

TRADING SERVICE AGREEMENT

THIS AGREEMENT, is made and entered into this 1st day of April, 2007 by and between Cardinal Ethanol, LLC, an Indiana limited liability company, with its principal office located at 2 OMCO Square, Suite 201, PO Box 501, Winchester, Indiana 47394 (hereinafter “the Company”), and Alerus Securities Corporation, a subsidiary of Alerus Financial Corporation, with its principal office located at 2300 Columbia Road South, Grand Forks, North Dakota 58201 (hereinafter “Alerus”) (hereinafter collectively referred to as the “parties).

RECITALS:

WHEREAS, the Company desires to establish a service to facilitate the trading of securities among members and non-members of the Company;

WHEREAS, to provide an orderly trading market for its securities, the Company desires that its members and non-members purchase, sell and transfer the validly issued and outstanding securities of the Company through an “alternative trading system” (ATS) as defined by Rule 300(a) of Regulation ATS, established pursuant to the Securities Exchange Act of 1934;

WHEREAS, Alerus is a broker-dealer registered with the Securities and Exchange Commission (SEC), the National Association of Securities Dealers (NASD), and the State of Indiana, among others, and has established an ATS to trade certain securities;

WHEREAS, the Company asserts that its outstanding securities are validly issued, fully paid and qualify for trading on an ATS;

WHEREAS, Alerus has offered to trade the securities of the Company on an ATS operated by Alerus (the “Trading Service”); and

WHEREAS, the Company agrees to engage the services of Alerus to provide the Trading Service and Alerus desires to provide such services under the terms and conditions hereinafter described.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Appointment and Acceptance. The Company appoints Alerus as its sole and exclusive agent for the operation and administration of the Trading Service and Alerus accepts such appointment.

2. Operation of the Trading Service. Alerus shall operate the Trading Service in accordance with the terms and conditions set forth in the Operational Manual, attached hereto as Exhibit “A” and incorporated by reference to this Agreement.
3. Amendments to the Operational Manual. Any and all future amendments to the Operational Manual shall be approved by Alerus in writing prior to the amendment’s effectuation. Alerus may accept or reject any amendment in its sole discretion; provided however, Alerus may not reject an amendment where the failure to include such amendment would cause the Company to fail to comply with federal or state securities law or tax law.
4. Escrow Account. Alerus shall establish an escrow account (the “Escrow Account”) with a reputable bank (the “Escrow Agent”) where all funds contributed toward the purchase of the Company’s securities will be deposited by the buyer of said securities. Alerus shall provide the Company with all relevant information describing the Escrow Account so that the Company may coordinate and, if necessary, contract with the Escrow Agent for the completion of all transactions in a timely and efficient manner.
5. Transfer Agent. The Company shall designate a transfer agent (the “Transfer Agent”) for the transfer of the Company’s securities and other necessary documents of the Company. The Company shall provide Alerus and the Escrow Agent with all relevant information and documents required to complete the transfer of said securities on the Company’s books and records, including, but not limited to, the authorized contact person and the mailing and e-mail address of the Transfer Agent.
6. Fees Payable to Alerus. For its operation of the Trading Service, Alerus shall be compensated as follows:
 - a. Initial Set-up Fee. Upon execution of this Agreement, the Company shall pay to Alerus an initial, non-reimbursable set-up fee of seven thousand five hundred and No/Dollars (\$7,500.00).
 - b. Annual Maintenance Fees. After the Initial Term of this Agreement, the Company shall pay to Alerus a non-reimbursable maintenance fee of five thousand and No/100 Dollars (\$5,000.00), payable annually on or before the anniversary date of effectiveness of this Agreement as set forth in Section 7 below.
 - c. Transaction Fee. The seller of securities will be assessed a fee of three percent (3%) of the sale price for each transaction of securities, the minimum fee per listing being two hundred fifty and No/100 Dollars (\$250.00).

