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Diane M. Steffen, (X) Fidelity Bank & Trust, P.O. Box 277, Dyersville, IA 52040 (563)875-7157

FORGIVABLE MORTGAGE

This Mortgage made on July 2, 2003, between Amy L. Neuhaus ("Mortgagor") whose address is 3001 160th St, Dyersville, IA 52040; and Fidelity Bank & Trust ("Mortgagee") whose address is 208 2nd ST SE, Dyersville IA 52040.

Witnesseth: Know all by these presents, that Mortgagor hereby irrevocably grants, transfers, and assigns to Mortgagee, with power of sale, the following described property ("Mortgaged Property") located in County of Delaware State of Iowa: Lot Seven (7), Block One (1), First Northern Addition to Colesburg, Iowa, according to Amended and Corrected Plat of Incorporated Town of Colesburg, Iowa, recorded in Book 1 Plats, Pages 73-86.

Commonly know as 512 2nd St, Colesburg, IA 52035.

This Mortgage is for the purpose of securing the performance by the Mortgagor of each term and condition set forth herein and the payment of a loan ("Loan") in the amount of $ 2500.00, with interest, if applicable, in accordance with the terms of the Forgivable Promissory Note ("Note") of even date herewith payable to the Mortgagee.

Priority of Mortgage: The Loan together with interest, if applicable, is senior to indebtedness of the Mortgagor to other creditors under subsequently recorded or filed mortgages, security instruments or liens and is subordinate to indebtedness of the Mortgagor to other creditors under previously recorded or filed mortgages, security instruments or liens.

Terms and Conditions:

1. Retention Period. Mortgagor shall use the proceeds of the Loan in accordance with Mortgagee's Affordable Housing Program ("AHP"), which is offered in association with the Federal Home Loan Bank of Des Moines. Furthermore, Mortgagor must comply with the AHP Regulation for a term of five years ("Retention Period") commencing from the date hereof.

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2. Principal Residence Requirement; Notice of Sale or Refinancing, and Recapture. Mortgagor shall own and occupy the Mortgaged Property as the Mortgagor's principal residence; and shall give to Mortgagee notice of any sale or refinancing of the Mortgaged Property occurring prior to the end of the Retention Period. In the case of: (i) a sale of the Mortgaged Property prior to the end of the Retention Period, an amount equal to the full amount of the Loan, reduced by 1/60th for each 30-day period during the Retention Period in which the Mortgagor owned and occupied the Mortgaged Property as Mortgagor's principal residence, shall be repaid to Mortgagee from any net gain realized upon the sale of the Mortgaged Property after deduction for sales expenses unless the purchaser is an eligible household as defined by Mortgagee; or (ii) a refinancing of the Mortgaged Property prior to the end of the Retention Period, an amount equal to the full amount of the Loan, reduced by 1/60th for each 30-day period during the Retention Period in which the Mortgagor owned and occupied the Mortgaged Property as Mortgagor's principal residence, shall be repaid to Mortgagee from any net gain realized upon the refinancing, unless the Mortgaged Property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income-eligibility and affordability restrictions and notice requirement as set forth in Mortgagee's AHP for the duration of the Retention Period.

3. Impact on Real Property. All of the covenants and restrictions herein shall run with and encumber the Mortgaged Property and the improvements thereon, and be binding upon Mortgagor and Mortgagor's successors and/or assigns, during the Retention Period.

4. Mortgagor's obligation to repay the Loan shall terminate after any foreclosure.

Event of Default and Remedies:

In the event that Mortgagor fails to meet any term or condition herein and/or in the Note, and fails to meet said term or condition within 30 days of Mortgagor's receipt of written notice of such failure, Mortgagee shall have the right, pursuant to applicable state laws, to require immediate payment in full of the then current amount due and payable pursuant to the terms and conditions of the Note. Furthermore, Mortgagee may bring a foreclosure action to foreclose the Mortgage. The net proceeds of any sale of the Mortgaged Property shall be applied to the Loan amount.

BY SIGNING BELOW, Mortgagor accepts and agrees to the terms and conditions of this Mortgage.

[Signature Block] Amy L. Neuhaus

[Acknowledgement] State of Iowa Dubuque County, ss.

On this 2nd day of July, A.D. 2003, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Amy L. Neuhaus 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. WITNESS my hand and notorial seal the day and last year above written.

Notary Public in and for Dubuque County, Iowa

DIANE M. STEFFEN
Commission Number 221688
My Commission Expires
3/26/05