STATE OF IOWA, MADISON COUNTY, ss.

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Book UCC 2 Page 6 Recording Fee $9.00 Mary E. Welty, Recorder, By Shirley H. Henry Deputy

MAY 2, 1966

SECURITY AGREEMENT - GENERAL FORM

use of this form, consider Code Sections 554.9104, 554.9103(4), 554.9102 and 322.3 sub-paragraph 6.

CONSUMER GOODS, EQUIPMENT, FIXTURES, FARM PRODUCTS OR INVENTORY GOODS
(UNIFORM COMMERCIAL CODE SECTION 554.9109 AND FOLLOWING)

August 4 (Date), 19 77

1. PARTIES—PROPERTY: The undersigned Debtor (jointly and severally) for value received hereby grants to the undersigned Secured Party or Lender, a security interest in the following described property:

This Security Agreement covers any and all fixtures and items of personalty now located in any structure or attached to any structure located on property hereinafter legally described and any furniture or other personalty and fixtures placed therein by way of initial placement. This Security Agreement also covers replacement of all items located in structures on said property. Said items are necessary to the operation of a 29-bed nursing home or any other business that may be legally operated on said premises in the future and include but are not limited to all refrigerators, all stoves, all dishwashers and all carpeting in the home.

all products of, additions to and replacements thereof and all accessories, accessions, parts and equipment now or hereafter affixed thereto or used in connection therewith, and the proceeds of all property secured hereby as set out below.

2. IF FARM PRODUCTS, CROPS OR FIXTURES ARE COLLATERAL: If this instrument includes livestock, then as additional collateral, Debtor assigns, transfers and conveys to Secured Party a security interest in and to all increase and issue thereof and additions, replacements and substitutions therefor, and all feed, both hay and grain, owned by Debtor, all water privileges, and all equipment, used in feeding and handling said livestock and also all of Debtor's right, title and interest in all leases covering lands for pasture and grazing purposes. If crops, this agreement includes annual and perennial crops and products thereof growing or planted on the following described property; either before or after harvest and all additions and substitutions therefor; or if the property covered hereby is livestock, crops or fixtures, it is and will be **located on the following described property in** Madison **County, Iowa:**

Lots Three (3) and Four (4) in Block Eight (8) of CHRISTOPHER WILSON'S ADDITION to the Town of Earlham, Madison County, Iowa.

A. **LANDOWNER:** If other than Debtor, the record owner of the land above described is _____

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3. IF INVENTORY IS COLLATERAL: If this instrument includes inventory then Debtor hereby grants to Lender a security interest in all of his inventory now owned or hereafter acquired and all replacements, substitutions, and additions thereto, and a security interest in all of Debtor's merchandise, raw materials, work in process and finished products.

A. Upon execution of this agreement and upon request of Secured Party at any time while the indebtedness hereby secured remains unpaid, Debtor will furnish to Secured Party a signed statement, in form satisfactory to Secured Party, showing the current status of the inventory herein secured to include for any given period designated by Secured Party the opening inventory, inventory acquired, inventory sold and delivered, inventory sold and held for future delivery, inventory returned or repossessed, inventory used or consumed in Debtor's business, and closing inventory.

B. If at any given time the value of the collateral does not equal or exceed the total amount of indebtedness of Debtor to Secured Party, Debtor shall at once pay the excess of indebtedness to Secured Party or transfer additional collateral to Secured Party to meet Secured Party's satisfaction.

4. OBLIGATIONS SECURED—OPEN END: This security interest is given to secure the performance of the covenants and agreements herein set forth and for the payment of an indebtedness in the face amount of $ 225,000.00 **as evidenced by a promissory note(s)** or other instrument(s) executed by Debtor payable to the order of said Secured Party as therein provided, and with interest as therein set forth and for all costs and expenses incurred in the collection of same including a reasonable attorney's fee, and enforcement of Secured Party's rights thereunder; and for the payment of all extensions and renewals thereof and all changes in form of said indebtedness which may be from time to time effected by agreement between Secured Party and Debtor; and for all advances made by Secured Party for taxes, levies and repairs to or maintenance of said collateral or to protect or preserve the collateral against the claims of others and for all costs and expenses incurred in the collection of same and enforcement of Secured Party's rights hereunder; and all money heretofore and hereafter advanced by Secured Party at his option to or for the account of Debtor and all other present or future, direct or contingent liabilities of Debtor to Secured Party of any nature whatsoever and however arising or acquired; and for interest on any money expended by Secured Party for taxes, levies and repairs to or maintenance of said collateral for interest on any money expended for costs and expenses incurred in the collection of said note or instrument and the enforcement of Secured Party's rights hereunder. All sums payable hereunder shall be paid at the place stated in the promissory note or instrument, if any, and if none then at the location of the Secured Party as stated below, and if none, then at the place of residence of the Secured Party.

5. This instrument shall be void upon payment of all obligations secured hereby.

6. INFORMATIONAL (Check one or more).

[ ] The address of the Debtor, below, is his residence.
[ ] Such address is the Debtors chief place of business.
[X] Such address is where the Collateral is kept.
[ ] Debtor is a non-resident of Iowa.

