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DEBORAH L. PEYTON, RECORDER/REGISTRA
DELAWARE COUNTY IOWA

PREPARED BY: LAURA WAGNER SPACE ABOVE THIS LINE FOR RECORDER

RETURN TO: John Deere Community Credit Union P.O.Box 6000 Waterloo,IA 50704 (319)236-5600 EXT.8417

LAURA WAGNER

JOHN DEERE COMMUNITY CREDIT UNION
VISA GOLD - VISA CLASSIC TACK-ON REAL ESTATE MORTGAGE

2002-1982 2738650 T.O. Visa

THIS MORTGAGE ("Mortgage") encumbers both real and personal property, contains an after-acquired property clause and secures present and future advances.

NOTICE: This Mortgage secures credit in the amount of $ 18,500.00 . 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.

This Mortgage is made between STEVEN L PAULSON and AMY J PAULSON ("Mortgagors") and John Deere Community Credit Union ("Mortgagee")

1. **Grant of Mortgage and Security Interest.** Mortgagors hereby sell, convey and mortgage unto Mortgagee, and grant a security interest in the following described property:

a. Land and Buildings. All of Mortgagors' right, title and interest in and to the following described real estate situated in DELAWARE County, Iowa (the "Land"), Legal Description:

LOT ONE (1) OF THE PLAT OF GRAYBILLS FIRST SUBDIVISION AND EXTENSIONS OF LINE STREET AND NORTH SIXTH STREET; CITY OF MANCHESTER, DELAWARE COUNTY, IOWA, ACCORDING TO PLAT RECORDED IN BOOK 3 PLATS, PAGE 217.

and all buildings structures and improvements now standing or at any time hereafter constructed or placed upon the Land (the "buildings"), including all hereditaments, easements, appurtenances, riparian rights, mineral rights, water rights, rights in and to the lands lying in streets, alleys and roads adjoining the land, estates and other rights and interests now or hereafter belonging to or in any way pertaining to the Land.

2. **Obligations.** This Mortgage secures the following (hereinafter collectively referred to as the "Obligations")

a. The payment of the credit card loan made by Mortgagee to Mortgagor evidenced by Mortgagors Credit Card Application, Tack-On Visa Credit Card Addendum for Preexisting Credit Card Account and Mortgagors use of his/her/their Visa Credit Card and continued use of the Visa Credit Card; and

b. all other obligations of Mortgagors to Mortgagee, now existing or hereafter arising, whether direct or indirect, contingent or absolute and whether as maker or surety, including, but not limited to, future advances and amounts advances and expenses incurred by Mortgagee pursuant to this Mortgage.

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3. Representations and Warranties of Mortgagors. Mortgagors represent, warrant and covenant to Mortgagee that **(i)** Mortgagors hold clear title to the Mortgaged Property and title in fee simple to the Land; **(ii)** Mortgagors have the right, power and authority to execute this Mortgage and to mortgage, and grant a security interest in the Mortgaged Property **(iii)** the Mortgaged Property is free and clear of all liens and encumbrances except for real estate taxes not yet delinquent and except as otherwise stated in subparagraph la. herein; **(iv)** Mortgagors will warranty and defend title to the Mortgaged Property and the lien and priority of this Mortgage against all claims and demands of all persons, whether now existing or hereafter arising; and **(v)** all buildings and improvements now or hereafter located on the Land are, or will be, located entirely within the boundaries of the Land.

4. Payment and Performance of the Obligations. Mortgagors will pay all amounts payable under the Obligations an accordance with the terms of the Obligations when and as due and will timely perform all other obligations of Mortgagors under the Obligations. The provisions of the Obligations are hereby incorporated by reference into this Mortgage as if fully set forth herein.

5. Taxes. Mortgagors shall pay each installment of all taxes and special assessments of every kind, now or hereafter levied against the Mortgaged Property before the same become delinquent, without notice or demand, and shall deliver to Mortgagee proof of such payment within fifteen (15) days after the date in which such tax or assessment becomes delinquent. Mortgagors shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the Mortgaged Property.

