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HOUSING ASSISTANCE PROGRAM LOAN AGREEMENT - FORGIVABLE MORTGAGE AND FORGIVABLE PROMISSORY NOTE DATED: January 30, 1998

LOAN AGREEMENT:

WHEREAS, Peoples State Bank has established a HOUSING ASSISTANCE PROGRAM to assist with down payments for perspective home buyers or assist existing owner-occupants of single family residence in housing rehabilitation, and;

WHEREAS, Stephen D and Janet E Dudak (hereinafter referred to as the OWNER(S)) qualifies under the HOUSING ASSISTANCE PROGRAM for a total forgivable loan of ($ 5,000) for the purchase of a home, and;

WHEREAS, a requirement of the HOUSING ASSISTANCE PROGRAM is for the repayment of the loan to be in the amount shown in the Promissory Note whenever the property is in non-compliance with any of the below listed four mutual covenants and promises,

THEREFORE, in consideration of the awarding of the forgivable loan the mutual covenants and promises of the parties and other good and valuable consideration, Peoples State Bank and OWNER agree as follows:

1. The premises shall only be used for purposes consistent with sound land management and use; 2. The premises shall only be used for primary residential purposes; 3. The premises may not be leased, rented, or otherwise converted to income-generating status; and 4. Any transfer of ownership of said real estate shall result in the repayment of the down-payment rehabilitation assistance in the amount contained herein.

LOAN AGREEMENT EXECUTED BY:

OWNER : Stephen D Dudak — Stephen D Dudak **OWNER:** Janet E Dudak — Janet E Dudak

FORGIVABLE MORTGAGE:

NOTICE: This Mortgage secures credit in the amount of $5,000.00. Loans and advances up to this amount, together with interest, if applicable, are senior to indebtedness to other creditors under subsequently recorded or filed mortgages and liens and are subordinate to indebtedness to other creditors under previously recorded or fled mortgages and liens.

Stephen D Dudak and Janet E Dudak, mortgages and warrants to Peoples State Bank the following described property (address) 716 East Main, Manchester, IA to secure the payment of the promissory note set out below,

LEGAL DESCRIPTION:

Lot Four (4) of the Subdivision of Lots one Hundred Sixteen (116) and One Hundred Seventeen (117) in the Town (now city) of Manchester, Iowa, and Lots One (1) and (2) in the Iowa Land Company's Addition to the said Town of Manchester, according to plat recorded in Book 1, Plats, Page 114.

IN WITNESS WHEREOF, said Mortgagors have hereunto set their hand the date above written,

Mortgagor: Stephen D Dudak — Stephen D. Dudak Mortgagor: Janet E Dudak — Janet E. Dudak

STATE OF Iowa :

COUNTY OF Delaware :

On this 30 day of 1-1998 personally appeared Stephen D and Janet E Dudak before me the undersigned, a Notary Public in and for the County and State to me known to be the identical person(s) named in and who executed the foregoing instrument, and acknowledge that they executed the same as their voluntary act and deed.

I have hereto set my hand and notary seal, the day and year last written above.

MY APPOINTMENT EXPIRES: 03-19-00

Notary Public: Jerry Burke

NOTARIAL SEAL IOWA — JERRY BURKE MY COMMISSION EXPIRES 03-19-00

FORGIVABLE LOAN PROMISSORY NOTE:

FOR VALUE RECEIVED, the undersigned jointly and severally promises to pay to the order of Peoples State Bank or ANY SUCCESSORS OR ASSIGNS, the sum of Five Thousand ($ 5000) as follows: (A) Should a violation occur of one or more of the above agreed to mutual covenants or promises from the date of this document to it's first year anniversary, 100% of the amount shown above shall be called due. (B.) Should a violation occur of one or more of the above agreed to mutual covenants or promises between the first and 2nd year anniversary of this instrument, 80% of the amount shown above shall be called due. (C.) Thereafter, during each consecutive year, the loan amount due, should a violation occur of one or more of the above agreed to mutual covenants or promises, shall be decreased 20% until completely forgiven.

PROMISSORY NOTED EXECUTED BY:

OWNER: Stephen D Dudak — Stephen D. Dudak OWNER: Janet E. Dudak — Janet E. Dudak

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