liabilities appearing on the Borrower’s consolidated balance sheet at such date prepared in accordance with GAAP.

“Lien” means any mortgage, pledge, hypothecation, assignment (as security), deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest, or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever having substantially the same economic effect as any of the foregoing (including any conditional sale or other title retention agreement and any capital lease).

“Listed Corporate Bonds” means corporate bonds quoted on a recognized domestic U.S. bond exchange and rated better than BBB+/Baa1.

“Loan” means any Revolving Credit Loan or any Term Loan, as the context may require, and **“Loans”** means either Revolving Credit Loans or Term Loans, as the context may require.

“Loan Documents” means, collectively, this Agreement, the Control Agreement, the Security Agreement, the Revolving Credit Note, the Term Note A, and all other agreements, documents, certificates and instruments executed and delivered to the Lender by any Loan Party in connection therewith.

“Loan Parties” means the Borrower and each Subsidiary of the Borrower that at any time hereafter becomes party to a Guaranty and the Security Agreement.

“Loan Year” means the 12-month period commencing on the date of this Agreement (or the anniversary date thereof in any subsequent year) and ending on the day preceding the immediately following anniversary date of this Agreement.

“Margin Stock” has the meaning specified in Regulation U of the Board as in effect from time to time.

“Material Adverse Effect” means a material adverse effect on (a) the business, assets, properties, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Borrower, individually, or the Borrower and its Subsidiaries taken as a whole, (b) the validity or enforceability of any Loan Document, (c) the perfection or priority of any Lien purported to be created by any Loan Document, (d) the rights or remedies of the Lender under any Loan Document or (e) the ability of any Loan Party to perform any of its payment obligations under any Loan Document to which it is a party.

“Material Contracts” with respect to any Person, means each contract to which such Person is a party involving aggregate consideration payable by or to such Person equal to at least \$1,000,000 annually or otherwise material to the business, condition (financial or otherwise), operations, performance, properties or prospects of such Person. As of the Closing Date, the Borrower is party to a single Material Contract (such Material Contract, as it may be amended, modified, replaced, restated or extended from time to time being referred to herein as the **“Initial Material Contract”**).

“Maturity Date”: The earlier of: (a) the date on which the Loans become due and payable under Section 8.02 upon the occurrence of an Event of Default; or (b) (i) the Revolving Credit Termination Date for the Revolving Credit Loans; or (ii) October 1, 2025 for Term Loan A.

“Measurement Date” means the last day of each fiscal year of the Borrower, commencing with the fiscal year ending June 30, 2019.

“Measurement Period” means the period of twelve (12) consecutive fiscal months ending on a Measurement Date.

“Multiemployer Plan” means a Plan which is a multiemployer plan as defined in § 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions.

“Municipal Bonds” means bonds issued by municipalities of the United States and rated by Moody's as Baa or better.

“Net Cash Proceeds” means (a) in connection with any Asset Sale or any Recovery Event, the proceeds thereof in the form of cash and Cash Equivalents in an amount for any Asset Sale or Recovery Event in excess of \$500,000 and in the aggregate

for all Asset Sales and Recovery Events in any fiscal year in excess of \$500,000 (including any such proceeds actually received from deferred payments of principal pursuant to a note, a receivable or otherwise), net of attorneys' fees, accountants' fees, investment banking fees, amounts required to be reserved for indemnification, adjustment of purchase price or similar obligations pursuant to the agreements governing such Asset Sale, amounts required to be applied to the repayment of Debt secured by a Lien expressly permitted hereunder on any asset that is the subject of such Asset Sale or Recovery Event (other than any Lien pursuant to a Loan Document) and other customary fees and expenses actually incurred in connection therewith and net of taxes paid or reasonably estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements) and (b) in connection with any issuance or sale of Equity Interests or any incurrence of Debt, the cash proceeds received from such issuance or incurrence, net of attorneys' fees, investment banking fees, accountants' fees, underwriting discounts and commissions and other customary fees and expenses actually incurred in connection therewith.

"Note(s)" means, individually or collectively, as the case may be, the Revolving Credit Note and the Term Notes.

"Obligations" means all Loans, Letter of Credit Obligations, advances, debts, liabilities, obligations, Banking Services Liabilities, covenants and duties, owing by any Loan Party to the Lender of any kind or nature, present or future, which arise under this Agreement, any other Loan Document or by operation of law, whether or not evidenced by any note, guaranty or other instrument, whether or not for the payment of money, whether arising by reason of an extension of credit, opening, guarantying or confirming of a letter of credit, guaranty, indemnification or in any other manner, whether joint, several, or joint and several, direct or indirect (including those acquired by assignment or purchases), absolute or contingent, due or to become due, and however acquired. The term includes, without limitation, all amounts owed by the Borrower to the Lender at such date as a result of draws on letters of credit paid by the Lender for which the Borrower has not reimbursed the Lender, all principal, interest, fees, charges, expenses, attorneys' fees, and any other sum chargeable to any Loan Party under this Agreement or any other Loan Document.

"Other Investments": As defined in Section 7.04.

"Other Taxes" means any and all present or future stamp, court, recording, filing, intangible, documentary or similar Taxes or any other excise or property Taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement or registration of, or performance under, or from the receipt or perfection of a security interest under or otherwise with respect to this Agreement or any other Loan Document (other than Excluded Taxes imposed with respect to an assignment).

“Participant” has the meaning set forth in Section 9.04(c).

“Participant Register” has the meaning set forth in Section 9.04(c).

“PATRIOT Act” has the meaning set forth in Section 9.13.

“PBGC” means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor thereto).

“Person” means any individual, corporation, limited liability company, trust, joint venture, association, company, limited or general partnership, unincorporated organization, Governmental Authority or other entity.