6. Care of Property. Mortgagors shall take good care of the Mortgaged Property; shall keep the Buildings and Personal Property now or later placed upon the Mortgaged Property in good and reasonable repair and shall not injure, destroy or remove either the Buildings or Personal Property during the term of this Mortgage. Mortgagors shall not make any material alteration to the Mortgaged Property without the prior written consent of the Mortgagee.

7. Insurance.

a. Risks to be Insured. Mortgagors, at their sole cost and expense, shall maintain insurance as follows:

i. Mortgagors will maintain comprehensive general public liability insurance and property damage liability insurance in amounts satisfactory to Mortgagee to protect Mortgagors from claims (including all costs and expenses of defending the same) for personal injury, sickness, disease or death or for damage or injury to or destruction of property (including loss of use thereof) occurring in, or about the Mortgaged Property.

ii. Mortgagors will maintain insurance on Buildings and other improvements now existing or hereafter erected on the Land and on the Personal Property included in the Mortgaged Property against loss by fire, extended coverage perils and such other hazards as Mortgagee may from time to time require, such insurance to have a "Replacement Cost" endorsement attached thereto, with the amount of the insurance at least equal to the balance of the Obligations. At Mortgagors' option, such policy may have a coinsurance clause of not less than 90% of replacement cost provided the policy contains an appropriate form of cost escalation endorsement. Mortgagors will at their sole expense, from time to time and at any time at the request of Mortgagee, provide Mortgagee with evidence satisfactory to Mortgagee of the replacement cost of Mortgaged Property.

iii. At all times, Mortgagors will maintain such other insurance as Mortgagee may reasonably require.

8. Protection of Mortgagee's security. Subject to the rights of Mortgagors under paragraph 8 hereof, if Mortgagors fail to perform any of the covenants and agreements contained in this Mortgage or if any action or proceeding is commenced which affects the Mortgaged Property or the interest of the Mortgagee therein, or the title thereto, then Mortgagee at Mortgagee's option may perform such covenants as agreements, defend against or investigate such action or proceeding, and take such action as Mortgagee deems necessary to protect Mortgagee's interest. Any amounts or expenses distributed or incurred by Mortgagee in good faith pursuant to this paragraph 8 with interest thereon at a rate of the annual rate as established by the Credit Card Agreement and as adjusted pursuant to the terms thereof, shall become an Obligation of Mortgagors secured by this Mortgage. Such amounts advanced or disbursed by Mortgagee hereunder shall be immediately due an payable by Mortgagors unless Mortgagors and Mortgagee agree in writing to other terms of repayment. Mortgagee shall, at its option, be subrogated to the lien of any mortgage or other lien discharged in whole or in part by the Obligations or by Mortgagee under the provisions thereof, and any such subrogation rights shall be additional and cumulative security for this Mortgage. Nothing contained in this paragraph shall require Mortgagee to incur any expense or do any act hereunder, and Mortgagee shall not be liable to Mortgagors for any damage or claims arising out of action taken by Mortgagee pursuant to this paragraph.

9. Events of Default. Each of the following occurrences shall constitute an event of default hereunder ("Event of Default"):

a. Mortgagors shall default in the due observance or performance of or breach its agreement contained in paragraph 4 hereof or shall default in the due observance or performance of or breach of any other covenant, condition or agreement on its part to be observed or performed pursuant to the terms of this Mortgage.

b. Mortgagors shall make an assignment for the benefits of its creditors, or a petition shall be filed by or against Mortgagors under the United States Bankruptcy Code or Mortgagors shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of a material part of its properties or of the Mortgaged Property or shall not within thirty (30) days after the appointment of a trustee, receiver or liquidator of any material part of its properties or of the Mortgaged Property, have such appointment vacated.

c. A judgement, writ or warrant of attachment or execution, or similar process shall be entered and become a lien on or be issued a levied against the Mortgaged Property or any part thereof which is not released, vacated or fully bonded within thirty (30) days after its entry, issue or levy.

d. An event of default, however defined, shall occur under any other mortgage, assignment or other security document constituting a lien on the Mortgaged Property or any part thereof.