7. Effectiveness; Term of Agreement. This Agreement shall become effective on the date of Alerus' approval of the Operational Manual, the date of which shall be set forth therein, and shall terminate on April 1, 2008 (the "Initial Term"). Thereafter, it shall renew automatically for one-year terms unless and until terminated in accordance with Section 8 below.
8. Termination. The Company and Alerus expressly agree that this Agreement may be terminated by either party a) with or without cause, upon written notice given to the other party of not less than thirty (30) days; or b) following any formal investigation, proceeding or claim initiated against the Company or Trading Service by the SEC or a state securities commission or other government agency, and the party not subject to said investigation, proceeding or claim has given the other party not less than ten (10) days written notice listing the investigation, proceeding or claim and its intent to terminate on or after such date.
9. Trading Service Operating Expenses. All operating costs and expenses arising out of the operation of the Trading Service shall be borne by Alerus and not charged to the Company.
10. Representations of Alerus. Alerus represents, warrants, covenants and agrees that:
 - a. Alerus is a member of the NASD.
 - b. Alerus, and its officers, directors, control persons, employees and agents who will be operating the Trading Service, have the necessary registrations, licenses and permissions to allow Alerus and such persons to operate the Trading Service in accordance with all applicable state and federal securities laws and regulations and the rules of the NASD.
 - c. Alerus shall comply with all necessary requirements for an ATS, as set forth under Regulation ATS.
 - d. Alerus shall comply with all federal and state securities laws for purposes of maintaining its registration as a broker-dealer with the SEC, NASD and State of Indiana.
 - e. Alerus shall promptly notify the Company in writing of any formal investigation, proceeding or claim initiated against Alerus by the SEC or a state securities commission regarding any material aspect of the Trading Service, the notification of which shall be made within thirty (30) days of said initiated investigation, proceeding, or claim.
 - f. Alerus shall operate the Trading Service in accordance with the terms and conditions set forth in the Operational Manual.

11. Representations of the Company. The Company represents, warrants, covenants, and agrees that:
- a. The Company is, and shall remain, duly organized, validly existing and in good standing under the laws of the State of Indiana.
 - b. The outstanding securities of the Company are validly issued and fully paid, and all securities of the Company that are issued in the future and designated for trading on the Trading Service shall be qualified the same.
 - c. The outstanding securities of the Company qualify for trading on the Trading Service based upon the conditions and requirements of federal and state securities laws, federal tax law, and any regulations thereunder, and all securities of the Company issued and designated for trading on the Trading Service in the future shall qualify for the same.
 - d. The Company shall create, maintain and operate its own website, which shall include but be not limited to the following information and/or documents: current news, events and information about the Company; annual and interim financial statements of the Company; and instructions on trading and transferring the Company's securities on or outside the Trading Service and any document or forms relating thereto.
 - e. The Company shall fully comply with all federal and state securities laws, tax laws, and any regulation thereunder.
 - f. The Company shall notify Alerus in writing of any formal investigation, proceeding, or claim initiated against the Company by the SEC or a state securities commission, the notification of which shall be made within thirty (30) days of said initiated investigation, proceeding, or claim.
12. Alerus's Interaction with Service Users. Alerus's interaction with the Company's members and non-members using the Trading Service ("Service Users"), shall be to provide a medium by which the Company's Service Users sell, purchase and transfer the Company's securities. Alerus, however, shall not engage in any of the following activities associated with the operation of the Trading Service:
- a. Alerus shall not directly or indirectly provide to Service Users investment, tax, accounting or other advice regarding transactions conducted through the Trading Service unless the Service User is an actual client of Alerus as evidenced by the execution of a new account form;
 - b. Alerus shall not arrange financing for any Service Users for the purchase of securities through the Trading Service unless the Service User is an

actual client of Alerus as evidenced by the execution of a new account form.

13. Indemnification of Alerus. The Company shall indemnify, hold harmless and defend Alerus, and its officers, directors, control persons, employees, and agents, from and against all liabilities arising out of or related to this Agreement, including:
- a. Any material misrepresentation or breach of warranty by the Company of any representation or warranty set forth in this Agreement; or
 - b. Any material breach of covenant by the Company of any covenant set forth in this Agreement.
 - c. Notwithstanding anything in this Agreement to the contrary, the indemnification of Alerus and its officers, directors, control persons, employees and agents, shall only apply to those liabilities for which a claim is made by Alerus, or its officers, directors, control persons, employees and agents, against the Company and within one (1) year of termination of this Agreement. The aggregate amount for which the Company shall be obligated to indemnify Alerus and its officers, directors, control persons, employees and agents, shall not exceed the sum of Twenty Five Thousand and No/Dollars (\$25,000.00).

