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Newbury Development
100 Court Ave.
Suite 212
Des Moines, IA
50309

Document prepared by: Dennis Pine, Iowa Housing Corporation, 100 Court Avenue, Suite 209, Des Moines, Iowa 50309

THIS MORTGAGE CONSTITUTES A CONSTRUCTION MORTGAGE WITHIN THE MEANING OF ARTICLE 9 OF THE UNIFORM COMMERCIAL CODE. THIS MORTGAGE CONTAINS AN AFTER ACQUIRED PROPERTY CLAUSE.

MORTGAGE AND SECURITY AGREEMENT

COUNTRYSIDE ASSOCIATES OF MANCHESTER, L.P.

Mortgagor

and

IOWA HOUSING CORPORATION

Mortgagee

Dated as of May 30, 1996

Subordinate to USDA
For Easement, See Book 135
Page 135
2/11/97

Assignment to Power Finance Authority
For Delaware, Iowa Book 2001
Page 2823 8-6-01

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EXHIBIT A Description of Real Estate
EXHIBIT B Description of Equipment
EXHIBIT C Permitted Encumbrances

THIS MORTGAGE AND SECURITY AGREEMENT (the "Mortgage"), made as of the 30th day of May, 1996 by Countryside Associates of Manchester, L.P., as Mortgagor, (the "Mortgagor") in favor of the Iowa Housing Corporation (the "Corporation") as the Mortgagee (the "Mortgagee").

WITNESSETH:

WHEREAS, the Corporation has entered into a Loan Agreement, dated as of even date herewith (the "Agreement") with the Mortgagor pursuant to which the Corporation has agreed to loan funds to the Mortgagor in the amount of $45,000 (the "Loan"), to provide funds to finance the project described in Exhibit A to the Agreement (the "Project"); and

WHEREAS, the Agreement provides that the Corporation will make the loan to the Mortgagor and the Mortgagor will deliver its Promissory Note (the "Note") to the Corporation providing for the payment of sums sufficient to pay the principal of and interest on the Loan as and when the same become due; and

WHEREAS, the Agreement further provides that as a condition to the Loan, to secure performance by the Mortgagor of its obligations under the Agreement and the Note, the Mortgagor will execute and deliver this Mortgage to the Corporation; and

WHEREAS, the last stated maturity of the Note is May 1, 2027:

GRANTING CLAUSES

NOW, THEREFORE, for the purposes of securing the payment of all amounts now or hereafter advanced under the Agreement, owing under the Note, the Agreement or this Mortgage, and the faithful performance of all covenants, conditions, stipulations and agreements in the Note, the Agreement and this Mortgage, and in consideration of the premises, the loan of funds by the Corporation to the Mortgagor, and other good and valuable consideration the receipt of which is hereby acknowledged, the Mortgagor has executed and delivered this Mortgage to the Mortgagee and the Mortgagor does hereby grant, bargain, sell, convey, transfer, assign, set over, mortgage, grant a security interest in, and warrant to the Mortgagee, its successors and assigns forever, all and singular the following described properties, whether now owned or hereafter acquired (herein collectively called the "Mortgaged Property"):

A. All of the tracts or parcels of land (hereinafter called the Land") located in Manchester, Iowa are particularly described in Exhibit A attached hereto and made a part hereof;

B. All buildings, structures, additions, improvements and appurtenances now standing or at any time hereafter constructed or placed upon the Land;

C. All building materials, building equipment, fixtures and supplies of every kind and nature now or hereafter located on the Land and suitable or intended to be incorporated in any building, structure or other improvement now or hereafter standing on the Land;

D. All fixtures and articles of personal property of every kind and nature that may integrally belong to, be or hereafter become an integral part of the Land, and whether attached or detached, and whether now owned or hereafter acquired by Mortgagor, including, but without limiting the generality of the foregoing, any and all partitions, carpeting, drapes, dynamos, screens, awnings, storm windows, floor coverings, disposal units, motors, engines, boilers, furnaces, pipes, plumbing, elevators, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, maintenance equipment, and all heating, lighting, ventilating, refrigerating, incinerating, air-conditioning and air-cooling equipment, gas and electric machinery, and all of the right, title and interest of the Mortgagor in and to any fixtures which may be subject to any title retention or security agreement superior in lien to the lien of the Mortgage, and all additions, accessions, increases, parts, fittings, accessories, replacements, substitutions, betterments, repairs and proceeds of all of the foregoing, all of which shall be construed as fixtures and will be conclusively construed, intended and presumed to be a part of the foregoing, whether or not permanently affixed to said retail property and the buildings and improvements thereon, shall for the purpose of this Mortgage be deemed conclusively to be conveyed hereby, and as to all of the foregoing, whether personal property or fixtures, or both, a security interest is hereby granted by the Mortgagor and hereby attaches thereto, all as provided by the Iowa Uniform Commercial Code;

E. All and singular the tenements, hereditaments, easements, rights of way, rights, privileges and appurtenances to the Land, belonging or in any way appertaining thereto, including without limitation, the entire right, title and interest of the Mortgagor in, to and under any streets, boulevards, avenues, ways, alleys, gores or strips of land adjoining the Land, and all claims or demands whatsoever of the Mortgagor either in law or in equity, in possession or expectancy of, in and to the Land;

F. Any and all leases, subleases, licenses, concessions or grants of other possessory interests now or hereafter in force, oral or written, covering or affecting the Land or any buildings or improvements belonging or in any way appertaining thereto, or any part thereof;

G. All the rents, issues, uses, profits, condemnation awards, insurance proceeds and other rights and interests now or hereafter belonging or in any way pertaining to the Land or any building or improvement now or hereafter located thereon and each and every lease, sublease and agreement described in the foregoing paragraph F and every right, title and interest thereunder, from the date of this Mortgage until the terms hereof are compiled with and fulfilled;