7. USE OF PROPERTY: Debtor warrants, covenants and agrees that: The property is or is to be used by Debtor primarily (check 1, 2 or 3):

1. In business [X] Equipment [ ] Inventory
2. [ ] For personal, family or household purposes;
3. In farming operations. [ ] Farm Products [ ] Farm Equipment

8. PURPOSE: The security interest herein is given on this collateral [X] for a purchase money loan; [ ] otherwise.

9. THIS AGREEMENT SPECIFICALLY INCLUDES ALL OF THE ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE HEREOF, THE SAME BEING INCORPORATED HEREIN BY REFERENCE. DEBTOR ACKNOWLEDGES RECEIPT OF A COPY OF THIS CONTRACT FULLY COMPLETED.

EARLHAM MANOR CARE CENTER, INC.

By Miriam V. Hyde, Pres. Miriam V. Hyde (Debtor)

*By: Donald E. Hyde Sec. Donald E. Hyde, Secretary (Debtor)

Center and Poplar Streets (Number and Street)

Earlham (City)

Madison (County) Iowa (State)

AMERICAN FEDERAL SAVINGS AND LOAN ASSOCIATION OF CENTRAL IOWA

By M. L. Van Roekel, Assistant Vice President

Patsy R. Wallace, Assistant Secretary (Secured Party)

6th and Grand (Number and Street)

Des Moines (City)

Polk (County) Iowa (State)

***Consider the desirability of joinder of spouse. Although Code Section 556.1 has been repealed by Section 554.10102, there remains Code Chapter 627 and the practicalities of determining title to any exempt property.**

ML-71

SUCH ADDITIONAL PROVISIONS ARE AS FOLLOWS:

10. PROCEEDS: Proceeds of collateral are also covered by the lien of this instrument; however, such provision shall not be construed to mean that the Secured Party consents to any sale of such collateral, except inventory as described in Section 554.9109 Uniform Commercial Code of Iowa.

11. WARRANTY: If the collateral herein is for a loan, Debtor represents that he is owner of the above described property ~~free and clear of all liens and encumbrances unless specifically excepted herein~~, and will not sell, assign or transfer said property or any part thereof without the written consent of the Secured Party.

12. EXAMINATION AND INSPECTION: For right to inspect collateral, see paragraph 20, below: Inspection of Collateral. If the collateral hereunder is inventory or equipment used for business purposes, the Debtor will keep accurate books and records of the collateral and shall allow the Secured Party or representatives of the Secured Party to examine said books and records at any reasonable time.

13. INSURANCE AND TAXES: Debtor promises and agrees to keep said collateral insured from loss or destruction by fire, windstorm and such other perils as Secured Party requires, in an amount not less than the full insurable value of the collateral, or the amount secured hereby, whichever is lesser, with appropriate endorsement to secure both parties as their interest appears, and to pay any and all taxes or charges which may be assessed against same. In the event the Debtor shall fail to provide adequate insurance or to pay any taxes or charges assessed against said collateral, Secured Party may, without notice, at its option, but without any obligation or liability so to do, procure insurance, pay taxes or other said charges and add said sums to the balance of the debt herein secured. Debtor hereby appoints the Secured Party the agent and attorney for the Debtor in adjusting and cancelling such insurance and endorsing settlement drafts and hereby assigns to the Secured Party all sums including return premiums and dividends, as additional security, specifically agreeing that Secured Party may cancel any said insurance upon any default by Debtor and apply any refund to the balance then due. Insurance policies shall promptly be delivered to Secured Party.

14. CARE OF PROPERTY: Debtor shall take good care of this property; shall shelter it and keep it in good repair; ~~shall keep it free from all other liens, encumbrances, charges and claims whether contractual or imposed by operation of law~~ shall not make any material change in said property nor use nor permit the same to be used for any unlawful purpose whatsoever; shall not remove it from the Debtor's residence or place of business without Secured Party's consent; will promptly supply to Secured Party any new residence address and secure permission from him to change the location of the collateral; and shall give Secured Party immediate written notice of any loss of, or damage to, any of said property.

15. SUCCESSORS AND ASSIGNS: The rights and privileges of Secured Party under this agreement shall inure to the benefit of his successors and assigns. All covenants, representations, warranties and agreements of Debtor contained in this agreement are joint and several if Debtor is more than one and shall bind Debtor's personal representatives, heirs, successors and assigns.

16. ASSIGNMENTS AND DEFENSES: That Secured Party shall have the right to negotiate or assign the security interest evidenced by this agreement **and the note which it secures,** and understands that Secured Party may do so without any notice to Debtor. Debtor specifically agrees that if there is any assignment or transfer of the security agreement, debt instrument, or note, the assignee or transferee shall have all of the Secured Party's rights and remedies under this agreement and that Debtor will not assert as a defense, counter-claim, set-off, cross complaint or otherwise, any claim, known or unknown, which he now has or hereafter acquires against the original Secured Party herein in any action commenced by an assignee or transferee of this agreement and the note which it secures, and will pay the indebtedness to the assignee at his place of business as it becomes due.

