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DEBORAH L. PEYTON, RECORDER/REGISTRA
DELAWARE COUNTY IOWA

Prepared by: J. Wiewel First State Bank P.O. Box 439 Manchester IA 52057 563-927-3814
(X) Return to: J. Wiewel First State Bank P.O. Box 439 Manchester IA 52057 .

1999-3500/1999-9905

DEED OF TRUST

THIS INDENTURE, made and executed this **20th** day of **April, 2007**, by and between **H AND ~~K~~ H Investment, Inc**, of the City of **Manchester**, County of **Delaware**, and State of **IA**, First Parties, and **First State Bank**, a Corporation organized under the laws of the State of Iowa with its principal office and place of business at **300 East Main Street, Manchester IA** Second Party,

WITNESSETH:

That first parties for and in consideration of the indebtedness to the second party and of the trust hereinafter created, and in further consideration of the sum of One Dollar ($1.00) and other valuable consideration to them in hand paid by the second party, receipt whereof is hereby acknowledged, to by these presents grant, bargain, sell and convey unto second party, its successors and assigns forever, the certain real estate and the appurtenances thereunto belonging, situated in the County of **Delaware** and State of **Iowa** to-wit:

See Exhibit A (page 3)

and also all of the rents, issues, use and profits of said land and the crops raised thereon, from date hereof until the debt secured thereby shall be paid in full, the intention being to convey hereby an absolute title in fee to the property hereinabove described, including any right of homestead and also every contingent right therein.

TO HAVE AND TO HOLD the said real estate with all appurtenances thereto belonging unto the second party, its successors and assigns, forever, first parties hereby covenanting for themselves, their executors, administrators and assigns, that they have full right, power and authority to convey said real estate and its appurtenances, and that they will warrant and defend the title thereto unto second party, its successors and assigns, against the claims of all persons whomsoever lawfully claiming the same; and the first parties hereby relinquish all their contingent rights including dower and homestead, which they have in and to said described real estate.

Provided always, that this conveyance is made in trust for the following uses and purposes:

To secure payment to second party, its successors or assigns, all of notes, obligations and liabilities of first parties to second party, and on which note or notes, obligations and liabilities first parties, either jointly or severally, is or are maker, endorser, surety or guarantor. The intention of first parties hereby is to cover and secure payment to second party of any indebtedness now or hereafter owing by first parties and also to secure payment of any extensions or renewal of any such indebtedness or any part thereof. When all such notes, obligations and liabilities and any renewals or extensions thereof shall be fully paid, together with interest thereon, then these presents shall be void, otherwise they shall be and remain in full force and effect.

First parties hereby agree to pay all taxes and assessments, general or special, upon or against any of the real estate hereinabove described, or any part thereof, before such taxes or special assessments before delinquent and agree to keep all of the said property and the buildings thereon, insured against loss or damage by fire with extended coverage during the existence of this Deed of Trust, in at least the insurable value of such buildings in insurance companies approved by second party, its successors or assigns, and also hereby agree to delivery such insurance policies to second party as further security for the payment of the obligations herein secured. First parties also hereby agree that in the event of loss or damage of any such property by any of the hazards insured against, that the proceeds of such insurance, at the option of the second party, its successors or assigns, shall be paid to and received by second party, its successors or assigns, and applied toward payment of the obligations secured by this Deed of Trust.

It hereby expressly is agreed by and between the parties hereto and made part of this Deed of Trust that in the event of the nonpayment of any of said notes, obligations and liabilities in accordance with their terms at maturity, whether such maturity be by acceleration or otherwise, or in the event of failure of first parties to keep and perform any of the conditions, stipulations and covenants herein contained, that then the whole amount of principal and interest secured by this Deed of Trust and then unpaid shall become due and payable absolutely, at the option of second party, its successors or assigns, and without notice to first parties, suite may be brought for the collection thereof, and for the foreclosure of this Deed of Trust. It further hereby is agreed by and between the parties that second party, its successors or assigns, may, if it so elect, pay any delinquent taxes, general or special, against the above described property or any part thereof, and insurance premiums and that any moneys so expended shall become part of the obligations secured hereby in addition to the other notes and obligations secured hereby and shall

draw interest at the rate of _____ per cent per annum from date of such actual advancement by second party until repayment thereof to second party.