H. All machinery, apparatus, equipment and personal property described in Exhibit B attached hereto and made a part hereof and all other machinery apparatus, equipment and personal property now or hereafter acquired with the proceeds of the Loan, and which may now or hereafter be or be deemed to be personal and not an integral part of the real estate (hereinafter called the "Equipment") and all additions, accessions, increases, parts, fittings, accessories, replacements, substitutions, betterments, repairs and proceeds of the Equipment, and a security interest is hereby granted by the Mortgagor and hereby attaches thereto, all as provided by the Iowa Uniform Commercial Code;

TOGETHER with the reversions, remainders and benefits and all other revenues, rents, earnings, issues and income and profits arising or to arise out of or to be received or had of and from the properties hereby mortgaged or intended so to be or any part thereof and all the estate, right, title, interest and claims, at law or in equity which the Mortgagor now or may hereafter acquire or be or become entitled to in and to the aforesaid properties and any and every part thereof. The above described Mortgaged Property is hereby declared to be subject to the lien of this Mortgage as security for the payment of the aforementioned indebtedness.

TO HAVE AND TO HOLD all and singular, the Mortgaged Property, whether now owned or hereafter acquired, unto the Mortgagee, its successors and assigns forever; provided, however, that this Mortgage is upon the express condition that if the Mortgagor shall pay or cause to be paid all indebtedness secured hereby and shall keep, perform and observe all and singular the covenants and promises in the Agreement and in this Mortgage expressed to be kept, performed and observed by the Mortgagor, then this Mortgage and the rights hereby granted shall cease, determine and be void, otherwise to remain in full force and effect.

As additional security for the payment of the Note and the amounts due under the Agreement, the Mortgagor hereby further covenants, warrants and agrees with the Mortgagee as follows:

SECTION 1. Terms Defined.

All words and phrases defined in the Agreement shall have the same meaning in this Mortgage, unless the context clearly otherwise requires. In addition, the following words and phrases shall have the following meanings:

"Default Rate" means an interest rate of 10% per annum.

"Net Proceeds", when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award remaining after payment of all expenses (including attorneys, fees and any extraordinary expenses of the Mortgagee) incurred in the collection of such gross proceeds.

"Permitted Encumbrances", means, as of any particular time, the encumbrances set forth on Exhibit C attached hereto and incorporated herein by this reference.

"Project" means the buildings, equipment and improvements thereon to be acquired with the proceeds of the Loan.

SECTION 2. Title to the Mortgaged Property and the Status of the Lien of this Mortgage; Maintenance of Lien; Recording; Further Assurance; After Acquired Property; Hazardous Waste.

The Mortgagor warrants and covenants as follows:

(a) The Mortgagor is lawfully seized of the fee simple title in and to the Land and the Mortgagor has a good right to grant and convey the same; the lien of this Mortgage will be a lien and encumbrance on the Land, subject only to Permitted Encumbrances, and the Mortgagor hereby warrants and will defend fee simple title thereto against the lawful claims of all persons;

(b) The Mortgagor will be lawfully seized of the fee simple title to all of the Mortgaged Property upon completion of the Project and shall have upon completion of the Project a good right to grant and convey the same. This Mortgage shall be a lien and encumbrance on all of the Mortgaged Property, subject to Permitted Encumbrances, and the Mortgagor hereby warrants and will defend fee simple title thereto against the lawful claims of all persons;

(c) The Mortgagor will keep the Mortgaged Property and the rights, privileges and appurtenances thereto free from all lien claims of every kind superior to the lien of this Mortgage, except for Permitted Encumbrances, and if any such lien be filed, Mortgagor, within thirty (30) days after such filing shall cause same to be discharged by payment or bonding or adequate reserves being maintained with the Mortgagee in escrow. The Mortgagor further agrees to protect and defend the title and possession of the Mortgaged Property so that this Mortgage shall be and remain a lien thereon prior to all liens other than Permitted Encumbrances until the Note and the indebtedness secured hereby have been fully paid, or if foreclosure sale be had hereunder so that the purchaser at said sale shall acquire good title in fee simple to said premises free and clear of all liens and encumbrances, except Permitted Encumbrances;

(d) The Mortgagor will, at its expense, take all necessary action to maintain and preserve the lien and security interest of this Mortgage so long as the Note and the indebtedness secured hereby remain outstanding;

(e) The Mortgagor will, forthwith after the execution and delivery of this Mortgage and thereafter from time to time, cooperate with the Mortgagee in causing this Mortgage and any financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to publish notice of and fully to protect the lien hereof upon, and the title of the Mortgagor to, the Mortgaged Property; and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all continuation statements and further instruments that may be requested by the Mortgagee for such publication and protection (including any necessary notation on the certificate of title of any of the Equipment for which a certificate of title is issued at any time). Except to the extent that it is exempt therefrom, the Mortgagor will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of this assurance, and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage and such instruments of further assurance;

(f) The Mortgagor will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, conveyances, mortgages, assignments, transfers and assurances as the Mortgagee reasonably may require for the better assuring, conveying, mortgaging, assigning and confirming unto the Mortgagee all and singular the Mortgaged Property as now or hereafter constituted;

(g) All right, title and interest of the Mortgagor in and to all improvements, betterments, renewals, substitutions and replacements of the Mortgaged Property or any part thereof, hereafter constructed or acquired by the Mortgagor, which shall become a part of the Mortgaged Property, immediately upon such construction or acquisition, and without any further mortgaging, conveyance or assignment, shall become and be part of the Mortgaged Property and shall be subject to the lien of this Mortgage as fully and completely and with the same effect as though now owned by the Mortgagor, but at any and all times the Mortgagor will execute and deliver to the Mortgagee any and all such further assurances, mortgages, conveyances or assignments therefore and other instruments and with respect thereto as the Mortgagee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien of this mortgage.

