REAL ESTATE MORTGAGE

MORTGAGOR(S):	ACCOUNT NUMBER 496502729		
LAST NAME	FIRST	INITIAL	SPOUSE'S NAME
KEPHART	RALPH	L.	CAROL A. KEPHART
MAILING ADDRESS	STREET	CITY	STATE ZIP
P.O. Box 141, Manchester, IA 52507			

MORTGAGEE:
AVCO FINANCIAL SERVICES
DENISON, INC.

Cedar Falls, Iowa, Iowa

WITNESSETH, that Mortgagor(s), does hereby Sell, Convey and Mortgage unto Mortgagee, its successors or assigns the following described Real Estate in the County of Delaware, State of Iowa, to wit

The South thirty three (33) acres of the Northeast Quarter (NE¼) of the Southeast Quarter (SE¼), and the North one (1) acre of the Southeast Quarter (SE¼) of the Southeast Quarter (SE¼) of Section Twenty Nine (29), Township Ninety (90) North, Range Five (5), West of the Fifth Principal Meridian.

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113-105

together with all buildings and improvements now or hereafter erected thereon and heating, lighting, plumbing, gas, electric, ventilating, refrigerating and air-conditioning equipment used in connection therewith, all of which for the purpose of this mortgage, shall be deemed fixtures and subject to the lien hereof, and the hereditaments and appurtenances pertaining to the property above described, all of which is referred to hereinafter as the "premises".

TO HAVE AND TO HOLD the above-described premises, with the appurtenances and fixtures, unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth.

Mortgagor also assigns to Mortgagee all rents, issues and profits of said premises, reserving the right to collect and use the same, with or without taking possession of the premises, during continuance of default hereunder, or to apply against any deficiency remaining after foreclosure sale and during continuance of such default authorizing Mortgagee to enter upon said premises and/or to collect and enforce the same without regard to adequacy of any security for the indebtedness hereby secured by any lawful means.

FOR THE PURPOSE OF SECURING: (1) Performance of each agreement of Mortgagor contained herein; (2) Payment of the principal sum with interest as provided in accordance with the terms and provisions of a Promissory Note/Loan Agreement (hereafter referred to as "Promissory Note" dated 09/22/95, and having the date of its final payment due on 10/01/10, or as extended, deferred or rescheduled by renewal or refinance herewith executed by Mortgagor and payable to the order of Mortgagee, to which Promissory Note reference is hereby made; (3) The payment of any money that may be advanced by the Mortgagee to Mortgagor or to third parties, with interest thereon, where the amounts are advanced to protect the security or in accordance with the covenants of this Mortgage.

All payments made by Mortgagor on the obligation secured by this Mortgage shall be applied in the following order:
FIRST: To the payment of taxes and assessments that may be levied and assessed against said premises, insurance premiums, repairs, and all other charges and expenses agreed to be paid by the Mortgagor.
SECOND: To the payment of interest due on said loan. THIRD: To the payment of principal.

TO PROTECT THE SECURITY HEREOF, MORTGAGOR(S) COVENANTS AND AGREES: (1) To keep said premises insured against loss by fire and other hazards, casualty and contingencies up to the full value of all improvements for the protection of Mortgagee in such manner, in such amounts, and in such companies as Mortgagee may from time to time approve, and to keep the policies therefor, properly endorsed, on deposit with Mortgagee, and that loss proceeds (less expense of collection) shall, at Mortgagee's option, be applied on said indebtedness, whether due or not or to the restoration of said improvements. In event of loss Mortgagor will give immediate notice by mail to the Mortgagee, who may make proof of loss if not made promptly by Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee instead of to the Mortgagor. (2) To pay all taxes and special assessments of any kind that have been or may be levied or assessed upon said premises, or any part thereof, and to procure and deliver to Mortgagee ten (10) days before the day fixed by law for the first interest or penalty to accrue thereon, the official receipt of the proper officer showing payment of all such taxes and assessments and, notwithstanding any right or option granted by any senior encumbrance or by any senior encumbrancer to permit the principal balance of such senior encumbrance to increase, not to permit the principal balance of any senior encumbrance to increase above the balance existing thereon at the time of the making of this Mortgage until this Mortgage shall have been paid in full. (3) In the event of default by Mortgagor under Paragraphs 1 or 2 above, Mortgagee, at its option (whether electing to declare the whole indebtedness secured hereby due and collectible or not), may (a) effect the insurance above provided for and pay the reasonable premiums and charges therefor; (b) pay all said taxes and assessments without determining the validity thereof; and (c) pay such liens and all such disbursements with interest thereon from the time of payment at the highest rate allowed by law, and such disbursements shall be deemed a part of the indebtedness secured by this Mortgage and shall be immediately due and payable by Mortgagor to Mortgagee. (4) To keep the buildings and other improvements now existing or hereafter erected in as condition and repair as the same may now be or are hereafter placed, ordinary wear and tear excepted, not to commit or suffer any waste or any use of said premises contrary to restrictions of record or contrary to laws, ordinances or regulations of proper public authority, and to permit Mortgagee to enter at all reasonable times for the purpose of inspecting the premises. (5) That he will pay, promptly the indebtedness secured hereby, in full compliance with the terms of said Promissory Note and this Mortgage, and that the time of payment of the indebtedness hereby secured, or of any portion thereof, may be extended or renewed, and any portions of the premises herein described may, without notice, be released from the lien hereof, without releasing or affecting the personal liability of any person for the payment of said indebtedness or the lien of this instrument upon the remainder of said premises for the full amount of said indebtedness then remaining unpaid, and no change in the ownership of said premises shall release, reduce or otherwise affect any such personal liability or the lien hereby created. (6) That he is seized of the premises in fee simple and has good and lawful right to convey the same; and that he does hereby forever warrant and will forever defend the title and possession thereof against the lawful claims of any and all persons whatsoever, and hereby fully and absolutely waives and releases all rights and claims he or she may have in or to said premises in the nature of homestead, dower, or curtesy, or any statutory substitute herefor.

