Prepared By: Lynn M Gattozzi, Esq.
CALFEE, HALTER & GRISWOLD LLP
1400 McDonald Investment Center
800 Superior Avenue
Cleveland, OH 44114-2688
216-622-8200

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OPEN-END MORTGAGE, SECOND SUPPLEMENTAL MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

NOTICE: THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF $96,000,000.00. LOANS AND ADVANCES UP TO THIS AMOUNT, TOGETHER WITH INTEREST, ARE SENIOR TO INDEBTEDNESS TO OTHER CREDITORS UNDER SUBSEQUENTLY RECORDED OR FILED MORTGAGES AND LIENS.

Effective Date: March 9, 2004

Mortgagor: **Mortgagor's Notice Address:**	**AMERICAN EAST EXPLOSIVES, INC.** **c/o ETI Canada, Inc.** **P.O. Box 900** **350 Dupont Road** **North Bay, Ontario, Canada** **P1B 8K2** **Attention: Joseph Hunnisett**
Agent: **Agent's Notice Address:**	**U.S. BANK NATIONAL ASSOCIATION** **Special Assets Group** **SL-TW-07CP** **One US Bank Plaza** **7th and Washington** **St. Louis, Missouri 63101** **Attention: Timothy N. Scheer**
Premises Address:	**RR No. 4, Box 9** **Manchester IA 52057** **Delaware County**
This Instrument Prepared By and After Recording Return To:	**Lynn M. Gattozzi, Esq.** **CALFEE, HALTER & GRISWOLD LLP** **1400 McDonald Investment Center** **800 Superior Avenue** **Cleveland, Ohio 44114-2688**

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OPEN-END MORTGAGE, SECOND SUPPLEMENTAL MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

THIS OPEN-END MORTGAGE, SECOND SUPPLEMENTAL MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (the "Mortgage"), effective as of the 9th day of March, 2004, is made by and between **American East Explosives, Inc.**, a Delaware corporation, having a mailing address at c/o ETI Canada, Inc., P.O. Box 900, 350 Dupont Road, North Bay, Ontario, Canada P1B 8K2, Attention: Joseph Hunnisett (hereinafter referred to as the "Mortgagor"), and **U.S. Bank National Association**, a national banking association, formerly known as Firstar Bank, National Association, as Domestic Agent for the Lenders (as defined herein) and the Agents (as defined herein), having a mailing address at Special Assets Group, SL-TW-07CP, One US Bank Plaza, 7th and Washington, St. Louis, MO 63101, Attention: Timothy N. Scheer (in such capacity, together with its successors and assigns, in such capacity, hereinafter referred to as the "Agent").

RECITALS:

A. The Mortgagor, together with American West Explosives, Inc., Ace Explosives ETI Ltd., Explosifs ETI (Quebec) Inc., a Quebec, Canada corporation ("ETI Quebec"), ETI Export Inc., a New Brunswick, Canada corporation ("ETI Export") and ETI Canada Inc., an Ontario, Canada corporation ("ETI Canada") (collectively, the "Original Borrowers") entered into that certain Financing and Security Agreement dated as of April 28, 2000, with U.S. Bank National Association ("U.S. Bank"), Heller Financial Canada, Ltd. ("Heller Canada"), and certain other banks as set forth in such Financing and Security Agreement (U.S. Bank, Heller Canada and such other banks, together with their respective successors and assigns, are hereinafter collectively referred to as the "Original Lenders"), Agent as Domestic Agent for the Original Lenders and the Original Agents, and Heller Canada as Canadian Agent for the Original Lenders and the Original Agents (the Agent and Heller Canada, together with their respective successors and assigns in such capacity, being hereinafter collectively referred to as the "Original Agents"), pursuant to which the Original Lenders have agreed to make loans and provide credit facilities to the Original Borrowers in an aggregate principal amount of up to Forty-Five Million Five Hundred Thousand U.S. Dollars (U.S. $45,500,000.00) upon the terms and conditions set forth therein. The Original Borrowers and Original Lenders have entered into the following amendments to such Financing and Security Agreement (such Financing and Security Agreement, as so amended, is hereinafter referred to as the "Original Financing Agreement"): Amendment No. 1 to Financing and Security Agreement, dated as of March 2, 2001, as further amended by that certain Amendment No. 2 to Financing and Security Agreement, dated as of July 3, 2001, as further amended by that certain Amendment No. 3 to Financing and Security Agreement, dated as of July 26, 2001, and as further amended by that certain Amendment No. 4 to Financing and Security Agreement, dated as of August 31, 2001.

B. To evidence further the obligations of the Original Borrowers to the Original Lenders and the Original Agents under the Original Financing Agreement, each of the Original Borrowers has executed and delivered to each Original Lender, as provided in the Original Financing Agreement, one or more Revolving Credit Notes, one or more Capital Expenditure Line Notes and one or more Term Loan Notes each dated as of the effective date of the Original Financing Agreement (collectively referred to herein as the "Original Notes").

C. The Mortgagor has executed and delivered that certain Open-End Mortgage, Assignment of Rents and Security Agreement, dated as of April 28, 2000 and recorded in Book 2000, Page 1478 of the Mortgage Records of Delaware County, Iowa (the "Original Mortgage") to secure to the Agent, its successors and assigns, for the ratable benefit of the Original Lenders and the Original Agents, the obligations of the Original Borrowers to the Original Lenders and the Original Agents under the Original Financing Agreement.

D. The Original Borrowers and N.W.T. Rock Services, Ltd. ("NWT"), the Original Lenders and the Original Agents entered into that certain Amended and Restated Financing and Security Agreement, dated as of October 1, 2001 (the "First Restated Financing Agreement") pursuant to which the Original Lenders agreed to modify the loans and credit facilities provided to the Original Borrowers under the Original Financing Agreement and to make loans and credit facilities available to NWT, all of such modified loans and credit facilities being in the aggregate maximum principal amount of up to Forty-Three Million One Hundred Sixty-Five Thousand Seven Hundred Seventeen U.S. Dollars (U.S. $43,165,717.00), upon the terms and conditions set forth therein.

E. To evidence further the obligations of the Original Borrowers and NWT to the Original Lenders and the Original Agents under the First Restated Financing Agreement, each of the Original Borrowers and NWT executed and delivered to each Original Lender, as provided in the First Restated Financing Agreement, one or more Amended and Restated Revolving Credit Notes, one or more Amended and Restated Capital Expenditure Line Notes and one or more Amended and Restated Term Loan Notes, each dated as of the effective date of the First Restated Financing Agreement.

F. The Mortgagor executed and delivered to the Agent that certain Open-End Mortgage, Supplemental Mortgage, Assignment of Rents and Security Agreement dated as of October 1, 2001 and recorded on December 13, 2001, in Official Records Book 2001, Page 4522 of the Recorder's Office of Delaware County, Iowa (the "First Supplemental Mortgage") as a supplement to the Original Mortgage to secure to the Agent, its successors and assigns, for the ratable benefit of the Original Lenders and the Original Agents, the obligations of the Original Borrowers and NWT to the Original Lenders and the Original Agents under the First Restated Financing Agreement and the Financing Documents (as defined therein).