(h) No hazardous or toxic substances are buried or otherwise located on the Land or the improvements located thereon. Without limiting the foregoing, the foregoing Mortgagor represents and warrants that no elements or compounds which are contained in the list of hazardous substances adopted by the United

States Environmental Protection Agency or any other element or compound defined as a hazardous or toxic waste, substance or material by any other Federal, State of Iowa or applicable local statute, ordinance, code or regulation are present in detectable quantities in the soil, groundwater, improvements, fixtures, utility services, equipment, personal property or otherwise on the Land or the improvements located thereon, and no such wastes, substances or materials will be used in the improvements to be constructed on the Land. Neither the Mortgagor nor, to the best of the Mortgagor's knowledge after diligent inquiry, any other person has at any time caused any such wastes, substances or materials to be placed, held, stored, located or disposed of on, under or in the Land or the improvements located thereon. The warranties contained herein shall survive payment in full of the Note and/or foreclosure of the Mortgage.

SECTION 3. Loan Repayment Installments Under the Agreement.

The Mortgagor agrees to pay the loan repayment installments and other amounts referred to in the Note and in Section 1.03 of the Agreement in accordance with the terms of the Note and the Agreement.

SECTION 4. Taxes and Assessments.

The Mortgagor agrees to promptly pay before the same become delinquent:

(a) All taxes, liabilities, charges, impositions and assessments of every type or nature at any time levied and assessed upon or against the Mortgaged Property;

(b) All other claims which might or could become a lien on the Mortgaged Property or any part thereof equal or prior to the lien of this Mortgage except for Permitted Encumbrances; and

(c) All taxes, assessments or impositions upon this Mortgage or on the interest of the Mortgagee herein, or upon the Agreement, or indebtedness secured hereby.

Provided, however, that no such tax, liability, charge, imposition, assessment or claim need to be paid so long as the validity thereof is being contested in good faith by appropriate proceedings and in a manner not to jeopardize any of the Mortgaged Property or subject the Mortgagee to any liability and adequate reserves are maintained by the Mortgagor with the Mortgagee in escrow to assure full payment thereof.

The Mortgagor will not at any time create, allow to arise or exist any lien of whatsoever kind or nature prior to or equal to the lien of this Mortgage upon the Mortgaged Property, or any part thereof, save and except for Permitted Encumbrances or which, as herein provided, are permitted to remain unpaid.

The Mortgagor agrees to exhibit to the Mortgagee, at least annually and at any time upon request, official receipts showing payment of all taxes, assessments and charges which the Mortgagor is required or elects to pay hereunder ten days prior to the respective delinquency dates.

SECTION 5. Maintenance and Repair.

The Mortgagor shall at all times maintain, preserve and keep the Mortgaged Property and every part thereof in good condition, repair and working order and will from time to time make all needful and proper repairs thereto and renewals, replacements, additions, betterments and improvements thereto so that the value and the operating efficiency thereof shall at all times be maintained and preserved. The Mortgagor will not commit or permit waste of the Mortgaged Property or any part thereof, and shall not remove or demolish nor alter or impair the design or structural character of any building, structure, fixture, equipment or other improvements (except as permitted in Section 9 hereof) now or hereafter situated upon the Land in any material respect without the prior written consent of the Mortgagee, and shall not do or permit any other act or thing that will damage the Mortgaged Property or cause the same or any part thereof to depreciate in value.

SECTION 6. Insurance Required to be Carried.

The Mortgagor shall obtain and continuously maintain in effect, so long as the Note remains outstanding, insurance covering the Mortgaged Property against loss or damage by fire, and such other risks as may be included in the broadest form of extended coverage insurance consistent with customary insurance practices in the industry.

All such insurance shall be taken out and maintained in generally recognized responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in Iowa, a certificate of each policy to be held by the Mortgagee and shall be carried in the names of the Mortgagor and the Mortgagee as their respective interests may appear and shall contain standard mortgage clauses providing that all proceeds of insurance resulting from loss or damage covered thereby be paid to the Mortgagee and that all claims may be adjusted by the Mortgagor with the approval of the Mortgagee. All such policies in the case of fire and extended overage may be written with deductible amounts as now provided in the existing policies of the Mortgagor or as may be from time to time consistent with customary insurance practices in the industry.

Any insurance maintained by the Mortgagor pursuant hereto may be evidenced by one or more blanket insurance policies covering the Mortgaged Property and other property or assets of the Mortgagor, provided that any such policy shall specify that portion of the total coverage of such policy that is allocated to such Mortgaged Property and shall in all other respects comply with the requirements of this Section.

Upon the happening of any loss or damage covered by any such policy, from one or more of the causes insured against, the Mortgagor shall make due proof of loss containing a power of attorney in favor of the Mortgagee to endorse all drafts drawn for the payment thereof to the order of the Mortgagee, and to sign receipts therefore, and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Mortgagee.

SECTION 7. Application of Proceeds of Insurance.

The proceeds of insurance carried pursuant to the first paragraph of Section 6 shall be applied as provided in Section 8 hereof.

SECTION 8. Damage or Destruction.

