Telmark, Inc.
Attn: Tracey Lewis
P.O. Box 4943
Syracuse, NY
13221

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DELAWARE COUNTY IOWA
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RECORDER
36.00

Preparer Information | JON P. SULLIVAN Individual's Name | 1600 HUB TOWER, 699 WALNUT ST Street Address | DES MOINES, 515-244-4522 City Phone

MORTGAGE
(IOWA)

This Mortgage is made on JULY 30, 1996 by ROBERT BRUCE NIEMAN AND JEANETTE NIEMAN ("Mortgagor") to and for the benefit of Mortgagee, Telmark Inc., a New York corporation, organized under the laws of the State of New York, with an office for the conduct of its business located at 333 Butternut Drive, DeWitt, New York 13214.

The Mortgagor promises and agrees as follows:

1. The Mortgagor hereby sells, conveys and mortgages to the Mortgagee the Property hereinafter described in this Mortgage. Mortgagor acknowledges that it can lose its title to and possession of the Property for failure to keep the promises in this Mortgage. This Mortgage creates a legally enforceable lien upon the Property. Mortgagor acknowledges that Mortgagee may need an easement across other land owned by Mortgagor which is contiguous to the Property (the "Adjacent Property") for ingress and egress between the Property and the nearest accessible public road or highway (the "Access Easement").

2. This Mortgage is made to secure the payment and performance of a lease of certain equipment (the "Equipment") between the Mortgagor as lessee and the Mortgagee as lessor (the "Lease"), payable as follows: $5,000 taken at signing followed by two (2) payments of $26,400 due February 1997 and June 1997, followed by twelve (12) trimester payments of $22,000 , according to a Lease dated the 30 day of July, 1996. The Equipment is or will hereafter be located on the Property. This Mortgage secures the total amount of all payments to be made by Mortgagor to Mortgagee pursuant to the Lease (collectively, the "Indebtedness"), which Indebtedness shall not exceed the total of the following:

(a) the total of all rental payments due under the Lease, which total is $321,800; plus

(b) the fair replacement value of the Equipment, which replacement value is $255,405; plus

(c) all other sums paid or incurred by Mortgagee to preserve or repossess or otherwise recover the value of the Equipment as provided in the Lease, not to exceed, however, an amount equal to one and one-half times the total of subparagraphs (a) and (b) above.

3. The property subject to this Mortgage (the "Property") is legally described as follows:

LOT SIXTEEN (16) OF THE PLAT OF TANGLEWOOD SUBDIVISION -- PLAT NO. 1, CITY OF MANCHESTER, DELAWARE COUNTY, IOWA

THE NORTH FOUR HUNDRED (400) FEET OF THE WEST SI HUNDRED (600) FEET OF THE NORTHWEST QUARTER (NW 1/4) OF THE NORTHWEST QUARTER (NW 1/4) OF SECTION THIRTY -TWO (32), TOWNSHIP EIGHTY-EIGHT (88) NORTH, RANGE SIX (6), WEST OF THE FIFTH P.M.

Together with the Access Easement across the Mortgagor's Adjacent Property legally described as follows:

4. Mortgagor will perform all obligations of the lessee under the Lease as promised in the Lease according to its terms.

5. Mortgagor will keep the buildings on the Property insured against loss by fire and other risks included in the standard form of extended coverage insurance. The amount and extent of coverage shall be approved by Mortgagee. The policies shall contain the standard New York mortgage clause in the name of the Mortgagee. Within thirty (30) days after notice and demand, Mortgagor must insure the Property against any risk reasonably required by Mortgagee. If Mortgagor fails to obtain the required insurance or keep said buildings or the Property insured, Mortgagee may obtain the insurance.

6. Mortgagor will pay all taxes, assessments, sewer rents or water rates pertaining to the Property or the Adjacent Property within thirty (30) days after they are due. Mortgagor must show receipts for these payments within ten (10) days of Mortgagee's demand for them.

7. The Mortgagor authorizes the Mortgagee to make any payments necessary to correct any failure by the Mortgagor to provide insurance or pay taxes or other items listed in Paragraphs 5 and 6 of this Mortgage. The Mortgagee may charge interest at the highest legal rate of interest allowed by applicable law, not to exceed, however, 12% per annum, from and after the time of the payment on any payments of this kind, and if the Mortgagor does not pay the advances and interest to the Mortgagee within ten (10) days after being asked to do so, the amount of the payments and interest will be added to Indebtedness secured by this Mortgage.