IT IS MUTUALLY AGREED THAT: (1) If the said Mortgagor shall fail or neglect to pay installments on said Promissory Note or on any other advance or obligation which may be secured hereby as the same may hereafter become due, or upon default in performance of any agreement hereunder, including causing or permitting the principal balance of any prior lien to increase above the principal balance of such lien existing at the time of the making of this Mortgage, or upon sale or other disposition of the premises by Mortgagor, or should any action or proceeding be filed in any court to enforce any lien on, claim against or interest in the premises, then all sums owing by the Mortgagor to the Mortgagee under this Mortgage or under the Promissory Note secured hereby shall immediately become due and payable at the option of the Mortgagee, on the application of the Mortgagee, or assignee, or any person who may be entitled to the monies due thereon. In such event the Mortgagee shall have the right immediately to foreclose this Mortgage by complaint for that purpose, and such complaint may be prosecuted to judgment and execution and sale for the collection of the whole amount of the indebtedness and interest thereon; reasonable expenses as permitted by law and any amounts advanced pursuant to the mortgage. At any time after the commencement of an action in foreclosure, or during the period of redemption, the court having jurisdiction of the case shall, at the request of the Mortgagee, appoint a Receiver to take immediate possession of said property, and of the rents and profits accruing therefrom, and to rent or cultivate the same as he may deem best for the interest of all parties concerned, and shall be liable to account to said Mortgagors only for the net profits, after application of rents, issues and profits upon the costs and expenses of the Receivership and foreclosure and the indebtedness, charges and expenses hereby secured and herein mentioned. A judgment hereunder shall bear interest at the maximum lawful rate of interest provided for in Section 535.2 of the Code of Iowa. 1971, as amended.

14-0475 (9-89) IA

FILE No. 169-1257	FILED FOR RECORD THE 31 DAY OF October, 1995 AT 9:28 O'CLOCK A M. BOOK 127 PAGE 233	STATE OF IOWA, DELAWARE COUNTY Deborah L. Peyton, Recorder
RECORDING FEE $ 11.00		I.M CM 31
TRANSFER FEE $		

(2) It is further agreed that if this Mortgage covers less than 10 acres of land, and in the event of the foreclosure of this Mortgage and sale of the property by sheriff's sale in such foreclosure proceedings, the time of one year for redemption from said sale provided by the statutes of the State of Iowa shall be reduced to 6 months provided the Mortgagee, in such action, files an election to waive any deficiency judgment against the Mortgagors which may arise out of the foreclosure proceedings; all to be consistent with the provisions of Chapter 628, Code of Iowa. It is further agreed that the period of redemption after a foreclosure of this Mortgage shall be reduced to 60 days if all of the three following contingencies develop: (1) The mortgaged real estate herein is less than 10 acres in size; (2) The Court finds affirmatively that said real estate has been abandoned by the owners and those persons personally liable under this Mortgage at the time of such foreclosure; and (3) The Mortgagee in such action files an election to waive any deficiency judgment against the Mortgagors or their successor in interest in such action. If the redemption period is so reduced, the Mortgagors or their successors in interest or the owner shall have the exclusive right to redeem for the first 30 days after such sale, and the time provided for redemption by creditors as provided in Sections 628.5, 628.15 and 628.16 of the Code shall be reduced to 40 days. Entry of appearance by pleading or docket entry by or on behalf of the Mortgagors shall be a presumption that the property is not abandoned. Any such short redemptive period shall be consistent with all of the provisions of Section 628.27, Code of Iowa. If the property is occupied by the Mortgagor but in excess of two units, the redemption period is 180 days. The Mortgagor shall have the exclusive right to redeem for the first 90 days after the sale and the time periods for redemption by creditors as provided in Sections 628.5, 628.15 and 628.16 shall be reduced to 135 days. If Avco waives a deficiency judgment the period of redemption is reduced to 90 days, of which redemption in the first 30 days after the sale is exclusive to the Mortgagor and the time periods for redemption by creditors as provided in Sections 628.5, 628.15 and 628.16 are reduced to 60 days.