G. The First Restated Financing Agreement, as amended by that certain Amendment No. 1 to Amended and Restated Financing and Security Agreement, dated as of September 23, 2002, has been further amended and restated in its entirety by that certain Second Amended and Restated Financing and Security Agreement, dated as of March 9, 2004, by and among the Mortgagor, ETI Canada, ETI Quebec and ETI Export (collectively, the "Borrowers"), the lenders identified therein (together with their successors and assigns, the "Lenders"), Agent as Domestic Agent for the Lenders and the Agents, and Heller Financial Canada Holding Company ("HFC") as Canadian Agent for the Lenders and the Agents (the Agent and HFC in such capacity, together with their respective successors and assigns in such capacity, being hereinafter collectively referred to as the "Agents") (as the same may be supplemented, amended, restated, modified or substituted from time to time, the "Financing Agreement"; capitalized terms used herein without definition have the meanings ascribed to such terms in the Financing Agreement), pursuant to which the Lenders have agreed to modify the loans and credit facilities provided under the First Restated Financing Agreement, all of such modified loans and credit facilities being in the aggregate maximum principal amount of up to

Forty-Two Million Seven Hundred Forty Thousand Sixty-Eight U.S. Dollars (U.S. $42,740,068), upon the terms and conditions set forth therein.

H. To evidence further the obligations of the Borrowers to the Lenders and the Agents under the Financing Agreement, each of the Borrowers has executed and delivered to each Lender, as provided in the Financing Agreement, one or more Revolving Credit Notes, Term Loan A Notes, Term Loan B Notes, Term Loan C Notes and Term Loan D Notes, as defined in the Financing Agreement (such notes, together with any and all other promissory notes executed and delivered pursuant to the Financing Agreement from time to time, as the same may be extended, amended, restated, supplemented or otherwise modified from time to time, being hereinafter collectively referred to as the "Notes"). The latest final maturity date of the Notes is April 30, 2006.

I. The Mortgagor has agreed to execute and deliver to the Agent, for the ratable benefit of the Lenders and the Agents, this Mortgage as a further supplement to the Original Mortgage and the First Supplemental Mortgage, to secure to the Agent, for the ratable benefit of the Lenders and the Agents, the obligations of the Borrowers under the Financing Agreement and the Financing Documents (as defined in the Financing Agreement).

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the purposes set forth below, the Mortgagor hereby covenants and agrees as follows:

ARTICLE 1 - GRANTING CLAUSES

The Mortgagor does hereby give, grant, warrant, bargain, sell, grant a security interest in, mortgage, pledge, hypothecate, assign, and convey unto the Agent, its successors and assigns, for the ratable benefit of the Lenders and for the benefit of the Agents, all right, title and interest of the Mortgagor in and to the following real and personal property (hereinafter collectively referred to as the "Premises"):

(a) the real property situated in Delaware County, Iowa, described in Exhibit 1 attached hereto and made a part hereof by reference, together with all rights and easements now or hereafter created which are appurtenant thereto (including without limitation all streets, alleys, passages, water, water courses, riparian rights, minerals, rights, liberties and privileges thereof, if any) and all strips and gores and all related tenements and hereditaments, if any (collectively referred to as the "Land"); and

(b) all buildings and improvements of every kind and description now or hereafter erected or placed on the Land and all materials intended for construction, reconstruction, alteration and repair of such improvements now or hereafter erected thereon (collectively, the "Improvements"), all of which materials shall be deemed to be included within the Premises immediately upon the delivery thereof to the Land, and all fixtures and articles of personal property now or hereafter owned by the Mortgagor and attached to, or located on, and used in the construction, management or operation of the Land or the Improvements, including but not limited to all furniture, furnishings, apparatus, machinery, motors, elevators, fittings, radiators, awnings, shades, blinds, office equipment, carpeting and other furnishings, and all plumbing, heating, lighting, ventilating, refrigerating, incinerating, air-conditioning and sprinkler equipment and fixtures and appurtenances thereto, and all renewals or replacements thereof, proceeds therefrom, or articles in substitution therefor, whether or not the same are or shall be attached to the Improvements in any manner; and

(c) all awards and other compensation heretofore made but unpaid or hereafter to be made with respect to the Premises for any taking by eminent domain, either permanent or temporary, of all or any part of the Premises or any easement or appurtenance thereof, including severance and consequential damage, and change in grade of streets, which said awards and compensation are hereby assigned to the Agent, its successors and assigns, for the ratable benefit of the Lenders; and

(d) all of the Mortgagor's right, title and interest in all present and future leases, subleases, lettings and licenses of the Premises including, without limitation, cash or securities (including without limitation guaranties, letters of credit and other credit enhancement instruments or agreements) deposited thereunder to secure performance by the Mortgagor's tenants of their obligations thereunder, whether such cash or securities are to be held until the expiration of the terms of such leases or applied to one or more of the expiration of such terms, as well as in and to all judgments, awards of damages and other proceeds relating to rent, tenancies, subtenancies and occupancies of the Land, Improvements and personalty, and in and to present and future remainders, rents, issues and profits thereof; and

(e) all of the Mortgagor's interest in and to all unearned premiums accrued, accruing or to accrue under any and all insurance policies now or hereafter obtained by the Mortgagor insuring all or any portion of the Premises and in and to any and all proceeds payable under any one or more of said policies; and

(f) all of the Mortgagor's interest in all rents, issues, proceeds, income, revenue and profits of or accruing from any of the foregoing and any renewals, replacements, substitutions, extensions, improvements, betterments, appurtenances and additions to the Improvements or personalty made or acquired by the Mortgagor after the date hereof and all licenses, permits and other like rights or interests now or hereafter held or acquired by the Mortgagor and necessary or useful for the operation of the Premises.

TO HAVE AND TO HOLD all and singular the Premises, whether now owned, held or hereafter acquired by the Mortgagor, unto the Agent, its successors and assigns, for the ratable benefit of the Lenders and the Agents, forever, for the purposes and uses herein set forth.

ARTICLE 2 - OBLIGATIONS SECURED

2.1 Security for Indebtedness. The Mortgagor has executed and delivered this Mortgage for the purpose of securing the performance of the covenants and agreements contained herein and in the other Financing Documents and to secure the payment when due, but not necessarily in the order set forth, of:

(a) any and all sums advanced or loaned to, or to be advanced or loaned to, the Borrowers pursuant to the Financing Agreement, and all other obligations and liabilities of the Borrowers arising under or in connection with the Financing Agreement, together with interest thereon at the rate or rates in effect from time to time as provided in the Financing Agreement;

(b) all sums expended or advanced by the Agents or any of the Lenders pursuant to any term or provision of this Mortgage or any of the other Financing Documents in accordance with the Financing Agreement;

(c) all advances or disbursements of the Agents or any of the Lenders with respect to the Premises pursuant to Section 8.4 of this Mortgage for the payment of taxes, levies, assessments, insurance premiums or costs incurred for the protection of the Premises; and

(d) the unpaid balances of any loan advances and all other liabilities and indebtedness of the Borrowers under the Financing Agreement and all other liabilities and indebtedness of the Borrowers under the Financing Documents;

(all of such debts, liabilities and obligations being collectively referred to herein as the "Indebtedness"), and as security for the payment of the Indebtedness the Mortgagor has granted to the Agent, its successors and assigns, for the ratable benefit of the Lenders and the Agents, a lien against the Premises. . The maximum principal amount of the Indebtedness secured hereby, exclusive of the interest thereon, shall not exceed Ninety-Six Million Dollars (U.S. $96,000,000.00).