10. Attorneys; fees. Mortgagors shall pay on demand all costs and expenses incurred by Mortgagee in enforcing or protecting its rights and remedies hereunder, including but not limited to, reasonable attorneys' fees and legal expenses.

11. Forbearance not a Waiver, Rights and Remedies Cumulative. No delay by Mortgagee in exercising any right or remedy provided herein or otherwise afford by law or equity shall be deemed a waiver of or preclude the exercise of such rights or remedy, and no waiver by Mortgagee of any particular provisions of this Mortgage shall be deemed effective

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unless in writing signed by Mortgagee. All such rights and remedies provided herein or which Mortgagee or holder of the Obligations may have otherwise, at law or in equity, shall be distinct, separate and cumulative and may be exercised concurrently, independently or successively in any order whatsoever, and as often as the occasion therefor arises.

12. Governing Law. This Mortgage shall be governed by and construed in accordance with the laws of the State of Iowa.

13. Release of Rights of Dower, Homestead and Distributive Share. Each of the undersigned hereby relinquishes all rights of dower, homestead and distributive shares in and to the Mortgaged Property and waives all rights of exemption as to any of the Mortgaged Property.

14. Acknowledgment of Receipt of Copies of Debt Instrument. Mortgagors hereby acknowledge the receipt of a copy of this Mortgage together with a copy of each promissory note secured hereby.

REQUEST FOR NOTICE OF DEFAULT AND FORECLOSURE UNDER SUPERIOR MORTGAGES OR DEEDS OF TRUST

Borrower and Lender request the holder of any mortgage, deed of trust or other encumbrance with a lien which has priority over this Security Instrument to give Notice to Lender, at Lender's address set forth on page one of this Mortgage, of any default under the superior encumbrance and of any sale or other foreclosure action.

John Deere Community Credit Union and the undersigned borrower/owner of collateral hereby acknowledge and agree that (1) all the documents that are part of this transaction and are retained by the credit union will be retained electronically in the form of an imaged copy, and (2) the original copies of the loan documents shall be destroyed. Both parties further agree that the imaged copies of these loan documents shall be recognized and serve as the originals for all purposes, including, but not limited to, disputes, litigation, or collection efforts that arise from the transaction.

Dated: 9-20-05

(X) _____
STEVEN L PAULSON — Mortgagor

(X) _____
AMY J PAULSON — Mortgagor

I UNDERSTAND THAT HOMESTEAD PROPERTY IS IN MANY CASES PROTECTED FROM THE CLAIMS OF CREDITORS AND EXEMPT FROM JUDICIAL SALE; AND BY SIGNING THIS MORTGAGE, I VOLUNTARILY GIVE UP MY RIGHT TO THIS PROTECTION FOR THIS MORTGAGED PROPERTY WITH RESPECT TO CLAIMS BASED ON THIS MORTGAGE.

Dated: 9-20-05

(X) _____
STEVEN L PAULSON — Mortgagor

(X) _____
AMY J PAULSON — Mortgagor

STATE OF IOWA

ss:

COUNTY OF DELAWARE

On this 20th Day of SEPTEMBER, 2005, before me, the undersigned, a Notary Public, personally appeared STEVEN L PAULSON and AMY J PAULSON to me known to be the identical persons named in and who executed the foregoing instrument, and acknowledge that they executed the same as their voluntary act and deed.

→ _____
Notary Public in the State of Iowa

My Commission Expires:

→ 5-18-2007

→ Rachel L. Leytem
(Type or Print Name)

RACHEL L. LEYTEM
Commission Number 196499
My Commission Expires
5-18-07

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