DELAWARE COUNTY IOWA
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BOOK 199 PAGE 3766
DEBRA A. HILTON
DELAWARE COUNTY RECORDER
# 21.00

This document prepared by: Brian L Pralle for Community Savings Bank 927-4014

**REAL ESTATE HYPOTHECATION AGREEMENT**

1. COLLATERAL AND OBLIGATIONS. In consideration of any financial accommodations at any time granted by Community Savings Bank, Edgewood, Iowa, to Smitty's Inc., (Borrower), each of the undersigned Owner(s) pledges and conveys in trust to the Community Savings Bank his interest in the following described property:

SEE ATTACHMENT "A"

The real estate so described shall secure all debts, obligations, and liabilities to the Community Savings Bank arising out of any existing or future credit granted by the Community Savings Bank to the Owner(s) or the Borrower(s), in which such extension of credit shall be secured by a mortgage on the said real estate.

2. WARRANTY OF TITLE. Each Owner executing this agreement warrants that he is a holder of title in the above described real estate.

3. PRESERVATION OF COLLATERAL. The said Owner(s) executing this agreement shall preserve and maintain the above described real estate, and keep the same free from all liens for labor and materials, and unpaid taxes.

4. INSURANCE. The Owner(s) executing this agreement shall maintain adequate insurance coverage against all common hazards in a sufficient amount, and said Owner(s) shall provide the Community Savings Bank with proof of said coverage.

5. AUTHORITY OF BANK TO PERFORM. Upon the occurrence of any event of default, including the failure of the Owner(s) to perform any of the agreements set forth herein, the Community Savings Bank is authorized to take any action allowed by law for the foreclosure of its mortgage and the collection of the amounts due to it.

6. ACTS NOT AFFECTING OBLIGATIONS. None of the following shall affect the liabilities of any Owner or Borrower under this agreement, or the obligations, or the rights of the Community Savings Bank with respect to the above described real estate; (a) acceptance or retention by the Community Savings Bank of other property or interest as security for the obligations, or for the liability of any person other than a Owner with respect to the obligations; (b) the release of any or all of the above described real estate or other security for any of the obligations; (c) any release, extension, renewal, modification or compromise of any of the obligations or liability of any obligor thereon; or (d) failure by the Community savings Bank to resort to other security or any person liable for any other obligations before the resorting to the above described real estate.

7. DEFAULT. The following occurrences shall constitute default of this agreement:

A. The Borrower or the Owner(s) fail to pay when due any of the obligations, or to perform any of the provisions of this agreement;

B. The Borrower or Owner(s) become insolvent or subject to bankruptcy proceedings;

C. Any warranty or representation made to induce the Community Savings Bank to extend credit to the Borrower is false in any material respect;

D. Any other event which causes the Community Savings Bank to deem itself insecure.

8. REMEDIES UPON DEFAULT. Upon default all of the obligations shall at the option of the Community savings Bank and without any notice or demand, become immediately payable; and the Community Savings Bank shall have all rights and remedies for default provided by the Code of Iowa. The Owner(s) shall reimburse the Community Savings Bank for any expense incurred by the bank in protecting or enforcing its rights under this agreement, including but not limited to reasonable attorney's fees and legal expenses. After deduction of such expenses, the Community Savings Bank may apply the proceeds of disposition of the above described real estate to the obligations in such order and amounts as its elects.

9. PERSONS BOUND. Each person signing this agreement is a holder of an interest in the above described real estate. All owner(s) are jointly and severally liable under this agreement, except that the liability of any owner who is not a borrower is limited to the above described real estate and those rights in regard to it. This agreement benefits the Community Savings Bank, its successors and assigns, and binds the Owner(s) and their respective heirs, personal representatives, successors and assigns.

10. OTHER PROVISIONS.

Dated this 28th day of October 1999.

x Max Boren Susan E Boren

State of Iowa ) SS.
County of Delaware )

On this 28th day of October, 1999, before me, the undersigned, a Notary Public, in and for said County and State, personally appeared Max Boren and Susan E Boren to me known to the identical persons named in and who executed the within instrument, and acknowledged that they executed the same as their voluntary act and deed.

Rachel L Rissler
Notary Public

RACHEL L. RISSLER
COMMISSION EXPIRES
5-18-2001

EXHIBIT "A"

Lot Twenty Seven (27) and the West thirty three (33.0) feet of Lot Twenty Six (26) of Ballard's Subdivision of part of Lot I and of Lots M and N of Iowa Land Company's Subdivision of part of Manchester, Iowa, according to plat recorded in Book 1 Plats, Page 120, except any part included in Parcel No. 6 of Acquisition Plat - Amended, River Corridor Trail - Phase I, City of Manchester, Delaware County, Iowa, according to plat recorded in Book 6 Plats, Page 210, except the North ninety seven and five-tenths (97.5) feet of said Lot Twenty Seven (27) and also except the North ninety seven and five-tenths (97.5) feet of the West thirty three (33.0) feet of said Lot Twenty Six (26).

Lots Twenty Nine (29) and Thirty (30), and the West fifty six (56.0) feet of Lot Twenty Eight (28), Ballard's Subdivision of part of Lot "I" and of Lots "M" and "N" of Iowa Land Company's Subdivision of part of Manchester, Iowa, according to plat recorded in Book 1 Plats, Page 120, except any part included in Parcel No. 5 of Acquisition Plat - Amended, River Corridor Trail - Phase I, City of Manchester, Delaware County, Iowa, according to plat recorded in Book 6 Plats, Page 210.

Lots Eleven (11), Twelve (12) and the East twenty four and one-half (24½) feet of Lot Thirteen (13) and that part of Lot Two (2) of Ballard's Subdivision of part of Lot "I" and of Lots "M" and "N" of Iowa Land Company's Subdivision of part of Manchester, Iowa, according to plat recorded in Book 1 Plats, Page 120, described as commencing at the Northeast corner of said Lot Eleven (11), and running thence North forty (40.0) feet, thence West parallel with the North line of said Lot Eleven (11) a distance of sixty three (63) feet three and one-half (3½) inches, thence in a Southwesterly direction two (2) feet eight and three-fourths (8 3/4) inches to a point thirty nine (39) feet ten and one-half (10½) inches North of the Northwest corner of said Lot Eleven (11), thence in a Southwesterly direction to a point thirty six (36.0) feet North of a point twenty four and one-half (24½) feet West of the Northeast corner of said Lot Thirteen (13), thence South thirty six (36.0) feet to the North line of said Lot Thirteen (13), thence East along the North line of said Lots Thirteen (13), Twelve (12) and Eleven (11) to the point of beginning; also that part of Lot Two (2) of said Ballard's Subdivision described as commencing at a point on the East line (extended) of River Street which is fifty six (56.0) feet North of the Northwest corner of Lot Fifteen (15) of said Ballard's Subdivision, and running thence East parallel to the North line of Main Street a distance of one hundred sixty five (165.0) feet to the point of beginning, thence East and parallel to the North line of Main Street a distance of thirty five (35.0) feet, thence Easterly ninety three and five-tenths (93.5) feet to a point on the South line of Lot Twenty Two (22) of said Subdivision that is one hundred fifty (150.0) feet North of the North line of Main Street, running thence Westerly along the curve of the Southwesterly line of said Lot Twenty Two (22) to a point on the Southwesterly line of

of said Lot Twenty Two (22) that is directly North of the point of beginning, thence South to the point of beginning; also that part of Lot Twenty Two (22) of said Ballard's Subdivision described as commencing at a point on the South line of said Lot Twenty Two (22), which point is directly North of the Northeast corner of Lot Eleven (11) of said Subdivision, thence North to the North line of said Lot Twenty Two (22), thence West along said North line to the Southwest corner of Lot Twenty One (21) of said Subdivision, thence South along the extended West line of Lot Twenty One (21) to the South line of Lot Twenty Two (22), thence Southeasterly and Easterly along the South line of Lot Twenty Two (22) to the point of beginning.