First parties hereby agree that in the event legal proceedings by foreclosure or otherwise are instituted to collect any of the notes or obligations or liabilities hereby secured, or in the event of the collection of any such notes or obligations by an attorney at law, that a reasonable attorney's fee and also the reasonable cost and expense of any abstract of title and title search shall be allowed and added to the debt secured hereby and become lien upon all of the property hereinabove described. Any first parties agree to pay such attorney's fees, abstract expense and title search expense, and such attorney's fees and expenses shall be taxed as part of the costs in any judgment of decree rendered in such proceedings. If the holder of this Deed of Trust at any time becomes involved in any legal, equitable or other proceedings involving any of the security hereinbefore mentioned, or involving the proceeds of any of such security, first parties hereby agree to pay the reasonable expenses, including attorney's fees of the holder hereof by reason thereof, and this Deed of Trust shall stand as security for all such sums.

It is hereby further agreed that in case of default in any respect in the strict performance of any of the covenants, agreements or conditions of this Deed of Trust, that the second party, its successors or assigns, either before or on commencement of any action to foreclosure of this Deed of Trust, or at any time thereafter, shall be entitled to the appointment of a receiver who shall have the power to take and hold possession of the hereinafter described real estate, and rent the same and collect the rents and profits therefrom, and such rights shall in no event be barred, forfeited or retarded by reason of a judgement, decree or sale in foreclosure and the right to have such receiver appointed on application of second party, or its successors or assigns, shall exist during the statutory period of reception, regardless of the solvency or insolvency of the first parties and regardless of the value of the aforesaid premises or the waste, loss or destruction of the rents and profits of said premises.

It is hereby further agreed and understood that in case the first parties default hereunder in any respect, that the second party, its successors or assigns, is authorized at its option to take immediate possession of the aforesaid real estate, or any part thereof, and to rent the said real estate and shall be liable to account to the first parties only for the net profits thereof. And it is further agreed that the taking of possession of such property by second party, its successors or assigns, as provided above shall in no manner prevent or retard the collection of the notes or continue such possession until the said real estate is sold and if redemption of any of the property is permitted by law, then until such property has been redeemed, or until the time for redemption has expired.

Obligations of the First Parties secured by this conveyance may not be assumed by a purchaser without written consent of the second party hereto.

In case the title to any of the property covered by this Deed of Trust is attacked, first parties hereby authorize second party to employ an attorney and contest the claim, and first parties hereby after that the reasonable attorney's fee of such attorney shall be allowed and added to the debt secured hereby, and shall become a lien upon the property covered by this Deed of Trust, and that such fees and expenses so expended shall become a part of the principal secured hereby, in addition to the notes, liabilities and obligations secured hereby and shall draw interest at the rate of _____ per annum.

IN WITNESS WHEREOF, First Parties have hereunto set their hands and seals at **Manchester, IA**, on the date first hereinabove written.

NOTICE: This mortgage secures credit in the amount of $ **unlimited**. 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.

By signing this document, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

X _____ (Seal)
H and H Investment, Inc
Evan R. Hughes, President

X _____ (Seal)
H and H Investment, Inc
Evan R. Hughes, Secretary

"I understand that homestead property is in many cases protected from the claims of creditors and exempt from judicial sale; and that by signing this contract, I voluntarily give up my right to this protection for this property with respect to claims based upon this contract."

X _____ (Seal)
H and H Investment, Inc
Evan R. Hughes, President

X _____ (Seal)
H and H Investment, Inc
Evan R. Hughes, Secretary

State of **Iowa**, County of **Delaware**

This instrument was acknowledged before me on **April 20, 2007,**

By **Evan R. Hughes** as **President and Secretary** of **H and H Investment, Inc. .**

JOSEPH WIEWEL
Notarial Seal - Iowa
Commission # 170555
My Commission Expires 8-10-08

_____
Notary Public in and for said County and State

EXHIBIT 'A' Attachment to Deed of Trust Dated 04-20-07 between First State Bank and H and H Investment, Inc.