2.2 Security for Future Advances. This Mortgage is given for the purpose of creating a lien on the Premises and expressly is to secure not only the existing Indebtedness but also (i) all extensions, renewals, modifications or reamortizations of the Indebtedness, all increases or additions to the Indebtedness, all loans and future advances and readvances made by the Agents or any of the Lenders to the Borrowers and all other debts, obligations and liabilities of every kind and character of the Borrowers now or hereafter existing in favor of the Agents or any of the Lenders, whether such debts, obligations or liabilities be direct or indirect, primary or secondary, joint or several, fixed or contingent, and whether originally payable to the Agents or any of the Lenders or to a third party and subsequently acquired by the Agents or any of the Lenders, and (ii) future advances, whether such advances are obligatory or to be made at the option of the Agents or any of the Lenders or otherwise, to the same extent as if such future advances were made, whether under the Financing Agreement, the Financing Documents, or otherwise, on the date of the execution of this Mortgage, and creates such a lien for all advances regardless of who is the owner of the Premises at the time such advances are made. The total amount of the Indebtedness may decrease or increase from time to time. The Agents and the Lenders may or shall, as required and obligated by the Financing Agreement, at any time after this Mortgage is delivered for record to the Office of the County Clerk where the Premises are situated, make future advances and readvances to the Borrowers; however, the total unpaid balance secured at any one time shall not exceed Ninety-Six Million Dollars (U.S. $96,000,000.00) plus interest thereon computed in accordance with the Financing Agreement and any disbursement made for the payment of taxes, levies or insurance on the Premises with interest on such disbursements computed in accordance with the Financing Agreement. Any such future advances and readvances, with interest, shall be secured by this Mortgage and shall be evidenced by the Financing Agreement and the other Financing Documents.

NOTICE: THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF $96,000,000.00. LOANS AND ADVANCES UP TO THIS AMOUNT, TOGETHER WITH INTEREST, ARE SENIOR TO INDEBTEDNESS TO OTHER CREDITORS UNDER SUBSEQUENTLY RECORDED OR FILED MORTGAGES AND LIENS.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

The Mortgagor represents and warrants as follows:

3.1 Construction and Completion of Improvements. All buildings and Improvements comprising the Premises have been completed and installed in a good workmanlike manner, in compliance with all applicable laws, ordinances, building codes and the plans and specifications therefor or, if not in compliance with any of the foregoing, such failure to comply will not have a Material Adverse Effect (as defined in the Financing Agreement). The Premises are served by electric, gas, sewer, water, telephone and other utilities required for their present and contemplated uses and operation. Any and all streets, utility lines and offsite improvements which provide access to the Premises or are necessary for its present and contemplated uses, have been completed, and, to the best of Mortgagor's knowledge, are serviceable and have been accepted or approved by appropriate governmental bodies.

3.2 Title to the Premises. (i) The Mortgagor has good and marketable indefeasible fee simple title to the real property components of the Premises, free and clear of all liens, security interests, restrictions and encumbrances except only those listed on Exhibit 2 attached hereto and made a part hereof by reference (hereinafter collectively referred to as the "Permitted Encumbrances"); (ii) the Mortgagor has good title to the personal property components of the Premises (hereinafter collectively referred to as the "Collateral") free and clear of all liens, security interests, restrictions and encumbrances except only the Permitted Encumbrances, and (iii) the Mortgagor has good right to bargain, sell and convey the Premises in the manner and form as above written. The Mortgagor will warrant and defend the Premises, with the appurtenances thereunto belonging to the Agents and the Lenders, and their respective successors and assigns, forever against all lawful claims and demands whatsoever subject only to the Permitted Encumbrances.

3.3 Independence of Premises. To the best of its knowledge, the Mortgagor has not permitted, by act or omission, any building or other substantial improvements on premises not subject to the lien of this Mortgage to rely on the Premises or any part thereof or any interest therein to fulfill any municipal or governmental requirement for the existence of such premises or such building or improvement, and no material Improvement on the Premises has relied on any premises not subject to the lien of this Mortgage or any interest therein to fulfill any governmental or municipal requirement. From and after the effective date hereof, the Mortgagor shall not permit, by act or omission, any building or other substantial improvements on premises not subject to the lien of this Mortgage to rely on the Premises or any part thereof or any interest therein to fulfill any municipal or governmental requirement for the existence of such premises or such building or improvement, and no material Improvement on the Premises shall rely on any premises not subject to the lien of this Mortgage or any interest therein to fulfill any governmental or municipal requirement. Mortgagor shall not by act or omission impair the integrity of the Premises as one or more separate subdivided zoning lots separate and apart from all other premises.

3.4 Business Purpose. The Indebtedness is incurred solely for a business purpose and not a personal, family, household or agricultural purpose.

ARTICLE 4 - COVENANTS AND AGREEMENTS

The Mortgagor and its successors and assigns hereby covenant and agree with the Agents and the Lenders, their respective successors and assigns, as follows:

4.1 Payment of Indebtedness. The Mortgagor will perform its obligations under the Financing Agreement and the other Financing Documents to which it is a party and keep and perform all covenants, agreements, conditions and stipulations thereof. The Mortgagor hereby acknowledges that the Indebtedness was incurred in good faith for full value received.

4.2 Payment of Taxes.

(a) The Mortgagor shall pay or cause to be paid, before any penalty, interest or cost may be imposed, all real estate taxes, assessments, levies, water and sewer rents and charges, charges for public utilities and all other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever which at any time during the term of this Mortgage may be assessed, levied, imposed upon, or grow or become due and payable out of or in respect of, or become a lien on, the Premises or any part thereof or any appurtenance thereto or the Indebtedness or the interest of the and the Lenders therein excepting any income tax imposed on the Agents or the Lenders under the laws of the United States or any other Laws (all such taxes, assessments, levies, water and sewer rents and charges, charges for public utilities, and other governmental charges being hereinafter collectively referred to as "Taxes", and any of the same being hereinafter referred to as a "Tax"); provided, however, that if any Tax may at the option of the taxpayer be paid in installments (whether or not interest shall accrue on the unpaid balance of such Tax), the Mortgagor may exercise the option to pay the same (and any accrued interest on the unpaid balance of such Tax) in installments and, in such event, shall pay such installments as the same respectively become due and before any fine, penalty, further interest or cost may be added thereto. The Mortgagor shall submit evidence of the payment of all Taxes to the Agent not more than ten (10) Business Days after written request therefor by the Agent. The Mortgagor shall be entitled to the benefit of installment payments regarding any Tax which is payable in installments, provided, however, in the event of the occurrence and during the continuance of an Event of Default which has not been waived in writing by the Lenders as required by the Financing Agreement, the entire amount of such Tax (together with any accrued interest on the unpaid balance thereof) shall, for the purposes of this Section 4.2, be deemed due and payable by the Mortgagor in its entirety, at the option of the Agent, on the day a lien relating thereto would attach to the Premises.