If the Mortgaged Property or any part thereof is destroyed in whole or in part or is damaged by fire or other casualty, the Mortgagor shall promptly given written notice thereof to the Mortgagee. All Net Proceeds resulting from claims for such losses shall be paid to and held by the Mortgagee pending disbursement pursuant hereto and used and applied by the Mortgagee at the direction of the Mortgagor as follows:

(a) To the payment for the cost of repair, replacement and restoration of the Mortgaged Property to substantially the same condition as it existed prior to the event causing such damage or destruction, with such changes, alterations, substitutions and modifications as may be desired by the Mortgagor and approved by the Mortgagee;

(b) To the prepayment of amounts payable under Section 1.03 of the Agreement for the prepayment of principal on the Note in accordance with the provisions thereof;

provided, however, if an Event of Default has occurred and is continuing hereunder, then the Mortgagee may apply the Net Proceeds of such insurance toward the payment of the indebtedness secured hereby.

SECTION 9. Condemnation.

The Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the condemnation or taking of the Mortgaged Property or any portion thereof for public or quasi-public use, shall notify the Mortgagee of the pendency of such proceedings.

The Mortgagee may participate in any such proceedings and the Mortgagor from time to time will deliver or cause to be delivered to the Mortgagee all instruments requested by it to permit such participation. The Mortgagor hereby irrevocably assigns to the Mortgagee all right, title and interest of the Mortgagor in and to any proceeds of any award, compensation or damages payable in any way as damages and/or compensation for the taking of title to or possession of, or for damage to or any portion of the Mortgaged Property by reason of any condemnation, eminent domain, change of grade, or other proceeding. Such Net Proceeds shall be paid to and half by the Mortgagee pending disbursement thereof upon direction by the Mortgagor as follows:

(a) The restoration of the Mortgaged Property to substantially the same condition as it existed prior to the exercise of said power of eminent domain;

(b) The acquisition, by construction or purchase, by the Mortgagor, of other improvements of equal value and utility, equally suitable for the operations of the Project on or adjacent to the site of the Project, which improvements shall be deemed and be made a part of the Mortgaged Property and subject to the lien of this Mortgage and shall be acquired by the Mortgagor subject to no liens or encumbrances prior to the lien of this Mortgage, other than Permitted Encumbrances; or

(c) The prepayment of amounts payable under Section 1.03 of the Agreement for the prepayment of principal on the Note in accordance with the provisions thereof;

provided, however, if an Event of Default has occurred and is continuing hereunder, then the Mortgagee may apply such Net Proceeds toward the payment of the indebtedness secured hereby.

The Mortgagor shall be permitted to negotiate a settlement with condemning authority in connection with the amount of such award to be paid by reason of the taking by power of eminent domain or by condemnation of the Mortgaged Property or any part thereof, provided, however, that no agreement as to the amount of any such award shall become final or binding upon the Mortgagee until consented to in writing by the Mortgagee.

SECTION 10. Removal of Equipment.

The Mortgagor may from time to time in its sole discretion and at its own cost and expense, install or place equipment and movable tangible personal property other than the Equipment on the Mortgaged Property. The Mortgagor may remove such equipment and movable tangible personal property at any time at its own cost and expense, provided the same shall not have been affixed or annexed to the Land, it being understood and agreed that any such equipment or property so affixed or annexed to the Land shall become part of the Mortgaged Property, regardless of whether it may have been acquired with funds other than the proceeds of the Loan.

The Mortgagor shall also have the right, from time to time and at its own cost and expense, to remove any fixtures comprising a portion of the Mortgaged Property so long as the same are replaced with fixtures of equal or greater value than the fixtures so removed or the value of the Mortgaged Property is not reduced as a result of such removal. The Mortgagor shall promptly advise the Mortgagee in writing of any proposed removal of any fixture, regardless of value or cost, at least five days prior to its removal.

SECTION 11. Inspection of the Mortgaged Property.

The Mortgagee is authorized by itself, its agents or workers to enter at any reasonable time upon any part of the Mortgaged Property for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform under the terms of this Mortgage.

SECTION 12. Compliance with Laws.

The Mortgagor shall furnish and keep in force a Certificate of Occupancy, or its equivalent, and shall comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Mortgaged Property and shall not suffer or permit any act to be done in or upon the Mortgaged Property in violation thereof, unless and to the extent the same are being contested in good faith by appropriate proceedings and in a manner not to jeopardize the Mortgaged Property or the lien or priority of this Mortgage or subject the Mortgagee to any liability.

SECTION 13. Advances.

Upon the Mortgagor's failure to comply with the preceding covenants and agreements as to payment of prior liens, taxes, assessments and charges, maintenance of insurance and repairs as required by the Agreement and this Mortgage, the Mortgagee without prejudice to

any rights given herein, may make advances to perform the same in behalf of the Mortgagor, and in furtherance thereof, the Mortgagee may place or cause the Mortgaged Property to be placed in good condition, repair and working order; pay, settle or contest any such taxes, liabilities, charges and assessments; redeem the Mortgaged Property from any sale or forfeiture for any tax or assessment; purchase any tax title obtained or that shall be obtained thereon; pay any judgments based on such tax or assessment; pay, settle or contest any lien prior or equal to this Mortgage and procure such insurance as may be necessary to comply with the provisions of this Mortgage, and the Mortgagor hereby agrees to repay all sums so advanced, on demand, with interest thereon, to the extent permitted by law, from the date advanced until paid at the Default Rate, and all sums so advanced with interest as aforesaid until paid by the Mortgagor shall be immediately due and payable and be added to and become a part of any indebtedness or obligation secured hereby in such manner or order as the Mortgagee may desire or determine, having the benefit of the lien hereby created as a part thereof, and of its priority, but no such advances shall be deemed to relieve the Mortgagor from any default hereunder or impair any right or remedy consequent thereon, and the exercise of the rights to make advances granted in this Section shall be optional with the Mortgagee and not obligatory, and the Mortgagee shall in any case not be liable to the Mortgagor for failure to exercise any such right.

SECTION 14. Sale of the Mortgaged Property.