“Liabilities” are defined as any liability, claim, settlement payment, cost and expenses, interest, award, judgment, damages, fines, fees (including reasonable attorneys’ fees), penalties or other charge.

14. Indemnification of the Company. Alerus shall indemnify, hold harmless and defend the Company, and its officers, directors, control persons, employees, and agents, from and against all liabilities arising out of or related to this Agreement including:
- a. Any material misrepresentation or breach of warranty by Alerus of any representation or warranty set forth in this Agreement; or
 - b. Any material breach of covenant by Alerus of any covenant set forth in this Agreement.
 - c. Notwithstanding anything in this Agreement to the contrary, the indemnification of the Company and its officers, directors, control persons, employees and agents, shall only apply to those liabilities for which a claim is made by the Company, or its officers, directors, control persons, employees and agents, against Alerus and within one (1) year of termination of this

Agreement. The aggregate amount for which Alerus shall be obligated to indemnify the Company and its officers, directors, control persons, employees and agents, shall not exceed the sum of Twenty Five Thousand and No/Dollars (\$25,000.00).

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15. Limitation of Responsibilities; Liabilities. The parties specifically acknowledge and agree that the responsibilities of Alerus are set forth solely in this Agreement, Operational Manual and Regulation ATS, and that Alerus is not responsible in any way for enforcing, or supervising the enforcement of, the provisions of any agreement, corporate governance document, or securities transfer system of the Company, or any federal or state securities or tax law or regulation relating thereto. In addition, nothing in this Agreement or the Operational Manual shall be construed to prevent a subscriber (as such term is defined in Regulation ATS) from trading outside the ATS.

In no event shall Alerus be liable to the Company for any liabilities arising out of or related to this Agreement that exceeds sum of Twenty Five Thousand and No/Dollars (\$25,000.00).

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16. Miscellaneous Provisions.

- a. Benefit. This Agreement shall bind the parties hereto and shall inure to and be binding upon the respective legal representatives, successors, heirs and assigns.
- b. Entire Agreement; Waiver. This instrument contains the entire agreement of the parties. It may not be changed orally but only by an agreement in writing signed by both parties. A waiver of any term or provision shall not be construed as a waiver of any other term or provision or as a waiver of subsequent performance of the same provision in this Agreement.
- c. Severability. The parties agree that if any part, term, paragraph or provision of this Agreement is in any manner held to be invalid, illegal, void or in any manner unenforceable, or to be in conflict with any law of the State of Indiana, then the validity of the remaining portions or provisions of this Agreement shall not be affected, and such part, term,

paragraph or provision shall be construed and enforced in a manner designed to effectuate the intent expressed in this Agreement to the maximum extent permitted by law.

- d. Assignment. Except as otherwise provided in this Agreement, this Agreement is made for the personal benefit of the parties hereto, and neither party may assign this Agreement, or any part thereof, or delegate any duty or obligation imposed by this Agreement without the express written consent of the other party hereto.
- e. Captions. The captions and titles utilized in this Agreement are for convenience of reference only, and shall not be deemed to define or limit any of the terms, conditions, or provisions of this Agreement.
- f. Governing Law; Forum. This Agreement and all obligations created hereunder or required to be created hereby shall be governed by and construed and enforced in accordance with the laws of the State of Indiana and all parties consent that the district court situated in Randolph County, Indiana, shall be the exclusive jurisdiction and venue of any disputes relating to the Agreement.
- g. Notices. Any notice, statement or demand required or permitted to be given under this Agreement shall be in writing, sent by first class mail or hand delivered, addressed, as the case may be to the Company or Alerus at their respective addressees set forth above, or to such other address as the Company or Alerus shall designate and, unless earlier received, shall be deemed to have been received on the date five (5) days after it shall have been mailed, as aforesaid, in any post office or branch post office regularly maintained by the United States Government.

[Signature Page on Next Page]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

CARDINAL ETHANOL, LLC

By _____

Its _____

ALERUS SECURITIES CORPORATION

By _____

Its _____