(b) Notwithstanding the provisions of subsection (a) above: (i) the Mortgagor shall have the right to contest in good faith and by timely and appropriate proceedings effective to stay the enforcement thereof any Tax, provided, however, that if in the reasonable judgment of the Agent the Premises shall at any time be in jeopardy of tax foreclosure, the Mortgagor shall post with the Agent (or other agent if required under applicable law) sufficient security, satisfactory to the Agent, in its reasonable judgment, for the payment thereof, with interest, costs and penalties, under written agreement conditioning payment of such contested Taxes upon determination of such contest, or prior thereto if the continuance of such contest shall put the Premises in jeopardy of tax sale or forfeiture; and (ii) so long as either (A) no Event of Default has occurred and is continuing under this Mortgage or (B) an Event of Default has occurred but has been waived by the Lenders in writing as required under the Financing Agreement, the Mortgagor shall make all payments of Taxes directly to the appropriate authorities and without making the payments to the escrow account contemplated by Section 4.4, but upon the occurrence and during the continuance of any Event of Default which has not been waived by the

Lenders in writing as required under the Financing Agreement, the provisions of Section 4.4 shall be automatically applicable and in full force and effect.

4.3 Insurance.

(a) The Mortgagor shall keep the Improvements on the Premises insured by a policy or policies of all risk replacement cost insurance (with agreed amount endorsement) against loss or damage by, and, if applicable, abatement of income for at least six (6) months resulting from fire, flood and such other hazards, casualties and contingencies (including, but not limited to, extended coverage, vandalism, malicious mischief), in an amount not less than the greater of (i) the full replacement cost thereof, or (ii) the amount necessary so that none of the parties hereto shall be deemed a co-insurer of a loss, which such policy shall be for the benefit of the Mortgagor, the Agents, and the Lenders, as their interests may appear, and shall provide that no cancellation, reduction in amount, or change in coverage shall be effective until at least thirty (30) days after written notice to the Agent thereof. The Mortgagor shall maintain flood insurance, if required pursuant to a designation of the area in which the Premises are located as flood prone or a flood risk area, as defined by the Flood Disaster Protection Act of 1973, as amended, in an amount of not less than the greater of (i) the sum of the full replacement cost thereof, or (ii) the amount necessary so that none of the parties hereto shall be deemed a co-insurer of a loss, as well as comply with any additional requirements of the National Flood Insurance Program as set forth in said Act. In the event flood insurance in the required amount is not available, flood insurance in the maximum amount available shall be obtained.

(b) The Mortgagor shall maintain for the mutual benefit of the Agents, the Lenders, and the Mortgagor general public liability insurance against claims for personal injury, death or property damage occurring upon, in or about the Premises or any elevators therein and on, in or about the adjoining streets and passageways, such insurance to afford protection to such limits as the Agent may from time to time request, acting reasonably. All of such insurance shall be primary and non-contributing with any insurance policy which may be carried by the Agents and the Lenders.

(c) The Mortgagor shall maintain all workers' compensation coverage required in connection with the Premises by applicable law.

(d) So long as either (A) no Event of Default has occurred and is continuing under this Mortgage or (B) an Event of Default has occurred but has been waived by the Lenders in writing as required under the Financing Agreement, the Mortgagor shall make all payments of insurance premiums directly and without making the payments to the escrow account contemplated by Section 4.4, but upon the occurrence and during the continuance of an Event of Default which has not been waived by the Lenders in writing as required under the Financing Agreement, the provisions of Section 4.4 shall be automatically applicable and in full force and effect.

(e) All insurance policies shall be issued by an insurer lawfully doing business in the State of Iowa and reasonably satisfactory to the Agent, shall comply with the requirements of the Financing Agreement, and, to the extent of its interest, are to be for the benefit of and first payable in case of loss to the Agent, its successors and assigns, for the ratable benefit of the Lenders, as first mortgagee without contribution. If the insurance coverage required hereunder is provided as part of a blanket policy, then the amount of the coverage specifically applicable to the Premises shall be stated on the face of the policy. The Mortgagor shall deliver to the Agent an original certificate of insurance evidencing the insurance coverage

required hereunder and an original certificate of insurance with respect to each new policy issued in replacement for any expiring policy, with evidence of advance premium payments as reasonably required by the Agent at least thirty (30) days before the date of such expiration at the Agent's address as set forth at the beginning of this Mortgage, or at such other place or to such other party as the Agent may, from time to time, designate in writing.

(f) The Mortgagor, to the full extent permitted by law and without invalidating the insurance with respect to the Premises required above, shall obtain endorsements by all insurers waiving any right of subrogation against tenants under any leases with respect to the Premises, shall enforce the provisions of all existing leases of the Premises requiring the tenants thereunder to provide the same, and shall require the same of all future tenants of the Premises. None of the Agents or the Lenders shall incur any liability for the existence, nonexistence, form or legal sufficiency thereof, the solvency of any insurer, or the payment of losses, because of accepting, rejecting, approving or obtaining insurance.

(g) Upon foreclosure of this Mortgage, any Event of Default so long as such Event of Default is continuing, or other transfer of title or assignment of the Premises in discharge, in whole or part, of the Indebtedness, all right, title and interest of the Mortgagor in and to all policies of insurance, or portions thereof, required by this Section 4.3 and relating to the Premises shall inure to the benefit of and pass to the Agent.

4.4 Escrow Account for Taxes and Insurance. Subject to the provisions of Sections 4.2(b) and 4.3(d) hereof, the Mortgagor will pay to the Agent, in addition to the monthly payments of principal and interest payable by the Mortgagor under the terms of the Indebtedness secured hereby, and concurrently therewith monthly until the Indebtedness is fully paid, the following sums:

(a) A sum equal to one-twelfth (1/12) of the estimated annual cost of the Taxes, and one-twelfth (1/12) of the annual insurance premiums required to keep the improvements, fixtures and equipment of the Premises insured as required hereunder, which monthly payments shall be credited to an escrow account, to be held by the Agent without interest accruing thereon to pay each of the said particular items. The amount of the estimated monthly payment under this Section may be adjusted from time to time so that the amount deposited annually by the Mortgagor shall approximate the total sum required annually for payment of all Taxes and insurance premiums required hereunder. This adjustment shall be made within five (5) Business Days of the Agent's written demand and any deficiencies shall be paid by the Mortgagor within five (5) Business Days of the Agent's written demand therefor but in any event not later than five (5) Business Days prior to the date on which payment of such Taxes is due, without penalty. If funds in the escrow account are insufficient to pay all Taxes and insurance premiums and the Mortgagor has failed, refused or neglected to pay the deficiencies within the period provided for above, the Agent may, but shall have no obligation to, pay the same plus any interest or penalties due thereon. Any such amount so paid by the Agent shall be added to the Indebtedness forthwith with interest at the Post-Default Rate (as defined in the Financing Agreement). No later than ten (10) Business Days prior to the date when any insurance premium payment or installment of Taxes is due, without penalty, interest, or delinquency, the Mortgagor shall present to the Agent the bill for any such premium or installment of Taxes, and the Agent shall draw a check on the escrow account, payable to the appropriate insurance provider for the insurance premiums or the appropriate taxing authority for the Taxes, for the amount of said premium or installment (to the extent such funds exist in the escrow account), and shall deliver such check to the appropriate insurance provider or taxing authority.