8. Mortgagor will keep the Property in reasonably good repair.

9. The Mortgagor may not, without the consent of the Mortgagee: (a) alter, demolish or remove the buildings and improvements on the Property, or (b) sell the Property or any part of it.

10. Mortgagor warrants to Mortgagee that it is vested with marketable title to the Property in fee simple absolute.

11. The following are defaults under this Mortgage: (a) Mortgagor fails to pay any rent or other amount required by the Lease within ten (10) days after the same is due and payable; (b) Mortgagor fails to keep any other promise or agreement in this Mortgage or in the Lease within the time stated, or if no time is stated, within a reasonable time after notice is given that Mortgagor is in default; (c) Mortgagor transfers the Property voluntarily, involuntarily or by operation of law without the prior written consent of the Mortgagee; or (d) Mortgagor is otherwise in default under the Lease or under any other document given to Mortgagee to further evidence or secure the transaction contemplated in the Lease.

12. If Mortgagor defaults under this Mortgage, Mortgagee may, at its option, after such notice as may be required by law, exercise one or more of the following rights, remedies and recourses (and any other rights and remedies available to it):

(a) Mortgagee may declare the Indebtedness to be immediately due and payable, without further notice, presentment, protest, demand or action of any nature whatsoever (each of which hereby is expressly waived by Mortgagor), whereupon the same shall become immediately due and payable.

(b) Mortgagee may (and is hereby authorized and empowered to) foreclose this Mortgage in accordance with the law of the State of Iowa, and 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 Mortgagee appoint a receiver to take immediate possession of the Mortgaged Property and of the revenues and income accruing therefrom, and to rent or cultivate the same as he may deem best for the interest of all parties concerned, and such receiver shall be liable to account to Mortgagor only for the net profits, after application of rents, issues and profits upon the costs and expenses of the receivership and foreclosure and upon the Indebtedness.

(c) Mortgagee may exercise its rights and remedies arising by reason of the Lease, including, without limitation, its right to repossess and/or sell the Equipment.

(d) Mortgagee may exercise any and all other rights, remedies and recourses granted under the Uniform Commercial Code.

13. It is agreed that if this Mortgage covers less than ten (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 six (6) months provided the Mortgagee, in such action, files an election to waive any deficiency judgment against Mortgagor which may arise out of the foreclosure proceedings; all to be consistent with the provisions of Chapter 628 of the Iowa Code. If the redemption period is so reduced, for the first three (3) months after sale such right of redemption shall be exclusive to the Mortgagor, and the time periods in Sections 628.5, 628.15 and 628.16 of the Iowa Code shall be reduced to four (4) months.

It is further agreed that the period of redemption after a foreclosure of this Mortgage shall be reduced to sixty (60) days if all of the three following contingencies develop: (a) the real estate is less than ten (10) acres in size; (b) the Court finds affirmatively that the said real estate has been abandoned by the owners and those persons personally liable under this Mortgage at the time of such foreclosure; and (c) Mortgagee in such action files an election to waive any deficiency judgment against Mortgagor or its successor in interest in such action. If the redemption period is so reduced, Mortgagor or its successor in interest or the owner shall have the exclusive right to redeem for the first thirty (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 Iowa Code shall be reduced to forty (40) days. Entry of appearance by pleading or docket entry by or on behalf of Mortgagor shall be a presumption that the Property is not abandoned. Any such redemption period shall be consistent with all of the provisions of Chapter 628 of the Iowa Code. This paragraph shall not be construed to limit or otherwise affect any other redemption provisions contained in Chapter 628 of the Iowa Code.

14. Mortgagor shall pay on demand all costs and expenses incurred by Mortgagee in enforcing or protecting its rights and remedies hereunder, including, but not limited to, reasonable attorneys' fees and legal expenses.

15. No delay by Mortgagee in exercising any right or remedy provided herein or otherwise afforded by law or equity shall be deemed a waiver of or preclude the exercise of such right or remedy, and no waiver by Mortgagee of any particular provisions of this Mortgage shall be deemed effective unless in writing signed by Mortgagee. All such rights and remedies provided for herein or which Mortgagee or the holder of the Indebtedness may have otherwise, at law or in equity, shall be distinct, separate and cumulative and may be exercised concurrently, independently or successively in any order whatsoever, and as often as the occasion therefor arises.