Except as provided in Section 10 hereof, if the Mortgaged Property or any portion thereof, is sold, assigned, transferred, or conveyed, without the prior written consent of and review by the Mortgagee of the transaction and its documentation, then the Mortgagee shall have the right at its option to declare the indebtedness secured hereby immediately due and payable, upon the same terms and conditions and in the manner provided for in Section 4.01 of the Agreement.

SECTION 15. Mortgage of the Mortgaged Property.

The Mortgagor will not, now or in the future, mortgage, pledge or encumber or place any lien or encumbrance (or permit same to exist) on the Mortgaged Property, or any part thereof without the prior written consent of the Mortgagee, except for Permitted Encumbrances.

SECTION 16. Defaults, Events of Default.

If any of the following defaults occur, it is hereby declared to constitute an "Event of Default":

(a) The occurrence of an "Event of Default" under the Agreement; or

(b) The failure of the Mortgagor to observe and perform any covenant, condition or agreement on its part to be observed or performed in this Mortgage (other than an occurrence which may sooner constitute an Event of Default under the Agreement) for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied, given to the Mortgagor or by the Mortgagee, provided, that if such failure (other than a default curable by the payment of money) may be cured, but not within such 30-day period, it shall not be an Event of Default hereunder unless the Mortgagor does not commence to cure such failure during such 30-day period or does not diligently prosecute such curing to completion.

SECTION 17. Remedies on Default.

Upon the occurrence of an Event of Default:

(a) The Mortgagee may declare the installments referred to in the Note and in Section 1.03 of the Agreement remaining unpaid immediately due and payable, upon the same terms and conditions and in the manner provided for in Section 4.01 of the Agreement;

(b) The Mortgagee may, at its option, after notice in writing to the Mortgagor, institute proceedings for the collection at law or in equity of any and all indebtedness due under the provisions of the Agreement and the Note secured by this Mortgage;

(c) The Mortgagee may, at its option, after notice in writing to the Mortgagor, immediately cause this Mortgage to be foreclosed in the manner prescribed by law and, upon the commencement of foreclosure proceedings shall be entitled to have a receiver appointed at once or at any time thereafter, either before or after sale, without notice and without requiring bond, and without regard to the solvency or insolvency of any person liable for payment of the indebtedness secured hereby, and without regard to the then value of the Mortgaged Property (the provisions for the appointment of a receiver and assignment of rents being an express condition upon which the Loan and payments hereby secured are made) for the benefit of the Mortgagee, with power to rent the same and to collect the rents, issues and profits of the Mortgaged Property, due and to become due, during the pendency of such foreclosure suit and in the case of a sale and deficiency, during the full statutory period of redemption whether there be redemption or not, as well as during any future times when the Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits and shall have all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property during the whole of said period. Any amount so collected by such receiver, whether prior to or following foreclosure, shall be applied under direction of the court upon the costs

and expenses of foreclosure and receivership, expense of insurance on the improvements, expense of repairs, taxes, assessments, and the balance shall be paid to the Mortgagee to be applied on the indebtedness secured by this Mortgage.

(d) The Mortgagee may, at its option, after 10 days' notice in writing to the Mortgagor, at any time either by its agents, attorneys, employees or by a receiver to be appointed by a court and without regard to the adequacy of any security for the indebtedness hereby secured, either with or without process of law, forcibly or otherwise, enter upon and take possession of the Mortgaged Property or any part thereof, expel and remove any persons, goods or chattels occupying or upon the same, do and perform any act that the Mortgagee may deem necessary or proper to conserve the value thereof, and to collect and receive all rents, issues and profits therefrom, including those past due and unpaid, as well as those accruing thereunder, to manage and control the same, and to lease the same or any part thereof. The Mortgagor further agrees that the Mortgagee may also take possession of, and use any and all personal property contained in the Mortgaged Property and used by the Mortgagor in the operation, rental or leasing of the Mortgaged Property or any part thereof. The expense (including receiver's fees, if any, and compensation to any agent appointed by the Mortgagee, and counsel fees and costs and disbursements) incurred in taking possession and effecting such collection, shall be deemed a portion of the expense of this Mortgage secured hereby. Neither the collection of such rents, issues and profits and the application or release thereof as aforesaid shall cure and waive any default. After deducting all attorneys' fees and expenses incurred in connection herewith, the remaining net income shall be paid to the Mortgagee to be applied upon the indebtedness secured hereby.

In any suit to foreclose the lien of this Mortgage there shall be allowed and included in the decree for sale, to be paid out of the proceeds of such sale:

(a) All of the principal remaining unpaid on the Note, plus all interest accrued thereon and which will accrue thereon to the date of payment, plus interest on the foregoing amounts of principal and interest (to the extent permitted by law) at the Default Rate from their respective due dates until paid;

(b) All items advanced or paid by the Mortgagee pursuant to this Mortgage, with interest thereon at the Default Rate per annum from the date of advancement until paid; and

(c) All court costs, reasonable attorneys' fees, appraisers' fees, expenditures for documentary and expert evidence, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all abstracts of title, title searches and examinations, title guarantee policies, and similar data with respect to title which the Mortgagee

may deem necessary in connection with any proceeding, including probate and bankruptcy proceedings, to which the Mortgagee shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any indebtedness secured or in connection with preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose, whether or not actually commenced, and all such expenses shall become so much additional indebtedness secured hereby and immediately due and payable, with interest thereon at the default Rate per annum from the date when paid or incurred by the Mortgagee until paid.

The rents, issues and profits collected up to the time of a foreclosure sale and the proceeds of any foreclosure shall be distributed and applied to the items described in (b) and (c) of this Section, in the order of their listing, and the balance to (a) and any surplus of the proceeds of such sale shall be paid to Mortgagor.