(b) Any deficiency in the fixed amount of any such aggregate monthly payment shall be paid by Mortgagor to the Agent within five (5) Business Days after the Agent's written demand. In the event of a sale of the Premises (but without it being considered a waiver of any rights contained herein), any such funds then on deposit with the Agent, automatically and without necessity of further notice or written assignment, shall be transferred to and held thereafter for the account of the new owner to be applied in accordance with the foregoing; provided, however, that if any Event of Default has occurred and is continuing which has not been waived by the Lenders in writing as required under the Financing Agreement at the time of a sale of the Premises, such funds may be used by the Agent to satisfy such Event of Default. Any excess funds then remaining shall be credited to subsequent payments of Taxes and insurance premiums. If the amount of any such payment shall exceed the estimate therefor, the Mortgagor shall pay the deficiency within five (5) Business Days of the Agent's written demand therefor but in any event not later than five (5) Business Days prior to the date on which payment of such Taxes is due, without penalty. Failure to do so within such period shall be an Event of Default hereunder. If the Premises are sold under foreclosure or are otherwise acquired by the Agents and the Lenders after the occurrence of an Event of Default, any remaining balance of such accumulated funds shall be credited upon the Indebtedness as of the date on which title to the Premises is transferred.

4.5 Changes in Law Regarding Taxes. If at any time the United States or the State of Iowa or any of their subdivisions having jurisdiction shall levy, assess, or charge any Tax (i) upon this Mortgage, the Indebtedness or the interest of the Agents and the Lenders in the Premises or (ii) upon the Agents or any of the Lenders by reason of or as holder of any of the foregoing, then the Indebtedness and the accrued interest thereon shall be and become due and payable at the option of the Agent thirty (30) days after the mailing of notice of such election to the Mortgagor; provided, however, said option shall not be available if the Mortgagor lawfully may pay for (or reimburse the Agents and/or any or all of the Lenders for) such Tax including interest and penalties thereon to or for the Agent and elects to pay and does, in fact, pay when payable, for all such Tax, including interest and penalties thereon. The Mortgagor further agrees to deliver to the Agent, at any time, within five (5) Business Days after the Agent's written demand, such evidence as may be required by any government agency having jurisdiction in order to determine whether the Indebtedness hereby secured is subject to or exempt from any such Tax or any other governmental filing or reporting requirement.

4.6 Liens. Except as permitted under the Financing Agreement, the Mortgagor shall keep the Premises free and clear from all mechanics' liens and statutory liens of every kind other than Taxes which may be a lien but not yet due and payable. Further, the Mortgagor will keep and maintain the Premises free from all claims of all persons supplying labor, materials or services which will enter into or otherwise contribute to the construction of any and all buildings and improvements now being erected or which hereafter may be erected on the Premises, notwithstanding by whom such labor or materials may have been contracted. Notwithstanding the provisions of this Section to the contrary, the Mortgagor shall have the right to contest (and it shall not be an Event of Default so long as the Mortgagor shall contest), in good faith and by timely and appropriate proceedings effective to stay the enforcement of any such mechanics' lien or statutory lien provided that if in the reasonable judgment of the Agent the Premises shall at any time be in jeopardy of foreclosure, the Mortgagor shall post with the Agent, or such other agent as may be required pursuant to any applicable statute, sufficient security, satisfactory to the Agent in its reasonable judgment, for the payment thereof, with interest, costs and penalties, under written agreement conditioning payment of such contested mechanics' lien or statutory

lien upon determination of such contest, or prior thereto if the continuance of such contest or litigation shall put the Premises in jeopardy of foreclosure sale or forfeiture for such lien.

4.7 Transfers and Encumbrances.

(a) Except as permitted under the Financing Agreement, the Mortgagor shall not (i) sell, encumber (including without limitation by means of subordinate mortgage or lien upon the Premises or any part thereof), assign, lease or dispose of the Premises or any part thereof or interest therein, or (ii) enter into any contract or agreement to do anything prohibited by clause (i) of this Section 4.7(a), expressly including without limitation any land contract, lease/purchase, lease/option or option agreement without, in each such case, first obtaining the written consent of the Agent. Any such lease or agreement not actually approved by the Agent shall, at the option of the Agent, be null and void and shall not grant any rights in the Premises to the parties named therein. Except as otherwise provided in the Financing Agreement, any merger, consolidation or liquidation with respect to the Mortgagor, or any change in the beneficial ownership of the Mortgagor (or any permitted successor-in-interest thereof) shall constitute a "sale" of the Premises for the purpose of this Mortgage. In the event title to the Premises or any part thereof or interest therein becomes vested in a Person or Persons not permitted under the Financing Agreement and not approved by the Agent, the Indebtedness shall become due and payable in full at the option of the Lenders in accordance with the terms of the Financing Agreement. In the event title to the Premises or any part thereof or interest therein becomes vested in a Person or Persons other than the Mortgagor or the Agent, the Agent may, without notice to the Mortgagor, deal with such successor- or successors-in-interest with respect to this Mortgage and the Indebtedness in the same manner as with the Mortgagor, without in any way releasing, discharging or otherwise affecting any liability of the Mortgagor under this Mortgage or for the Indebtedness.

(b) Except as otherwise provided in the Financing Agreement, the consent of the Agent required under this Section 4.7 may be refused or predicated upon any terms, conditions and covenants deemed advisable or necessary by the Agent in its sole discretion, including but not limited to the right to change the interest rate, date of maturity or payments of principal and/or interest, to require payment of any amounts as additional consideration as a transfer fee or otherwise and to require assumption of this Mortgage, the Financing Agreement (or any obligations of the Mortgagor thereunder) and/or one or more Notes. Any lease or sublease of the Premises or any part thereof or interest therein shall provide for the attornment by the tenant thereof and of all tenants or estates thereunder to the owner of the Premises after foreclosure or after a deed in lieu of foreclosure in the event the lease or sublease would otherwise have been terminated because of foreclosure.

4.8 Waste. The Mortgagor shall not commit waste upon the Premises or suffer waste to be committed thereon if such waste would have a Material Adverse Effect.

4.9 Compliance with Laws and Private Restrictions. The Mortgagor will keep the Premises in compliance with all Laws (as defined in the Financing Agreement), covenants, restrictions and agreements affecting the Premises (including, without limitation, those relating to Hazardous Substances), the noncompliance with which could reasonably be expected to have a Material Adverse Effect. The Mortgagor shall observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including but not limited to zoning variances, special exceptions and conditional use permits, privileges, franchises and concessions) which are applicable to the Premises or which have been granted to or contracted for by the Mortgagor in connection with any existing or presently contemplated use

of the Premises, and shall obtain and keep in full force and effect all necessary governmental and municipal approvals as may be necessary from time to time to comply with any and all conditions attached to the insurance relating to the Premises and maintenance thereof. However, any alleged noncompliance with respect to any of the foregoing shall not be deemed to be an Event of Default if and to the extent that: (i) appropriate corrective measures are commenced promptly after the non-compliance becomes apparent or is alleged, and thereafter are being diligently pursued to the satisfaction of, or are being corrected by procedures satisfactory to the court, agency or other governmental authority in question, (ii) the alleged non-compliance is contested in good faith by timely and appropriate proceedings effective to stay the enforcement thereof or (iii) such noncompliance by the Mortgagor, when taken singly or with all other such noncompliance, could not reasonably be expected to result in a Material Adverse Effect.