16. To the fullest extent permitted by law, Mortgagor hereby irrevocably and unconditionally waives and releases:

(a) all benefit that might accrue to Mortgagor by virtue of any present or future law exempting the Property from attachment, levy or sale on execution or providing for any appraisement, valuation, stay of execution, exemption from civil

process, redemption or extension of time for payment, including, without limitation, any protection afforded by the automatic stay provisions of Section 362 of the Bankruptcy Code;

(b) any right to a marshaling of assets or a sale in inverse order of alienation;

(c) all rights of dower, homestead and distributive share in and to the Property; and

(d) any right to claim an election of remedies by Mortgagee, including, without limitation, any claim that Mortgagee has waived its right to a deficiency judgment by reason of an election of remedies.

17. Notices, demands or requests may be in writing and may be delivered in person or sent by mail to the address of Mortgagor stated in the Lease.

18. If there is more than one Mortgagor, each shall be severally liable. The words "Mortgagor" and "Mortgagee" shall include their heirs, executors, administrators, successors and assigns. If there are more than one, the word "Mortgagee" used in this Mortgage shall include them.

19. Mortgagee shall have the right to assign this Mortgage or any part thereof. It is anticipated that the Mortgagee will and the Mortgagor hereby consents and agrees that the Mortgagee may assign all of the Mortgage to Telmark Inc., P.O. Box 4943, Syracuse, New York 13221.

20. This Mortgage cannot be changed or amended except in writing signed by the Mortgagee.

21. In the event any portion of this Mortgage shall, for any reason, be held to be invalid, illegal or unenforceable in whole or in part, the remaining provisions shall not be affected thereby and shall continue to be valid and enforceable and if, for any reason, a court finds that any provision of this Mortgage is invalid, illegal or unenforceable as written, but that by limiting such provision it would become valid, legal and enforceable, then such provision shall be deemed to be written, construed and enforced as so limited.

22. At any time and from time to time until payment in full of the Indebtedness, Mortgagor will, at the request of Mortgagee, promptly execute and deliver to Mortgagee such additional instruments as may be reasonably required to further evidence the lien of this Mortgage and to further protect the security interest of Mortgagee with respect to the Property, including, but not limited to, additional security agreements, financing statements and continuation statements. Any expenses incurred by Mortgagee in connection with the

recordation of any such instruments shall become additional Indebtedness of Mortgagors secured by this Mortgage. Such amounts shall be immediately due and payable by Mortgagor to Mortgagee.

23. The rights, covenants and agreements contained herein shall be binding upon and inure to the benefit of the respective legal representatives, successors and assigns of the parties.

24. This Mortgage shall be governed by and construed in accordance with the laws of the State of Iowa.

25. Mortgagor hereby acknowledges the receipt of a copy of this Mortgage together with a copy of the Lease secured hereby.

IN WITNESS WHEREOF, this Mortgage has been duly executed by the Mortgagor.

WITNESS:

Ronald G. Thomas

Ronald G. Thomas

Ronald G. Thomas

Ronald G. Thomas

MORTGAGOR:

X R. Bruce Nieman

R. Bruce Nieman

X Jeanette Nieman

Jeanette Nieman

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 MORTGAGE, I VOLUNTARILY GIVE UP MY RIGHT TO THIS PROTECTION FOR THIS PROPERTY WITH RESPECT TO CLAIMS BASED UPON THIS MORTGAGE.

Dated: July 30, 19 96

R. Bruce Nieman

Dated: July 30, 19 96

Jeanette Nieman

STATE OF IOWA)
) ss:
COUNTY OF Delaware)

On this 30 day of JULY, 1996, before me, the undersigned, a Notary Public, personally appeared ROBERT BRUCE NIEMAN AND JEANETTE NIEMAN to me known to be the identical persons named in and who executed the foregoing instrument, and acknowledged that they executed the foregoing instrument, and acknowledged that they executed the same as their voluntary act and deed.

Lodema Berkley

LODEMA BERKLEY
MY COMMISSION EXPIRES
1-19-98

Notary Public

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