In case of any sale under this Mortgage by virtue of judicial proceedings or otherwise, the Mortgaged Property may be sold in one parcel, as an entirety or in such parcels, manner or order as the Mortgagee in its sole discretion may elect, and the Mortgagor waivers any and all rights which the Mortgagor may have to insist upon the sale of the Mortgaged Property in one parcel or separate parcels.

In the event of foreclosure of this Mortgage and sale of the property in sheriff's sale on special execution in said foreclosure proceedings, the period of one year for redemption from said sale provided by the statutes of the State of Iowa shall be reduced to six months, provided the Mortgagee waives in said foreclosure proceedings any rights to a deficiency judgment against the Mortgagor which may arise out of the foreclosure proceedings.

It is further agreed that the period of redemption after a foreclosure of this Mortgage shall be reduced to sixty days if both of the following contingencies develop: (1) a trial Court finds affirmatively that said real estate has been abandoned by the Mortgagor and any persons personally liable under this Mortgage at the time of such foreclosure; and (2) the Mortgagee in such action files an election to waive any deficiency judgment against the Mortgagor or its successor in interest in such action.

Any sale or sales under this Section shall operate, after any applicable redemption period, to divest all estate, right, title, interest, claim or demand whatsoever, whether at law or in equity, of the Mortgagor in and to the premises, property, privileges and rights so sold, and shall be a perpetual bar both at law and in equity against the Mortgagor, its successors and assigns and against any and all persons claiming or who may claim the same, or any part thereof, from, through or under the Mortgagor, its heirs, successors or assigns.

SECTION 18. Assignment of Rents, Issues and Profits; Receiver.

All of the rents, issues, proceeds and profits and any and all leases, subleases and the rights of management of the Mortgaged Property are hereby assigned as set forth in granting clauses F and G hereof to the Mortgagee as further security for the payment of the indebtedness and performance of the obligations, covenants, promises and agreements secured hereby. Such assignment, grant and conveyance is intended by the parties hereto to be a present conveyance of and security interest in and chattel mortgage upon such collateral, subject to the right of the Mortgagor to receive the same prior to any default hereunder, and is not a mere pledge of such collateral to be given effect as a lien upon default, foreclosure and the appointment of a receiver. The Mortgagee agrees that it will duly perform and observe all of the terms and provisions of the landlord's part to be performed and observed under any and all leases of the Mortgaged Property and that it will refrain from any action or inaction which would result in the termination by the tenants thereunder of any such leases or subleases or in the diminution of the value thereof or of the rents, issues, profits and revenues thereunder. Nothing herein contained shall be deemed to obligate the Mortgagee to perform or discharge any obligation, duty or liability of landlord under any lease of the Mortgaged Property, and the Mortgagor shall and does hereby agree to indemnify and hold the Mortgagee harmless from any and all liability, loss or damage which the Mortgagee may or might incur under any lease of the Mortgaged Property, and any and all such liability, loss or damage incurred by the Mortgagee, together with the costs and expenses, including reasonable attorneys' fees, incurred by the Mortgagee in the defense of any claims or demands therefore (whether successful or not), shall be so much additional indebtedness hereby secured, and the Mortgagor shall reimburse the Mortgagee therefor on demand, together with interest at the Default Rate per annum, from the date of demand to the date of payment.

SECTION 19. Litigation.

If any action or proceedings be commenced, to which action or proceeding the Mortgagee is made a party by reason of the execution of this Mortgage or in which the Mortgagee reasonably deems it necessary to appear or answer in order to uphold the lien of this Mortgage or the priority thereof or the possession of the Mortgaged property, or otherwise to protect the interests of the Mortgagee or security hereunder, all reasonable sums paid or incurred by Mortgagee for attorneys' fees and other expenses in such action or proceeding shall be repaid by the Mortgagor, together with interest thereon to the extent permitted by law from the date of payment by the Mortgagee at the Default Rate per annum until paid and all such sums and the interest thereon shall be immediately due and payable and shall be added to and become a part of the indebtedness secured hereby, and be secured hereby, having the benefit of the lien hereby created and of its priority.

SECTION 20. Non-Waiver.

Acceptance by the Mortgagee of any sum in payment or part payment of any indebtedness secured hereby after the same is due or after foreclosure proceedings are filed shall not constitute a waiver of the right to require prompt payment when due of all the sums so secured nor shall such acceptance cure or waive any remaining default or invalidate any foreclosure proceedings for any such remaining default or prejudice any of the rights of the Mortgagee under this Mortgage. Further, the failure of the Mortgagee to insist upon the strict performance of any of the covenants or agreements of the Mortgagor contained in this Mortgage, or the delay by the Mortgagee in the enforcement of any of its remedies herein contained upon any default of the Mortgagor, shall never constitute a waiver of any requirement or obligation of the Mortgagor or right or remedy of the Mortgagee contained in or based upon said covenants or agreements.

SECTION 21. Remedies Cumulative.

No remedy herein or in the Agreement conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. In addition, no recovery of any judgment by the Mortgagee and no levy of any execution under any judgment upon the Mortgaged Property or upon any other property shall affect the lien created by this Mortgage upon the Mortgaged Property or any part thereof or any lien, rights, powers or remedies of the Mortgagee hereunder, but such lien, rights, powers or remedies of the Mortgagee shall continue unimpaired as before.

SECTION 22. Waiver of Certain Rights and Remedies.

If applicable and if permitted by law, the Mortgagor hereby waivers and releases any and all rights and remedies related to marshalling of liens and assets under the Mortgage.

SECTION 23. Attorneys' Fees.

The Mortgagor hereby agrees in the event of foreclosure to pay to the Mortgagee such reasonable attorneys' fees as are authorized by law, together with the cost of extending the abstract and all court costs.