4.10 Maintenance and Alterations.

(a) The Mortgagor shall construct, keep and maintain and make all necessary and proper replacements to all Improvements (including fixtures) and all apparatus and personal property owned by the Mortgagor now or hereafter situated on the Premises at all times in good working order, condition and repair, fit and proper for the respective purposes for which they were erected or installed (ordinary wear and tear and, subject to the provisions of Section 5.1, fire and casualty excepted) and shall refrain from wasting or destroying any such necessary assets or any part thereof and from being negligent in the care or use thereof.

(b) No substantial Improvements on the Premises shall be demolished or removed by the Mortgagor without the prior written consent of the Agent which shall not unreasonably be withheld. The Mortgagor further covenants and agrees to make no alterations to the Improvements now or hereafter located on the Premises that materially and adversely affect or materially and adversely change either the quantity or quality thereof without the prior written consent of the Agent.

4.11 Management of the Premises. Except as permitted under the Financing Agreement, the Mortgagor shall not enter into any franchise, management, operating or license agreement regarding the operation or management of the Premises without the Agent's prior written consent.

4.12 Performance of Prior Covenants. The Mortgagor covenants and agrees to make all payments and perform all conditions and covenants called for in any easements, restrictions or other encumbrances now encumbering the Premises or any part thereof or interest therein, and in the event of any default in any such payment or payments, conditions or covenants which continues beyond the applicable cure or grace period, if any, the Agent, without waiving the option to declare an Event of Default hereunder, herein reserves the right to make such payments, or perform such conditions or covenants with respect to any such default that could reasonably be expected to have a Material Adverse Effect. Any and all such sums paid or expenses incurred on behalf of the Agent, together with interest thereon from the date of payment at the Post-Default Rate, shall be added to the Indebtedness and be secured by this Mortgage. However, any alleged noncompliance with respect to any of the foregoing shall not be deemed to be an Event of Default if and to the extent that: (i) appropriate corrective measures are commenced promptly after the non-compliance becomes apparent or is alleged, and thereafter are being diligently pursued to the satisfaction of, or are being corrected by procedures satisfactory to the court, agency or other governmental authority in question, (ii) the alleged non-compliance is contested in good faith by timely and appropriate proceedings effective to stay the enforcement thereof or (iii) such noncompliance by the Mortgagor, when taken singly or with all

other such noncompliance, could not reasonably be expected to result in a Material Adverse Effect.

4.13 Visitation. The Mortgagor shall immediately upon reasonable prior written request of the Agents or any of the Lenders permit the Agents or such Lender, as the case may be, during normal business hours in the presence of an officer of the Mortgagor: (i) to examine the Premises with the guidance and supervision of the Mortgagor, and to examine the Mortgagor's records and make copies of and extracts from such records; and (ii) to consult with the Mortgagor's officers, directors, accountants, actuaries, trustees and plan administrators, as the case may be, in respect of the condition of the Premises, each of which parties is hereby authorized by the Mortgagor to make such information available to the Agents and the Lenders to the same extent that it would to the Mortgagor.

4.14 Estoppel Certificates. Within fifteen (15) days after written request by the Agent, the Mortgagor shall furnish the Agent with a statement, duly acknowledged and certified, setting forth (a) the amount of the original principal amount of the Indebtedness, (b) the unpaid principal amount of the Indebtedness, (c) the rate of interest of the Indebtedness, (d) the date installments of interest and principal were last paid, (e) any offsets or defenses to the payment of the Indebtedness, if any, (f) that the Indebtedness and this Mortgage are valid, legal and binding obligations of the Mortgagor and have not been modified or if modified, giving the particulars of such modification, (g) any other information which might reasonably be requested in connection with (i) the sale of the Indebtedness by the Agents or any of the Lenders to any third party or (ii) an audit of the Agents or any of the Lenders, which statement expressly shall provide that it may be relied on for such purposes.

4.15 Indemnification. The Mortgagor hereby indemnifies and agrees to protect, defend, and save harmless the Agents and the Lenders and their respective directors, officers, agents and employees (each individually, an "Indemnitee" and any two or more of them collectively referred to as "Indemnitees") from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs, and expenses (including, without limitation, reasonable attorneys' fees and expenses), imposed upon or incurred by or asserted against the Indemnitees (except as to each Indemnitee, liabilities, obligations, claims, damages, penalties, causes of action, costs, and expenses resulting from such Indemnitee's gross negligence or willful misconduct) by reason of (i) this Mortgage, the Premises, or any interest therein, receipt of any rents, issues, proceeds or profits therefrom or the exercise of any right or remedy under this Mortgage (excepting any income tax imposed on the Indemnities under the laws of the United States or any other applicable Laws); (ii) any alleged obligation or liability on the part of the Indemnitees to be performed or discharged under the terms and provisions of any agreements relating to the Premises, except for such liabilities as the Indemnitees may specifically assume thereunder; (iii) any accident, injury to or death of persons or loss of or damage to property occurring in, on, or about the Premises or any part thereof or on the adjoining sidewalks, curbs, adjacent property, or adjacent parking areas, streets, or ways except to the extent arising after the Agent has taken possession of the Premises; (iv) any use, non-use, or condition in, on, or about the Premises, or any part thereof or on the adjoining sidewalks, curbs, adjacent property, or adjacent parking areas, streets or ways except to the extent arising after the Agent has taken possession of the Premises; (v) any actions or omissions of the Mortgagor relating to this Mortgage or any failure on the part of the Mortgagor to perform or comply with any of the terms of this Mortgage; (vi) the performance of any labor or services or the furnishing of any materials or other property in respect of the Premises or any part thereof except after the Agent has taken possession of the Premises unless otherwise provided in this Mortgage; and (vii) any lease agreement, the exercise of rights or remedies thereunder, and any and all claims and demands

whatsoever which may be asserted against the Indemnitees by reason of any alleged obligations or undertakings on its or their part to perform or discharge any of the terms, covenants or agreements contained in any lease agreement with respect to the Premises except to the extent arising after the Agent has taken possession of the Premises. Any amounts payable to the Indemnitees by reason of the application of this Section 4.15 shall be secured by this Mortgage and shall become due and payable within five (5) Business Days after the Agent's written demand and shall bear interest from and after such date at the rate of interest then applicable under the Financing Agreement from the date loss or damage is sustained by the Indemnitees until paid. The obligations and liabilities of the Mortgagor under this Section 4.15 shall survive the satisfaction, foreclosure, delivery of a deed in lieu of foreclosure, execution, termination or cancellation of the Financing Agreement, the Notes, this Mortgage, any other Financing Documents or any other documents relating thereto for whatever reason.

4.16 Notice Limiting Amount Secured. The Mortgagor covenants that it will not, without the prior written consent of the Agent, file of record any notice limiting the maximum principal amount secured by this Mortgage.

ARTICLE 5 - CASUALTY LOSSES AND EMINENT DOMAIN

5.1 Casualty Loss and Application of Insurance Proceeds.

(a) Insurance Proceeds. Each of the parties hereto agrees that all amounts and proceeds (including instruments) in respect of the proceeds of any casualty insurance policy on the Improvements (the "Insurance Proceeds"), shall be paid by the respective insurers directly to the Agent, and if paid to the Mortgagor such Insurance Proceeds shall be received only in trust for the Agent, shall be segregated from other funds of the Mortgagor and shall be forthwith paid over to the Agent in the same form as received (with any necessary endorsement). Each of the parties hereto agrees, to the fullest extent that it effectively may do so under applicable law, that the Agent shall receive, hold, apply and disburse all such Insurance Proceeds in accordance with the provisions of Section 5.1(b), subject, however, to the Financing Agreement.

(b) Repairs and Restoration.

(i) In case of any casualty loss to the Premises (each a "Casualty Loss"), the Mortgagor shall make or cause to be made the repairs to or replacements of the Premises necessary to repair and restore the Premises as nearly as possible to the condition the Premises were in immediately prior to such Casualty Loss promptly after the Insurance Proceeds are settled, and the Agent shall make the Insurance Proceeds received by the Agent and/or the Lenders pursuant to the provisions of this Mortgage as a result of such Casualty Loss, after deduction of its reasonable costs and expenses, if any, in collecting the same (the "Net Insurance Proceeds") available for the repair and restoration of the Premises, provided that (i) no Event of Default shall have occurred and be continuing under the Financing Documents which has not been waived by the Lenders in writing as required under the Financing Agreement, and (ii) in the event that the Insurance Proceeds exceed $50,000, the Mortgagor shall have provided to the reasonable satisfaction of the Agent (1) contracts for such repair or replacement demonstrating the Mortgagor's ability to effect such repair or replacement at a cost not greater than such Insurance Proceeds (or, if such cost is greater, accompanied by an explanation of the source of funds for such excess amounts satisfactory to the Agent), and (2) cash-flow projections and other assurances reasonably satisfactory to the Agent providing for the Mortgagor's ability to meet its obligations under the Financing Documents during the period from such Casualty Loss until and

following completion of such repair or replacement. Upon satisfaction of the applicable provisions of the preceding sentence of this paragraph, (A) if the Insurance Proceeds are less than or equal to $50,000, the Net Insurance Proceeds will be disbursed by the Agent to the Mortgagor to pay for the costs of repair and restoration of the Premises, or (B) if the Insurance Proceeds are greater than $50,000, the Net Insurance Proceeds shall be held by the Agent in a separate interest-bearing account until expended in connection with the repair and restoration of the Premises, it being agreed that any Net Insurance Proceeds (together with any accrued interest thereon) so held by the Agent shall constitute additional security for the payment of the Indebtedness secured by this Mortgage. The Net Insurance Proceeds (together with any accrued interest thereon) so held by the Agent shall be paid by the Agent to the Mortgagor for application of as much as may be necessary for the payment of the costs of repair, rebuilding or restoration, either on completion thereof or as the work progresses, as directed by the Mortgagor. As a condition to the disbursement of the Net Insurance Proceeds (and any accrued interest thereon) so held by the Agent, the Agent shall be entitled to receive (1) evidence reasonably satisfactory to the Agent from the title company insuring the Premises evidencing that no mechanics' liens have been filed against the Premises, (2) a certificate from an engineer or architect selected by the Agent, certifying that all work in place has been completed in accordance with the plans and specifications approved by the Agent and (3) certificates, affidavits and/or lien waivers from contractors and materialmen that all sums payable to such contractors and materialmen to the date of such certificates or affidavits have been paid. The Agent may, prior to making payment from such separate award account, require the Mortgagor to provide reasonable evidence that, or deposit with the Agent moneys to be placed in such account so that, there will be adequate moneys available for such repair and restoration if the Net Insurance Proceeds are not sufficient for such purpose. The Agent shall not be obligated to make any payment from such account if an Event of Default has occurred and is continuing hereunder which has not been waived by the Lenders in writing as required by the Financing Agreement. Any balance of the Net Insurance Proceeds (together with any accrued interest thereon) held by the Agent remaining after payment of all costs of such repair, rebuilding or restoration shall be applied by the Agent in accordance with Section 5.3 below.

(ii) If an Event of Default shall have occurred and be continuing at the time of a Casualty Loss or there shall have occurred a Casualty Loss resulting in the actual or constructive total loss of all or any substantial portion of the Premises, all insurance payments in respect of such portion of the Premises shall be paid to and applied by the Agent as specified in Section 5.3 hereof.

(c) Adjustment of Claims for Insurance Proceeds by Mortgagor. Provided that no Event of Default has occurred and is continuing at the time of a Casualty Loss which has not been waived by the Lenders in writing as required under the Financing Agreement and the aggregate Insurance Proceeds payable with respect to such Casualty Loss do not exceed Fifty Thousand Dollars ($50,000), the Mortgagor shall adjust such claim and receive such Insurance Proceeds directly and shall make or cause to be made the repairs to or replacements of the Premises necessary to repair and restore the Premises as nearly as possible to the condition the Premises were in immediately prior to such Casualty Loss promptly after the Insurance Proceeds are settled.

5.2 Takings.

(a) Taking Proceeds. If any compulsory transfer or taking or transfer under threat of compulsory transfer or taking by any agency, department, authority, commission, board, instrumentality, or political subdivision of the State of Iowa or the United States of America shall

be threatened in writing or occur with respect to all or any portion of the Premises (each such occurrence being hereinafter referred to as a "Taking"), the Mortgagor shall (i) promptly upon any such threat of which it is aware or occurrence provide written notice thereof to the Agent, (ii) diligently pursue all its rights to compensation against the State of Iowa or the United States, as the case may be, or against any agency, department, authority, commission, board, instrumentality or political subdivision thereof in respect of such Taking, (iii) not, without the written consent of the Agent, compromise or settle any claim against the State of Iowa or the United States, as the case may be, or against any agency, department, authority, commission, board, instrumentality or political subdivision thereof, (iv) hold all amounts and proceeds (including instruments) received in respect of any Taking ("Taking Proceeds") in trust for the benefit of the Agent segregated from other funds of the Mortgagor and (v) forthwith pay over to the Agent all such amounts and proceeds in the same form as received (with any necessary endorsement), free and clear of any encumbrances of any kind or nature whatsoever, to be received, held, applied and disbursed in accordance with the provisions of Section 5.2 (b) or Section 5.3 below, as the case may be, subject, however, to the Financing Agreement. To the extent that participation is legally available to the Agent, the Agent may participate in any Taking proceedings, and the Mortgagor shall from time to time use its best efforts to deliver to the Agent, to the furthest extent possible, all instruments reasonably requested by it to permit such participation. Notwithstanding any Taking, the Mortgagor shall continue to pay all payments at the time and in the manner provided for in the Financing Documents and the amount outstanding on the Indebtedness shall not be reduced until any award or payment therefor shall have been actually received and applied by the Agent to the prepayment of the Indebtedness under the Financing Agreement. If the Premises are sold, through foreclosure or otherwise, prior to the receipt by the Agent of the Taking Proceeds, the Agent shall have the right to receive such Taking Proceeds or a portion thereof sufficient to repay the Indebtedness as though the same were being prepaid under the Financing Agreement, whichever is less. The Mortgagor shall file and prosecute its claim or claims for any such award or payment in good faith and with due diligence and cause the same to be collected and paid over to the Agent. The Mortgagor shall, upon written demand of the Agent, make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning any such award or payment to the Agent, free and clear of any encumbrances of any kind or nature whatsoever.

If less than all the Premises are taken, unless in the reasonable judgment of the Agent such Taking will either have a Material Adverse Effect or the portions of the Premises owned by the Mortgagor at the conclusion of the Taking proceedings shall not be sufficient, as reasonably determined by the Agent to permit the repair, rebuilding or restoration of the Premises to be completed in such a manner that the Improvements after completion of such repair, rebuilding or restoration shall constitute architecturally whole and commercially viable buildings, the Agent shall make the award or payment received by the Agent pursuant to the provisions of this Mortgage as a result of such Taking which is specifically awarded for the repair and restoration of the portion of the Premises not taken, or, in the absence of any such specific award, is in the reasonable opinion of the Agent necessary to pay for the costs which will be incurred in connection with the repair and restoration of the portion of the Premises not taken, after deduction of its reasonable costs and expenses, if any, in collecting the same (the "Net Restoration Award"), available for the repair and restoration of the Premises not taken, provided that (i) no Event of Default which has not been waived by the Lenders in writing as required under the Financing Agreement shall exist under the Financing Documents, and (ii) the Mortgagor shall proceed with the repair and restoration of the Premises not taken as nearly as possible to the condition the Premises not taken were in immediately prior to such Taking promptly after the award is settled. Upon satisfaction of the provisions of the preceding sentence of this paragraph, (A) if the Taking Proceeds are less than or equal to $50,000, the Net

Restoration Award will be disbursed by the Agent to the Mortgagor to pay for the costs of repair and restoration of the Premises not taken, or (B) if the Taking Proceeds are greater than $50,000, the Net Restoration Award shall be held by the Agent in a separate interest-bearing account until expended in connection with the repair and restoration of the Premises not taken, it being agreed that any Net Restoration Award (together with any accrued interest thereon) so held by the Agent shall constitute additional security for the payment of all sums secured by this Mortgage. The Net Restoration Award (together with any accrued interest thereon) so held by the Agent shall be paid by the Agent to the Mortgagor for application of as much as may be necessary for the payment of the costs of repair, rebuilding or restoration, either on completion thereof or as the work progresses, as directed by the Mortgagor. As a condition to the disbursement of the Net Restoration Award (and any accrued interest thereon) so held by the Agent, the Agent shall be entitled to receive (i) evidence reasonably satisfactory to the Agent from the title company insuring the Premises evidencing that no mechanics' liens have been filed against the Premises, (ii) a certificate from an engineer or an architect selected by the Agent, certifying that all work in place has been completed in accordance with the plans and specifications approved by the Agent and (iii) certificates, affidavits and/or lien waivers from contractors and materialmen that all sums payable to such contractors and materialmen to the date of such certificates or affidavits have been paid. The Agent may, prior to making payment from such separate award account, require the Mortgagor to provide reasonable evidence that, or deposit with the Agent moneys to be placed in such account so that, there will be adequate moneys available for such repair and restoration if the Net Restoration Award is insufficient for such purpose. The Agent shall not be obligated to make any payment from such account if an Event of Default has occurred and is continuing under this Mortgage which has not been waived by the Lenders in writing as required by the Financing Agreement. Any balance of the Net Restoration Award (together with any accrued interest thereon) so held by the Agent remaining after payment of all costs of such repair, rebuilding or restoration shall be applied by the Agent in accordance with Section 5.3 below.

5.3 Application of Taking Proceeds and Insurance Proceeds. Except as otherwise provided in this Article 5 and the Financing Agreement, all Taking Proceeds and Insurance Proceeds with respect to the occurrence of a Casualty Loss or Taking, as well as all payments or amounts then held or thereafter received by the Agent under the Financing Documents as collateral security for the Indebtedness, shall be applied by the Agent in accordance with Section 7.2.5 of the Financing Agreement.

5.4 Power of Attorney for Taking Proceeds and Insurance Proceeds. The Mortgagor hereby irrevocably makes, constitutes, and appoints the Agent (and all officers, employees, or agents designated by the Agent) as its true and lawful attorney-in-fact and agent, with full power of substitution, such that the Agent shall have the right and authority, upon the occurrence and during the continuance of an Event of Default which has not been waived in writing by the Lenders as required by the Financing Agreement, to make and adjust claims under such policies of insurance, receive and endorse the name of the Mortgagor on, any check, draft, instrument or other item of payment for the proceeds of any Taking or policies of insurance and make all determinations and decisions with respect to Takings and policies of insurance. This power of attorney is a power coupled with an interest and shall be irrevocable. Without waiving or releasing any obligation or Event of Default by the Mortgagor, the Agent may (but shall not be required to) at any time or times thereafter maintain such action with respect thereto as the Agent deems advisable. All sums disbursed by the Agent in connection therewith (including, but not limited to, reasonable attorneys' and paralegal's fees and disbursements, court costs, expenses and other charges relating thereto) shall be payable on demand, and until paid by the Mortgagor

to the Agent, with interest thereon at the then applicable rate of interest under the Financing Agreement, and shall be additional Indebtedness secured by this Mortgage.

ARTICLE 6 - ENVIRONMENTAL COMPLIANCE

6.1 Environmental Indemnity. The Mortgagor has provided to the Agents and the Lenders an environmental indemnity pursuant to the terms and conditions of the Financing Agreement. The Mortgagor hereby acknowledges and agrees that any sums advanced by the Agents or any of the Lenders or due and payable by the Mortgagor under the Environmental Indemnity in connection with the exercise of the Agents' and the Lenders' remedies thereunder, shall constitute additional Indebtedness and shall, together with all accrued interest thereon, as provided in the Environmental Indemnity, be secured by this Mortgage.

6.2 Right of Entry. In addition to all rights of entry contained in this Mortgage, the Agent shall have the right, subject to the provisions of the Financing Agreement, to enter and inspect the condition of the Premises at any reasonable time upon reasonable prior notice to the Mortgagor and to conduct, or to designate a representative to conduct such inspection, testing, environmental audit or other procedures that the Agent believes are necessary or desirable to determine current compliance with the covenants and representations contained in the Environmental Indemnity as provided therein; provided, however, that upon the occurrence and during the continuance of an Event of Default which has not been waived in writing by the Lenders as required by the Financing Agreement, the Agents and the Lenders may exercise such access and other rights at any time the Agents or any of the Lenders deems such action necessary or desirable.

6.3 Obligations of the Agents and the Lenders. Nothing contained in this Article 6 shall obligate the Agents or the Lenders to take any action with respect to the Premises, any Hazardous Substances thereon, or any condition or activity that is in violation of Environmental Laws or to take any action against any Person with respect to such substances, condition or activity.

ARTICLE 7 - SECURITY AGREEMENT

This Mortgage is hereby deemed to be as well a security agreement for the purpose of creating a security interest in the Collateral to secure the Indebtedness. This Mortgage also constitutes a financing statement with respect to any and all property included in the Premises which is or may become fixtures. Without derogating any of the provisions of this Mortgage, the Mortgagor by this Mortgage:

(a) grants to the Agent, its successors and assigns, for the ratable benefit of the Lenders and the Agents a security interest in all of the Mortgagor's right, title and interest in and to all Collateral, including, but not limited to, the items referred to above, together with all additions, accessions and substitutions and all similar property hereafter acquired and used or obtained for use on, or in connection with the Premises, and together with the proceeds of the Collateral, which are intended to be hereby secured; however, such intent shall never constitute an expressed or implied consent on the part of the Agents or any of the Lenders to the sale of any or all of the Collateral;

(b) agrees that the security interest hereby granted by this Mortgage shall secure the payment of the Indebtedness, including any judgment, order or decree on the same;