“Plan” at any one time, means any “employee benefit plan” that is covered by ERISA and in respect of which the Borrower or an ERISA Affiliate is (or, if such plan were terminated at such time, would under §4062 or §4069 of ERISA be deemed to be) an “employer” as defined in §3(5) of ERISA.

“Pledged Account” means that certain Account No. T6A-009949 maintained by Borrower with Piper Jaffray & Co and pledged to the Lender pursuant to the Security Agreement.

“Pledged Securities” means the securities owned by the Borrower and held in the Pledged Account.

“Projections” has the meaning set forth in Section 6.02.

“Properties” has the meaning set forth in Section 5.09(a).

“Recovery Event” means any settlement of or payment to any Loan Party in respect of any property or casualty insurance claim or any condemnation proceeding relating to any asset of any Loan Party.

“Related Parties” with respect to any Person, means such Person’s Affiliates and the directors, officers, employees, partners, agents, trustees, administrators, managers, advisors and representatives of it and its Affiliates.

“Reorganization” with respect to any Multiemployer Plan, means that such plan is in reorganization within the meaning of §4241 of ERISA.

“Reportable Event” means any of the events set forth in §4043© of ERISA, other than those events as to which the thirty day notice period is waived.

“Requirement of Law” as to any Person, means the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law (including common law), statute, ordinance, treaty, rule, regulation, order, decree,

judgment, writ, injunction, settlement agreement, requirement or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Responsible Officer” with respect to any Person, means the chief executive officer, president or chief financial officer of such Person, except that with respect to financial matters, the Responsible Officer shall be the chief financial officer or treasurer of such Person.

“Restricted Payments” has the meaning set forth in Section 7.07.

“Revolving Credit Commitment” means the obligation of the Lender to make Revolving Credit Loans in an aggregate principal amount not to exceed \$2,000,000, as the same may be changed from time to time pursuant to the terms hereof.

“Revolving Credit Commitment Period” means the period from and including the Closing Date to the Revolving Credit Termination Date.

“Revolving Credit Loans” means any revolving credit loan made by the Lender under Section 2.04.

“Revolving Credit Note” means the promissory note of the Borrower described in Section 2.06(a), substantially in the form of Exhibit A, as such promissory note may be amended, modified or supplemented from time to time, and such term shall include any substitutions for, or renewals of, such promissory note.

“Revolving Credit Termination Date” means the earliest to occur of (a) September 5, 2019, (b) the date the Revolving Credit Commitment is reduced to zero pursuant to Section 2.05, and (c) the termination of the Revolving Credit Commitment pursuant to Section 8.02.

“SEC” means the Securities and Exchange Commission (or successors thereto or an analogous Governmental Authority).

“Security Agreement” means the Security Agreement made by the Borrower and the other Loan Parties in favor of the Lender, dated as of the Closing Date, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time to the extent permitted under the Loan Documents.

“Single Employer Plan” means any Plan that is covered by Title IV of ERISA, other than a Multiemployer Plan.

“Solvent” with respect to any Person as of any date of determination, means that on such date (a) the present fair salable value of the property and assets of such Person

exceeds the debts and liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the property and assets of such Person is greater than the amount that will be required to pay the probable liability of such Person on its debts and other liabilities, including contingent liabilities, as such debts and other liabilities become absolute and matured, (c) such Person does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts and liabilities, including contingent liabilities, beyond its ability to pay such debts and liabilities as they become absolute and matured, and (d) such Person does not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Subordination Agreement” means each subordination agreement now or hereafter executed by a creditor of the Borrower in favor of the Lender.

“Subordinated Debt” means, all Debt of the Borrower which is contractually subordinated in right of payment to the Obligations pursuant to a Subordination Agreement on a form acceptable to the Lender in its reasonable discretion.

“Subsidiary” as to any Person, means any corporation, partnership, limited liability company, joint venture, trust or estate of or in which more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class of such corporation may have voting power upon the happening of a contingency), (b) the interest in the capital or profits of such partnership, limited liability company, or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Tangible Assets” means, at any date of determination, the sum, calculated on a consolidated basis in accordance with GAAP for the Borrower and the other Loan Parties, of (a) Total Assets minus (b) Intangible Assets.

“Taxes” means any and all present or future income, stamp or other taxes, levies, imposts, duties, deductions, charges, fees or withholdings imposed, levied, withheld or assessed by any Governmental Authority, together with any interest, additions to tax or penalties imposed thereon and with respect thereto.

“Term Loan(s)” means Term Loan A together with each other term loan now or hereafter made by the Lender to the Borrower.

“Term Loan A”: means the Loan described in Section 2.01(a).

“Term Loan A Commitment”: \$5,000,000.00, and as the context may require, the agreement of the Bank to make Term Loan A to the Borrower up to the amount of the Term Loan A Commitment subject to the terms and conditions of this Agreement.

“Term Note A”: means the promissory note of the Borrower described in Section 2.06(b), substantially in the form of **Exhibit B**, as such promissory note may be amended, modified or supplemented from time to time, and such term shall include any substitutions for, or renewals of, such promissory note.

“Term Note(s)”: means the Term Note A, together with each other term note now or hereafter made by the Borrower payable to the order of the Lender.

“Total Assets”: At any date of determination, the aggregate amount of assets appearing on the consolidated balance sheet of the Borrower and the other Loan Parties at such date prepared in accordance with GAAP.

“Total Usage”: At any date of determination, the sum of (a) the aggregate outstanding principal balance of the Revolving Credit Loans; plus (b) the Letter of Credit Obligations; plus (c) the outstanding principal balance of Term Loan A.

“Uniform Commercial Code” means the Uniform Commercial Code as in effect in the state of Minnesota from time to time.

Section 1.02 Interpretation. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “herein,” “hereof” and “hereunder,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles,