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DEBORAH L PEYTON, RECORDER/REGISTRAR
DELAWARE COUNTY IOWA

Prepared by and return to Deb Merfeld, Security State Bank, PO Box 455, Monticello, Iowa 52310 (319) 465-7010

DEED OF TRUST

THIS INDENTURE, made and executed this 31st **day of** October, 2008,

by and between William M. Kraus and Kathryn S. Kraus, Husband and Wife,

Grantor(s), of the City of Hopkinton, **County of**

Delaware, **and State of** Iowa, **first**

parties, and Security State Bank, Grantee, Anamosa, Iowa, a corporation organized under the laws of the State of Iowa, with its principal office and place of business at Anamosa, Jones County, Iowa, second party.

2008-3418

WITNESSETH:

The 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, do by these presents grant, bargain, sell and convey unto second party, its successors and assigns forever, the certain real estate and

appurtenances thereunto belonging, situated in the County of Delaware **and State of**

Iowa, **to-wit:**

The North fifty (50) feet of the South one hundred (100) feet of the East one-half (E½) of Lot Twelve (12), Burrington's Addition to Manchester, Iowa, according to plat recorded in Book 1 L.D., Page 245.

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 every contingent right therein.

This Deed of Trust secures all present and future indebtedness of

William M. Kraus and Kathryn S. Kraus.

TO HAVE AND TO HOLD the said real estate with all fixtures and appurtenances thereto belonging unto the second party, its successors and assigns, forever. First parties hereby covenant 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.

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

To secure the performance of the agreements here in and the payment to second party, its successors or assigns, of all notes, obligations and liabilities now or hereafter owing by 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 renewals 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 become delinquent. First parties also 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, with such insurance payable to first and second parties as their interests appear. First parties also hereby agree to deliver such insurance policies to second party as further security for the payment of the obligations herein secured. First parties also 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.

Any condemnation award for injury to, or taking of, any part or all of said premises is hereby assigned to second party with authority at second party's option to apply any part thereof to the indebtedness secured hereby whether due or not, or to restore the premises, or release the monies so received.

It is expressly agreed that the entire indebtedness secured hereunder shall become due and payable immediately upon any sale or conveyance of the premises or any part thereof, unless the first parties or their successors shall have first obtained the written consent of the second party to the sale or conveyance.

First parties agree to keep the buildings and other improvements now or hereafter erected on the premises in good condition and repair and to permit the agents and representatives of second party to enter at all reasonable times for the purpose of inspection.

First parties will not, either now or in the future, mortgage, pledge or encumber or place any lien or encumbrance (or permit same to exist) on the premises or any part thereof without the prior written consent of second party.

Without affecting the liability of first parties or any other person (except any person expressly released in writing) for payment of any indebtedness secured hereby or for the performance of any obligation contained herein, and without affecting the rights of second party with respect to any security not expressly released in writing, second party may, at any time and from time to time, either before or after the maturity of any indebtedness or obligation hereby secured, and without notice or consent: (a) release any person liable for payment of all or any part of the indebtedness or for the performance of any obligations, (b) make any agreement extending the time or otherwise altering the terms of payment of all or any part of the indebtedness, or modifying or waiting any obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof, (c) exercise or refrain from exercising or waive any right second party may have, (d) accept additional security of any kind, and (e) release or otherwise deal with any property, real or personal, securing the indebtedness, including all or any part of the property mortgaged hereby.

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 the 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, it successors or assigns, and without notice to first parties, suit may be brought for the collection thereof and for the foreclosure of this Deed of Trust. It is further agreed that second party, its successors or assigns, may, if it so elects, 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 provided in the obligation or obligations secured hereby from the 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 an abstract of title and title search shall be allowed and added to the debt secured hereby and become a lien upon all of the property hereinabove described. 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 or 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 further agreed that in the event of the foreclosure of this Deed of Trust and sale of the property by sheriff's sale, the second party shall have the right to reduce the period of redemption to the shortest period allowed by statute, specifically, including sections 628.26, 628.27 and 628.28 of the 1985 Code of Iowa, and any amendments or substitutions thereto.

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 foreclose this Deed of Trust, or at any time thereafter, shall be entitle to the appointment of a receiver who shall have the power to take and hold possession of the hereinabove described real estate, and rent the same and collect the rents and profits there from, and such rights shall in no event be barred, forfeited or retarded by reason of a judgment, 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 redemption, 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 obligations hereunder payable, by foreclosure or otherwise. And second party, its successors or assigns, hereby is authorized to hold or to 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.

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 agree that the reasonable attorney's fees 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 the highest legal rate per annum.

Each of the first parties hereby relinquishes all rights of dower, homestead, distributive share and exemption in and to said premises.

NOTICE: This mortgage secures credit in an amount to $ 37,000.00 **. 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.**

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.

William M. Kraus **Mortgagor**	10-31-2008 **Date**
Kathryn S. Kraus **Mortgagor**	10-31-2008 **Date**
Mortgagor	**Date**

IN WITNESS WHEREOF, first parties have signed this instrument at Monticello **,**

Iowa, on the date first above written. First parties acknowledge receipt of a copy of this Deed of Trust.

State of Iowa)
)
) **SS:**
County of Jones)

William M. Kraus

Kathryn S. Kraus

On this 31st **day of** October **A.D.,** 2008 **, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared** William M. Kraus and Kathryn S. Kraus, Husband and Wife **To me known to be the person(s) named in and who executed the foregoing instrument and acknowledged that they executed the same as their voluntary act and deed.**

Deborah J. Merfeld

Notary Public in and for the State of Iowa

