DELAWARE COUNTY IOWA
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DELAWARE COUNTY RECORDER
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env. ⊗ Norwest Bank Iowa

PREPARED BY: DAWN M. HERKELMAN P.O. BOX 1887 CEDAR RAPIDS, IA 52406-9896 (319) 368-1433

COMBINATION LEASEHOLD MORTGAGE, SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT

THIS COMBINATION LEASEHOLD MORTGAGE, SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT (the "Mortgage"), made this 1st day of September, 1999, between DAVID K. FRY AND LISA M. FRY (collectively, the "Mortgagor") and NORWEST BANK IOWA, NATIONAL ASSOCIATION (the "Mortgagee").

WITNESSETH:

To secure the payment of all sums that the Mortgagor shall owe to the Mortgagee at any time hereafter pursuant to promissory notes executed by the Mortgagor and payable to the Mortgagee and dated the date of this Mortgage or given under any commitment in existence on the date of this Mortgage, and any extension, renewals or replacements thereof (together, the "Notes"), together with interest thereon:

Mortgage. Mortgagor hereby mortgages to Mortgagee the Mortgagor's interest in the structure and Mortgagor's interest in the Lease Agreement dated August 27, 1994 (the "Lease") between Marcheta R. Cooey and Archie W. Cooey, Jr. (collectively, the "Lessor") and the Mortgagor, on the tract of land lying in the County of Delaware, State of Iowa, legally described as follows, to wit:

See attached Exhibit A;

together with all easements, hereditaments, privileges, buildings, fixtures and improvements now or hereafter erected or located on the above-described land during the term of the Lease (hereinafter referred to as the "Mortgaged Premises"); provided, however that the rights of the Mortgagee hereunder shall be subordinate to the rights of the Lessor against the Mortgagor for any sums due to the Lessor pertaining to the Lease.

1. Warranties and Covenants. The Mortgagor warrants and covenants with the Mortgagee as follows:

(a) To warrant title to the Mortgaged Premises subject to the terms and conditions of the Lease.

(b) To pay the indebtedness as herein provided.

(c) To pay all taxes.

(d) To keep all buildings insured against fire for an amount not less than the full replacement cost but in any event not less than the unpaid amount of the Notes secured by this Mortgage and all prior mortgages (if any) and against other hazards for the amounts specified by Mortgagee for the protection of the Mortgagee, including, but not limited to, lightning, hazards under the usual extended coverage endorsement, and all other hazards and risks of direct physical loss occasioned by any cause whatsoever, subject only to the exceptions and exclusions, if any, agreed to by Mortgagee. All such policies shall name Mortgagee as loss payee under the so-called standard mortgage clause, contain no pro rata reduction provisions and provide for not less than thirty (30) days notice to Mortgagee of cancellation of said policy.

(e) That the Mortgaged Premises shall be kept in good repair and no waste shall be committed.

(f) That the whole of the principal sum shall become due after default in the payment of any installment of principal or interest, or of any tax, or in the performance of any other covenant, at the option of the Mortgagee.

2. Additional Covenants and Agreements of Mortgagor. The Mortgagor makes the following additional covenants and agreements with the Mortgagee:

(a) If required in writing by Mortgagee, Mortgagor shall pay taxes and insurance by paying to Mortgagee on the day monthly installments of principal and interest are payable under the Notes, until the Notes is paid in full, a sum (herein "Funds") equal to one-twelfth of the yearly taxes and assessments which may attain priority over this Mortgage, plus one-twelfth of yearly premium installments for hazard insurance, all as reasonably estimated initially and from time to time by Mortgagee on the basis of assessments and bills and reasonable estimates thereof. The Funds shall be held by Mortgagee, and Mortgagee shall apply the Funds to pay said taxes, assessments and insurance premiums. Mortgagee may not charge for so holding and applying the Funds, analyzing said account, or verifying and compiling said assessments and bills, unless Mortgagee pays Mortgagor interest on the Funds and applicable law permits Mortgagee to make such a charge. Mortgagor and Mortgagee may agree in writing at the time of execution of this Mortgage that interest on the Funds shall be paid to Mortgagor, and unless such agreement is made or applicable law requires such interest to be paid, Mortgagee shall not be required to pay Mortgagor any interest or earnings on the Funds. Mortgagee shall give to Mortgagor, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose of which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Mortgage. If the amount of the Funds held by Mortgagee, together with the future monthly installments of funds

payable prior to the due dates of taxes, assessments and insurance premiums, shall exceed the amount required to pay said taxes, assessments and insurance premiums, as they fall due, such excess shall be, at Mortgagor's option, either promptly repaid to Mortgagor or credited to Mortgagor on monthly installments of Funds. If the amount of the Funds held by Mortgagee shall not be sufficient to pay taxes, assessments, insurance premiums and ground rents as they fall due, Mortgagor shall pay to Mortgagee any amount necessary to make up the deficiency within 30 days from the date notice is mailed by Mortgagee to Mortgagor requesting payment thereof. Upon payment in full of all sums secured by this Mortgage, Mortgagee shall promptly refund to Mortgagor any Funds held by Mortgagee, Mortgagee shall apply, no later than immediately prior to said sale or acquisition, any Funds held by Mortgagee at the time of application as a credit against the sums secured by this Mortgage.

(b) Any award of damages under condemnation or payment in lieu thereof to or the taking of all or any part of the Mortgaged Premises are hereby assigned to the Mortgagee with authority to apply the proceeds to the amounts outstanding on the Notes. All such proceeds shall be applied first to accrued interest, if any, and then to the principal amount outstanding on the Notes, and if the principal amounts are payable in installments, said proceeds, after payment of accrued interest, shall be applied to said installments in the inverse order or their maturity.

(c) Any proceeds of any insurance payable by reason of loss or damage to Mortgaged Premises are hereby assigned and shall be paid to the Mortgagee with authority to apply the proceeds to the amounts outstanding on the Notes. All such proceeds shall be applied first to interest, if any, and then to the principal amounts outstanding, and if the principal amounts are payable in installments, said proceeds after payment of accrued interest, shall be applied to said installments in the inverse order of their maturity.

(d) Mortgagor will hold Mortgagee harmless from all costs and expenses in connection with establishing the priority of this Mortgage and if the Mortgagee becomes a party to any mechanics' lien, suit or other proceeding relating to the Mortgaged Premises or to this Mortgage, the Mortgagor will reimburse the Mortgagee for the Mortgagee's reasonable attorneys' fees, costs and expenses in connection with said suit or proceeding.

(e) Mortgagor will not sell, convey, mortgage, pledge, grant a security interest in, or otherwise transfer or encumber all or any part of the Mortgaged Premises or any interest therein without the prior written consent of the Mortgagee.

(f) Mortgagor will pay the principal and interest, when due, on prior mortgages and other similar encumbrances, if any.

(g) Mortgagor as Lessee will keep and perform all the terms and conditions of the Lease.

(h) Mortgagor will promptly pay when due all charges for utilities or other services to the Mortgaged Premises including, but not limited to, electricity, water, gas, telephone, sanitary sewer and trash and garbage removal supplied and will upon request of Mortgagee provide evidence of such payment.

(i) The insurance carrier providing the insurance described in paragraph 1(d) above shall be subject to the approval by Mortgagee, which approval shall not be unreasonably withheld.

3. Payment by Mortgagee. In case of failure by Mortgagor to pay taxes and assessments, prior liens or encumbrances including but not limited to lease payments under the Lease, expenses and attorneys' fees as above specified, or to insure said buildings, improvements, and fixtures, and deliver the policies as aforesaid, the Mortgagee may pay such taxes, assessments, prior liens, expenses and attorneys' fees and interest thereon, or obtain such insurance, and the sums so paid shall bear interest from the date of such payment at the same rate as set forth in the Notes, and shall be impressed as an additional lien upon the Mortgaged Premises and be immediately due and payable from the Mortgagor to the Mortgagee, and this Mortgage shall from date thereof secure the repayment of such advances with interest.

4. Events of Default/Acceleration of Maturity. Mortgagor agrees that at the option of the Mortgagee and in addition to Mortgagee's right to accelerate the maturity of the indebtedness secured hereby as set forth above in the covenants, the entire remaining principal balance plus accrued interest shall become due and payable in full upon the occurrence of any of the following (each of which is herein referred to as an "Event of Default"):

(i) A default by Mortgagor under the terms of the Notes;

(ii) The default by Mortgagor in the performance of any other terms or covenants contained herein or in the Notes or contained in any other agreement between Mortgagor and Mortgagee; or

(iii) A default by Mortgagor under the terms of the Lease.

Upon the occurrence of any such Event of Default, Mortgagee shall have the right, but not the obligation, in addition to such other rights and remedies as may be afforded to

Mortgagee under the provisions of the Agreement or by law or in equity, without giving notice to or obtaining the consent of Mortgagor, to exercise, enforce or avail itself of any of the rights, powers, privileges, authorizations or benefits assigned and transferred to Mortgagee pursuant to this Assignment, including without limitation, the right to enter upon and to take possession of the Premises and to institute and carry on all legal actions or proceedings necessary for the protection of the Premises, including such actions or proceedings as may be necessary to recover the possession thereof, and, subject to the terms and conditions of the Lease, with power and authority to sell and assign the Lease and/or sublease the whole or any part of the Premises for such term or terms and on such conditions as Mortgagee may deem proper, and to employ an agent to rent and manage the Premises and to collect the said rents, issues and profits thereof, and to pay the reasonable value of such agent's services out of the rents received. Should Mortgagor be in possession of any part or all of the Premises at the time of an Event of Default, Mortgagor agrees to vacate peacefully and surrender to Mortgagee or Mortgagee's designee any part of the Premises which Mortgagor occupies. Mortgagee shall not be entitled to remove any fixtures if such removal would damage the structural integrity of the building.

5. No Amendments. Mortgagor agrees that it will not enter into any agreement amending, modifying or terminating the Lease without the consent thereto in writing of Mortgagee, and Mortgagor hereby covenants and agrees with Mortgagee that it will remain obligated under the Lease strictly in accordance with its terms, and that it will not take any action to terminate, rescind or avoid the same, notwithstanding the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other proceedings affecting Mortgagor or any assignee or transferee of the Mortgagor, and notwithstanding any action with respect to the Lease which may be taken by any trustee or receiver of Mortgagor or any such assignee or transferee or by any court in any such proceeding. Any agreement amending, modifying or terminating the Lease in violation of the provisions of this paragraph shall be void.

6. Right to Cure. Should Mortgagor fail to perform or discharge its obligations or duties under the Lease as required in paragraph 7 above, then Mortgagee may, but shall have no obligation to (and shall not thereby release Mortgagor from any obligation thereunder), perform or discharge any such obligation or duties to such extent as Mortgagee may deem necessary or advisable to protect the security provided hereby, including appearing in and defending any action or proceeding purporting to affect the security hereof and the rights or powers of Mortgagee hereunder. All costs and expenses (including fees and disbursements of counsel) incurred by Mortgagee in exercising any of such rights shall be additional obligations of Mortgagor to Mortgagee, payable upon demand, and shall bear interest at the rate of interest applicable to loans made pursuant to the Agreement.

7. Fixture Filing. From the date of its recording, this Mortgage shall be effective as a financing statement filed as a fixture filing with respect to all goods constituting part of the

Mortgaged Property (as more particularly described in the granting clause of this Mortgage) which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

(a) Name and Address of Debtor:

David K. Fry and Lisa M. Fry
2185 Cambridge Court
Marion, Iowa 52302

(b) Name and Address of Secured Party:

Norwest Bank Iowa,
National Association
101 Third Avenue SW
Cedar Rapids, Iowa 52406

(c) This document covers goods which are or are to become fixtures.

(d) The name of the record owner of the Land is Marcheta R. Cooey and Archie W. Cooey, Jr.

8. Miscellaneous. This Mortgage shall be governed by and construed in accordance with the laws of the State of Iowa. All covenants and agreements by Mortgagor in the Mortgage shall bind Mortgagor and Mortgagor's heirs, successors and assigns and shall inure to the benefit of Mortgagee and its successors and assigns, whether so expressed or not. Any forbearance by Mortgagee in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Mortgagee shall not be a waiver of Mortgagee's right to accelerate the maturity of the indebtedness secured by this Mortgage. In the event any provision hereof is determined to be unenforceable or invalid, such provision or such part thereof as may be unenforceable or invalid shall be deemed severed from this Mortgage and the remaining provisions carried out with the same force and effect as if the severed provisions or part thereof had not been made a part hereof.

THE UNDERSIGNED BORROWER(S) ACKNOWLEDGES RECEIPT OF A COPY OF THIS INSTRUMENT

CONSENT BY MORTGAGOR

September 1, 1999

DAVID K. FRY

September 1, 1999

LISA M. FRY

STATE OF IOWA)
) SS.
COUNTY OF Linn)

On this 1st day of September, A.D. 1999, before me, Notary Public, personally appeared David K. Fry and Lisa M. Fry to me known to be the identical persons named in and who executed the foregoing instrument, and acknowledged that they executed the same as their voluntary act and deed.

Notary Public

THE UNDERSIGNED BORROWER(S) ACKNOWLEDGES RECEIPT OF A COPY OF THIS INSTRUMENT

CONSENT BY LESSOR

Date: Sept 10, 1999 Marcheta R. Cooey
MARCHETA R. COOEY

Date: Sept 10, 1999
ARCHIE W. COOEY, JR.

STATE OF IOWA)
) SS.
COUNTY OF Delaware

On this 1st day of September, A.D. 1999, before me, Notary Public, personally appeared Marcheta R. Cooey and Archie W. Cooey, Jr. to me known to be the identical persons named in and who executed the foregoing instrument, and acknowledged that they executed the same as their voluntary act and deed.

Marlys Rees
Notary Public

NOTARIAL SEAL IOWA
Marlys Rees
MY COMMISSION EXPIRES
7-24-2000

This Document Was Drafted By:

Norwest Corporation
Sixth and Marquette
Minneapolis, Minnesota 55479-1026

ATTACHMENT A

Lot #7 of Hartwick Lake Club West Subdivision of part of the S. 1/2 of Sec. 24 and of part of the N. 1/2 of Sec. 25, All in T88N R5W of the Fifth P.M. Delaware County, Iowa