SECTION 24. Usury.

Notwithstanding any provision herein or in the Agreement the total liability for payments in the nature of interest shall not exceed the limits imposed on the date hereof by the usury laws of Iowa.

SECTION 25. Severability.

If any provision hereof should be held unenforceable or void, then such provision shall be deemed separable from the remaining provisions and shall in no way affect the validity of this Mortgage.

All rights, remedies and powers provided by this Mortgage may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Mortgage are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Mortgage invalid or unenforceable under the provisions of any applicable law.

SECTION 26. Security Interest.

An express security interest is hereby granted to the Mortgagee in respect to any part of the Mortgaged Property which under the Iowa law might now or hereafter be construed or considered as personal property or fixtures, or otherwise be considered collateral subject to the Iowa Uniform Commercial Code, including without limitation the collateral described in granting clauses D and H hereof, and this Mortgage shall constitute a security agreement in respect thereto. Upon the occurrence of an Event of Default hereunder, in addition to the other rights and remedies available to it, the Mortgagee may exercise all other rights and remedies with respect to such property that are available to a secured party under the Iowa Uniform Commercial Code. The Mortgagor agrees to pay any reasonable attorney fees and legal expenses incurred by the Mortgagee in enforcing or protecting its rights under the security interest created hereunder. In the event notice of intended disposition of such property is required by law in any particular instance, the Mortgagor agrees that notice given in the manner and place provided in Section 29 hereunder and sent ten (10) days prior to a disposition of collateral is commercially reasonable notification within the meaning of the Iowa Uniform Commercial Code. Information concerning the security interests may be obtained from the Secured Party (the Mortgagee) at the address set forth in Section 29 hereof and the mailing address of the Debtor (Mortgagor) is also set forth in Section 29 hereof. This Mortgage constitutes a construction mortgage for the purpose of Article 9 of the Iowa Uniform Commercial Code.

The Mortgagor warrants and certifies that no financing statement or security agreement covering any of the Mortgaged Property is or will be placed on file in any public office or delivered to any secured party except pursuant hereto and except for Permitted Encumbrances.

SECTION 27. Construction.

This Mortgage shall be construed according to the laws of the State of Iowa.

Section 28. Amendments, Changes and Modifications.

This Mortgage may not in any manner be amended, changed, modified, altered or released without the written consent of the Mortgagee.

SECTION 29. Addresses for Notice and Demands.

All notices, demands, certificates or other communications hereunder shall be mailed by registered or certified mail, postage prepaid, with proper address as indicated below. The Mortgagor and the Mortgagee may, by written notice given by each to the other, designate any address or addresses to which notices, demands, certificates or other communications to them shall be sent when required as contemplated by this Mortgage. Until otherwise provided by the respective parties, all notices, demands, certificates and communications to each of them shall be addressed as follows:

To the Mortgagor:

Iowa Housing Corporation
100 Court Avenue
Suite 209
Des Moines, Iowa 50309

To the Mortgagee:

Countryside Associates of Manchester, L.P.
c/o Newbury Development Company
100 Court Avenue
Suite 212
Des Moines, Iowa 50309

All such notices and other communications shall be deemed given when delivered or, if mailed, three days after the date of deposit in the mails, addressed as aforesaid.

SECTION 30. Discharge of Lien.

If the Mortgagor shall pay and discharge or provide, in a manner satisfactory to the Mortgagee, for the payment and discharge of the whole amount of all sums payable hereunder and under the Agreement and the Note or shall make arrangements satisfactory to the Mortgagee for such payment and discharge, then and in that case all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Mortgagor, as its respective interests may appear, and the estate, right, title and interest of the Mortgagee therein shall thereupon cease, terminate and become void; and this Mortgage, and the covenants of the Mortgagor contained herein, shall be discharged and the Mortgagee in such case on demand of the Mortgagor and at the Mortgagor's cost and expense, shall execute and deliver to the Mortgagor a proper instrument or proper instruments acknowledging the satisfaction and termination of this Mortgage, and shall convey, assign and transfer or

cause to be conveyed, assigned or transferred, and shall deliver or cause to be delivered, to the Mortgagor, all property, including money, then held by the Mortgagee hereunder.

SECTION 31. Indemnification of the Mortgagee.

The Mortgagor agrees to indemnify and save harmless the Mortgagee not in possession of the Mortgaged Property against any and all losses, injuries, claims, damages or injuries to persons or property, demands and expenses, including legal expenses, of whatsoever kind and nature and by whomsoever made arising from or in any manner directly or indirectly growing out of (a) the use and occupancy of non-use of the Mortgaged Property or any equipment or facilities thereon or used in connection therewith by anyone whomsoever, (b) any repairs, construction, restoration, replacements, alterations, remodeling on or to the Mortgaged Property, or any part thereof, or any equipment or facilities therein or thereon, and (c) the condition of the Mortgaged Property including any adjoining sidewalks, ways or alleys and any equipment or facilities at any time located thereon or used in connection therewith.

SECTION 32. Execution of Counterparts.

This Mortgage may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 33. Successors and Assigns; Construction.

Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of Mortgagor in this Mortgage contained shall bind the Mortgagor and also its successors and assigns and shall inure to the benefit of the Mortgagee and its successors and assigns, whether elsewhere herein so expressed or not. All representations and warranties contained herein, or otherwise heretofore made by the Mortgagor to the Mortgagee, shall survive the execution and delivery hereof. The singular of all terms used herein shall include the plural, the plural shall include the singular, and the use of any gender herein shall include all other genders, where the context so requires. The captions and headings of the sections and paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

SECTION 34. Nonrecourse

Notwithstanding any other provisions of this Agreement, the Mortgage or the Note, the holder of the Note shall look solely to the Premises covered by the Mortgage, including without limitation the rents and profits from said Premises and the other collateral securing the Note for the satisfaction of the obligations of the Note or of any obligation in any instrument securing payment hereof, and shall not seek personal judgment against the Borrower, except to the extent that the laws of the State of Iowa make a judgment against the Borrower necessary in order to

foreclose the Mortgage or otherwise realize or apply any of the collateral securing the Note. In no event shall the holder of the Note seek to enforce or collect a deficiency judgment with respect to the Note against the Borrower. Anything to the contrary in the foregoing notwithstanding, Borrower shall be fully liable to the holder of the Note for damages suffered by the holder to the extent provided by law (a) as a result of the intentional or willful fraud or misrepresentation by the Borrower in connection with the delivery of the Note or the performance of its obligations under the instruments securing the Note or the performance of its obligations under the instruments securing the Note: (b) as a result of the retention of any rental or other income arising with respect to the Premises which is collected by the Borrower after the Borrower is given notice that the Borrower is in default under the Note or any instrument securing the Note; (c) for the fair market value as of the item of the giving of any notice of default of any personal property or fixtures removed or disposed of by the Borrower in violation of the terms of any of the instruments securing the Note; and (d) as a result of the misapplication or misappropriation of any proceeds in violation of the terms of any instrument securing this Note, to the full extent of said misapplied or misappropriated proceeds, including without limitation rents and income or insurance proceeds or condemnation awards arising from or relating to the Premises.

IN WITNESS WHEREOF, the Mortgagor and the Mortgagee have caused these presents to be signed and sealed in their names and behalf by their duly authorized officers, all as the day and year first above written.

MORTGAGOR

COUNTRYSIDE ASSOCIATES OF MANCHESTER, L.P.

By _____
James F. Levy, General Partner

(No Seal)

MORTGAGEE

IOWA HOUSING CORPORATION

By _____
Alan E. Collet, Vice President

(No Seal)

STATE OF IOWA)
)ss
COUNTY OF POLK)

On this 30th day of May, 1996, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Alan E. Collet, to me personally known, who being by me duly sworn did say that he is the Vice President of the Iowa Housing Corporation, the corporation executing the within and foregoing Mortgage and to which this is attached; that said corporation has no seal; that said instrument was signed on behalf of said corporation by authority of its Board of Directors and that the said Vice President, as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it and by him voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Debra K. Gans
Notary Public

(Seal)

DEBRA K. GANS
MY COMMISSION EXPIRES
April 21, 1998

STATE OF IOWA)
)ss
COUNTY OF POLK)

On this 30th day of May, 1996, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared James F. Levy, to me personally known, who being by me duly sworn did say that he is the General Partner of Countryside Associates of Manchester, L.P., the partnership executing the within and foregoing Mortgage and to which this is attached; that said partnership has no seal; that said instrument was signed on behalf of said partnership by authority of its General Partner and that the said General Partner, as such General Partner, acknowledged the execution of said instrument to be the voluntary act and deed of said partnership by it and by him voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

DEBBIE L. FISHER
Iowa
NOTARIAL SEAL

Debbie L. Fisher
Notary Public
Debbie L. Fisher
(Seal)

EXHIBIT A
DESCRIPTION OF REAL ESTATE

The following described real estate located in Manchester, Delaware County, Iowa:

Parcel D, a part of the NE¼ NW¼ of Section 29, Township 89 North, Range 5 West of the 5th P.M. according to Plat recorded in Book 7 Plats, Page 47, also sometimes described as follows: Commencing at the North Quarter Corner, Section 29, T89N, R5W of the 5th P.M.; thence N90°00'00"W along the North line of the NE¼ of the NW¼ of said Section 29, 628.68 feet; thence S0°04'15"W, 33.00 feet to the Northwest Corner of Lot 114 of Henry Acers Addition to Manchester, Delaware County, Iowa; thence N90°00'00"W along the South Right-Of-Way line of Line Street 66.00 feet to the point of beginning; thence continuing N90°00'00"W, 400.00 feet; thence S0°04'15"W, 655.00 feet; thence S90°00'00"E, 400 feet; thence N0°04'15"E, 655.00 feet to the point of beginning.

EXHIBIT B
LIST OF EQUIPMENT

EXHIBIT C
PERMITTED ENCUMBRANCES

(1) Liens for ad valorem taxes and special assessments or installments thereof not then delinquent;

(2) this Mortgage and any financing statements showing the Mortgagor as the debtor and the Mortgagee as the secured party;

(3) utility, access and other easements and rights of way, mineral rights, restrictions and exceptions that will not interfere with or impair the operations being conducted on the Mortgaged Property or elsewhere on the Land;

(4) zoning and building laws, ordinances or regulations and similar restrictions which do not impair the property affected thereby for the purpose for which it was acquired or is held by the Mortgagor;

(5) liens arising in connection with Workers Compensation, unemployment insurance, taxes, assessments, statutory obligations, or liens, or social security legislation, which are not then delinquent;

(6) inchoate statutory liens and charges incidental to construction, which have not at the time been filed pursuant to law, including those of contractors, subcontractors, material men and suppliers with respect to the Project;

(7) The Declaration of Land Use Restrictive Covenants for Low Income Housing Credits for the Premises;

(8) a construction loan in the amount of $309,000 payable to Norwest Bank Iowa, N.A.;

(9) a First Mortgage Loan in the amount of $250,000 payable to Rural Economic and Community Development;

(10) a Mortgage Loan in the amount of $470,008 payable to the Iowa Department of Economic Development;

(11) a Mortgage Loan in the amount of $24,000 payable to the Iowa Finance Authority;

(12) Other: