D Cllg.
F+M BANK

DELAWARE COUNTY IOWA
FILED
2002 AP 25 PM 4:16
BOOK 2002
DEBORAH L. PRYTON
DELAWARE CO. RECORDER
10.00

THIS INSTRUMENT PREPARED BY: Jeff J. Goedken
Moyer & Bergman, PLC, 2720 1st Ave. NE, PO Box 1943, Cedar Rapids, IA 52406-1943, (319) 366-7331

AGREEMENT CONCERNING REAL ESTATE

THIS AGREEMENT CONCERNING REAL ESTATE (the "Agreement") is entered into on this 26 day of April, 2002, by and between Donald L. Monaghan and Shirley A. Monaghan (the "Monaghans") and Farmers & Merchants Savings Bank (the "Bank").

RECITALS

WHEREAS, the Monaghans are on or about the date hereof granting an "Open-End Real Estate Mortgage" to the Bank ("Mortgage No. 1") on the following-described real estate situated in Delaware County, Iowa:

The Northeast Quarter (NE 1/4) of the Northeast Fractional Quarter (NE fr. 1/4) of Section 5, Township 89 North, Range 5, West of the 5th P.M. (40 acres more or less including house and buildings)

(the "Home Farm 40"); and

WHEREAS, Allen D. Monaghan and Keila R. Monaghan ("Allen and Keila") are on or about the date hereof granting a mortgage to the Bank ("Mortgage No. 2") on the following-described real estate situated in Delaware County, Iowa:

The South One Half (S ½) of the South One Half (S ½) of the Southeast Quarter (SE 1/4) of Section 32, Township 90 North, Range 5, West of the 5th P.M.

(the "North 40"); and

WHEREAS, the Monaghans and Allen and Keila entered into a "Real Estate Contract (Installment Sale)" agreement with respect to the above referred to property on or about the date hereof (the "Installment Contract"); and

WHEREAS, the Monaghans and the Bank desire to enter into this additional agreement with respect to the above referred to property;

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

1. MORTGAGE AND GUARANTY. Mortgage No. 1 and the personal guaranty it secures (the "Guaranty"), both of which were signed by the Monaghans in favor of the Bank on or about the date hereof, and under which the Monaghans grant the Bank a mortgage on the Home Farm 40, are subject to the following, notwithstanding any terms to the contrary set forth in such Mortgage No. 1 or the Guaranty:

Limitation on Guaranty. The Guaranty provides that it is limited to a principal amount of $150,000. However, the amount of such guaranty shall be reduced by the amount by which Allen and Keila pay down the principal balance of the purchase money note and mortgage they sign on or about the date hereof below a balance of $150,000. For example, if the principal balance of the

purchase money promissory note balance is reduced to $120,000, the amount of the guaranty will be reduced to $120,000, and likewise Mortgage No. 1 securing the Guaranty will be similarly reduced. In the event that the options referred to below expire without being exercised for any reason, then the amount of the Guaranty shall be further reduced by $80,000.00

2. Exercise of Options in Installment Contract. In the event that either the Monaghans or Allen and Keila exercise an option under paragraph 29 of the Installment Contract, and the parties to the Installment Contract as a result complete an exchange of the North 40 for the Farm Home Acreage, then the amount of the Guaranty will be reduced to an amount equal to the principal amount then due and owing under the purchase money note and Mortgage No. 2 signed by Allen and Keila with respect to the North 40, minus $105,000, the deemed value of the Farm Home Acreage for purposes of the Mortgage and Guaranty. Further, the Bank hereby agrees that it shall then immediately release Mortgage No. 2. The Bank agrees that the Bank will then hold a mortgage only on the Home Farm 40, and not on the North 40, without further consideration from the Monaghans.

3. Enforcement of Guaranty. The Bank hereby agrees, notwithstanding any term or provision of Mortgage No. 1 or the Guaranty to the contrary, that the Bank shall not take any steps to enforce the Guaranty unless and until 60 days after (a) the Buyers or Sellers have exercised an option under paragraph 29 of the Installment Contract, or (b) both options have expired.

Dated: April 26, 2002.

FARMERS & MERCHANTS SAVINGS BANK

By: Scott J. Wegmann VP
Scott J. Wegmann, Vice President

Donald L. Monaghan
Donald L. Monaghan

Shirley A. Monaghan
Shirley A. Monaghan

STATE OF IOWA)
) ss:
COUNTY OF DELAWARE)

On this 24 day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared Scott J. Wegmann as Vice President of Farmers & Merchants Savings Bank.

Marlys Rees
COMMISSION NUMBER 191318
My Commission Expires
7-24-03

Marlys Rees
Notary Public in and for said State

STATE OF IOWA)
) ss:
COUNTY OF DELAWARE)

On this 24 day of April, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared Donald L. Monaghan and Shirley A. Monaghan, to me known to be the 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 in and for said State

NOTARIAL SEAL IOWA

Marlys Rees
COMMISSION NUMBER 191318
My Commission Expires
7-24-03