The following tracts of real estate are located in Delaware County, Iowa, to-wit:

TRACT I: Northeast Quarter (NE1/4); and Northeast Quarter (NE¼) Southwest Quarter (SW¼); and East Fourteen (14) Acres of the Northwest Quarter (NW¼), Southwest Quarter (SW¼); and that part of the Northwest Quarter (NW¼) Southwest Quarter (SW¼) Southeast Quarter (SE¼) described as commencing at the Northwest Corner of said Northwest Quarter (NW¼) Southwest Quarter (SW¼) Southeast Quarter (SE¼) thence South 00°0' a distance of 102.1 feet, thence South 75°27' East a distance of 163 feet, thence South 67°51' East a distance of 353.8 feet, thence North 42°44' East a distance of 257.1 feet, thence North to the Northeast corner of said Northwest Quarter (NW¼) Southwest Quarter (SW¼) Southeast Quarter (SE¼) thence West to the point of beginning, all in Section 19 Township 88 North, Range 4 West of the 5th P.M.

and

TRACT II: North One-half (N ½) Southeast Quarter (SE¼) Section 19 (except that part of said North One-half (N ½) Southeast Quarter (SE¼) of Section 19 described as commencing at the point of beginning which lies East of the Southwest Corner of the Northwest Quarter (NW¼) Southeast Quarter (SE¼) of said Section 19, a distance of 761.4 feet, and on the South line of said Northwest Quarter (NW¼) Southeast Quarter (SE¼) of Section 19. thence North 90 ° 00' East along the South line of said Northwest Quarter (NW ¼) Southeast Quarter (SE¼) of Section 19, a distance of 232.4 feet, thence North 33° 13' West a distance of 533 feet, thence South 7°30' East a distance of 450 feet to the point of beginning, said tract containing two acres more or less; subject to overflow rights granted to E. H. Fleming by Deed Contract recorded in Book 59, page 488, assigned to Interstate Power Company by Assignment recorded in Book 59, page 531, records of Delaware County, Iowa; and subject to Easement to Interstate Power Company, recorded in Book F page 127, records of Delaware County, Iowa, granting unto Interstate Power Company, the right to construct, operate and maintain a power transmission line for the transmission of electrical energy and a telegraph or telephone line or lines, over and along the East line of said North One-half (N½) Southeast Quarter (SE¼) of Section 19), all in Township 88 N, Range 4, West of 5th P.M.

A roadway 14 feet wide as now located over and across the North One-half (N ½) Southwest Quarter (SW¼) of Section 20, in Township 88 North, Range 4, West of the 5th Principal Meridian, which roadway extends eastward from the Northeast Corner of the North One-half (N ½) Southeast Quarter (SE¼) of Section 19, in Township 88 North, Range 4, West of the 5th Principal Meridian, to public road crossing the North One-half (N ½) Southwest Quarter (SW¼) of said Section 20, in a northerly and southerly direction.

and

TRACT III: Lot 18, Lot 20, and Lot F, same being a part of Connolly's Riverview Addition, a subdivision of parts of Sections 19 and 30, Township 88 North, Range 4W., Delaware County, Iowa, and in addition thereto all right, title and interest of grantors in and to the perpetual use of any and all premises adjacent to that hereinbefore described, as reserved in a certain deed by one Fleming to Interstate Power Company of record in Book 59, page 550 and 551.

and

Lot Nineteen (19) and the perpetual use to the waters edge as described in Lot Nineteen (19) a recorded plat of Connolly's Riverview Addition, same being a part of the Southeast Quarter (SE¼) of Section Nineteen (19), Township Eighty Eight (88) North, Range Four (4) West of the Fifth P.M., Delaware County, Iowa.

EXCEPT: Parcel E, part of the NE ¼ of the NE ¼ and part of the SE ¼ of the NE ¼ of Section 19, Township 88 North, Range 4 West of the Fifth P.M., Delaware County, Iowa, subject to easements of record, according to Plat recorded in Book 2001 Page 3306.

and

EXCEPT: Lot Two (2), The Village – First Addition, Part of the Southwest Quarter (SW ¼) and Part of the Southeast Quarter (SE ¼) of Section Nineteen (19), Township Eighty-Eight (T88N), Range Four West (R4W) of the Fifth Principal Meridian, Delaware County, Iowa, according to Plat recorded in Book 2006, Page 4426.