If real property is not used for agricultural purposes, and is a single-family or two-family dwelling which is the residence of the Mortgagor at the time of foreclosure but after foreclosure ceases to be the residence of the Mortgagor, and there are no junior creditors, the period of redemption is reduced to 30 days. If there is a junior creditor, the period of redemption is reduced to 60 days; for the first 30 days redemption is exclusive to the Mortgagor, and the time periods provided in Sections 628.5, 628.15, and 628.16 for redemption by creditors is reduced to 45 days.

(3) In the event said premises are sold at a foreclosure sale, mortgagor(s), if a signer on the Promissory Note, shall be liable for any deficiency remaining after sale of the premises, and application of the proceeds of said sale to the indebtedness secured and to the expenses of foreclosure as permitted by law.

(4) Mortgagor agrees to surrender possession of the hereinabove described Mortgaged premises to the Purchaser after the period of redemption has expired, in the event such possession has not previously been surrendered by Mortgagor and for failure to do so will pay to the Purchaser the reasonable rental value of the premises thereafter.

(5) Upon sale of the premises, Mortgagee may, at its option, require subordination to the lien of this mortgage of any purchase money mortgage encumbering the premises and Mortgagor will execute and/or obtain and record any instrument necessary to accomplish this purpose.

(6) Time is of the essence hereof in connection with all obligations of the Mortgagor herein or in said note. By accepting payment of any sum accrued hereby after its due date, Mortgagee does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(7) If Mortgagor shall pay said note at the time and in the manner aforesaid and shall abide by, comply with, and duly perform all the covenants and agreements herein, then this conveyance shall be null and void and Mortgagee will, within thirty (30) days after written demand therefor by Mortgagor, execute a release or satisfaction of this mortgage.

(8) Except otherwise restricted by the provisions of this mortgage, all Mortgagors shall be jointly and severally liable for fulfillment of their covenants and agreements herein contained, and all provisions of this Mortgage shall inure to and be binding upon the heirs, executors, administrators, successors, grantees, lessees and assigns of the parties hereto respectively. Any reference in this Mortgage of the singular shall be construed as plural where appropriate.

(9) Invalidity or unenforceability of any provisions herein shall not affect the validity and enforceability of any other provisions.

(10) Should said property or any part thereof be taken by reason of any public improvement or condemnation proceeding, Mortgagee shall be entitled to all compensation, awards, and other payments or relief therefor, to be applied to the amounts secured by this mortgage.

(11) If any of the undersigned is a married person, he represents and warrants that this instrument has been executed on his behalf, and that he has not executed the same as surety for another.

(12) In the event the Mortgagor(s) transfer(s) the ownership of the said premises, or any part thereof, the entire unpaid balance of the debt secured hereby shall immediately become due and payable.

I understand that homestead property is in many cases protected from the claims of creditors and exempt from judicial sale; and that by signing this contract, I voluntarily give up my right to this protection for this property with respect to claims based upon this contract.

IN WITNESS WHEREOF, said Mortgagors have hereunto set their hands this date 09/22/95.

NOTICE TO CONSUMER: (1) Do not sign this paper before you read it. (2) You are entitled to a copy of this paper. (3) You may prepay the unpaid balance at any time without penalty and may be entitled to receive a refund on the unearned charges in accordance with the law.

Signed sealed and delivered in the presence of:

Patrick M. Fitzgerald — Witness

Carolyn M. Aurand — Witness

Ralph L. Kephart — Mortgagor-Borrower

Carol A. Kephart — Mortgagor-Borrower

Please type or print names under signatures as per Code Sec. 331.602 as amended

STATE OF IOWA, BLACK HAWK COUNTY, ss:

On this 22nd day of September, A.D. 19 95, before me, the undersigned, a Notary Public in the State of Iowa, personally appeared Ralph L. Kephart and Carol A. Kephart, husband and wife, to me known to be the identical persons named in and who executed the foregoing instrument, and acknowledge that they executed the same as their voluntary act and deed.

PATRICK M. FITZGERALD
MY COMMISSION EXPIRES
1-6-96

My commission expires 1-6-96

Notary Public in the State of Iowa

INDEXED IN CHATTEL MTG. INDEX

WHEN RECORDED RETURN TO
Avco Financial Services
P.O. Box 939
Cedar Falls, IA 50613

Filed for the record of _____ day of _____, A.D. 19 ____
By _____ Deputy
Book _____ o'clock _____ M. and recorded in Mortgages on page _____
County Recorder
FILED
DELAWARE COUNTY IOWA
1691257
'95 OCT 31 AM 9 28
BOOK 127 PAGE 283
DEBRA H. PEYTON
DELAWARE CO. RECORDER
$11.00

To
Avco Financial Services
Denison, Inc.

From
Ralph L. Kephart, Etal

MORTGAGE

IOWA MORTGAGE
No. _____

169-1257