17. NON-WAIVER, EXTENSIONS, ETC.: That any extension of time for payment of any installment hereunder, or the acceptance of only a part of such installment, or the failure of the Secured Party to enforce the strict performance of any covenant, promise or condition herein contained on the part of the Debtor to be performed, shall not operate as a waiver of the right of the Secured Party thereafter to require that the terms hereof be strictly performed according to the tenor hereof. No party to this agreement shall be discharged from liability to the Secured Party by reason of the Secured Party's extending the time for payment of an installment or installments owing or due upon said loan, or by reason of the Secured Party's waiver or modification of any terms of the note or instrument evidencing such loan, or of any terms of this agreement.

18. LAW APPLICABLE: This agreement shall be deemed to have been made in the State of Iowa and shall be construed according to the laws of said State. If any provision of this agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

19. ACCELERATION OF OBLIGATIONS AND DEFAULT: Upon the occurrence of any of the following events, the Secured Party may at his option, orally or in writing, declare the whole unpaid balance of any obligation secured by this agreement, immediately due and payable and if not so paid, then may declare Debtor to be in default under this agreement; said events being as follows:

(a) Debtor fails to make payments to the Secured Party as agreed. (b) Debtor fails to perform the other obligations agreed to be by him performed in any paragraph of this agreement. (c) Debtor or agent has made or furnished a false statement, representation or warranty in a material respect. (d) Debtor fails in his business; or if there occurs the dissolution or termination of its existence; or if there is commenced any proceeding under any bankruptcy or insolvency, laws by or against the Debtor or by any guarantor or surety hereon for the Debtor; or if the Debtor shall make any assignment for the benefit of creditors. (e) Occurrence of loss, theft, damage or destruction of the collateral not covered by adequate insurance containing a loss payable clause for the protection of Secured Party.

20. REMEDIES: Upon default as in paragraph 19 above, Secured Party shall have all the rights and remedies of a Secured Party under the Uniform Commercial Code of Iowa (among others see Code Sections 554.9501-554.9507 inclusive) and under any other applicable laws. Debtor will, at Secured Party's request, assemble the collateral and make it available to the Secured Party at such place as is designated by the Secured Party, which shall be reasonably convenient. Debtor agrees that any regular business place in the county where this transaction takes place, as designated by the Secured Party shall be deemed reasonably convenient to both parties. Any requirements of reasonable notice by either party to the other or to the guarantors or sureties of Debtor shall be met if such notice is mailed, postage prepaid to the address of the parties shown on the first page of this agreement [or to such other mailing address as either party in writing later furnishes to the other] at least seven days before the time of the event or contemplated action set forth in said notice. Debtor agrees to pay all expenses of retaking, holding, preparing for sale, selling and reasonable attorney's fees and legal expense as may be allowable by law and incurred by Secured Party in enforcing his rights under this Security Agreement. INSPECTION OF COLLATERAL. Debtor hereby authorizes the Secured Party, agents or assigns to enter upon the premises of the Debtor at any reasonable time, and whether or not in default, to inspect the collateral; and if in default to possess, or attempt to possess said personal property and to assert or attempt to assert the rights of the Secured Party under any of the terms and provisions of this agreement. Debtor waives all rights and claims for trespass or conversion and damages in any manner thereby caused by Secured Party, his agents or assigns. All exemptions in and to any of the collateral are hereby waived. *INSECURITY. If and when, and so long as the Secured Party believes himself insecure, and even though Debtor is not then in default, the Secured Party, at his option, and without liability for trespass, conversion, and damages may repossess and keep possession of any or all of said collateral as provided herein; but without acceleration of maturity, unless and until the Debtor is in default. [Compare Sec. 554.9505 paragraph (1)] RIGHTS AND REMEDIES CUMULATIVE: The rights and remedies herein conferred upon the Secured Party shall be cumulative and not alternative and shall be in addition to and not in substitution of, or in derogation of, rights and remedies conferred by the Uniform Commercial Code of Iowa, and other applicable law.

21. CONSTRUCTION: Words and phrases herein, including acknowledgment hereof, if any, shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender, according to the context. The paragraph headings of this agreement are for convenience only and shall not limit the terms of this agreement.

OPTIONAL

STATE OF IOWA, _____ County, ss:

On this _____ day of _____, 19____, before me, the undersigned, a Notary Public in and for said County, in said State, personally appeared _____

_____

to me known to be the identical persons named in and who executed the within and foregoing Security Agreement, and acknowledged that they executed the same as their voluntary act and deed.

_____
Notary Public in and for said County

ASSIGNMENT

For valuable consideration, receipt of which is hereby acknowledged, the undersigned does hereby sell, assign, and transfer to

_____

this agreement and the debt instruments secured hereby with _____ recourse. The undersigned warrants that Debtor had the legal capacity and authority to execute the agreement and notes hereunder; that there has been no default and the security is free and clear of all claims, liens and encumbrances of any nature (except taxes not delinquent). The undersigned waives all demands for payment, notices of default and repossession of the security and agrees that assignee may grant extensions of time or renewals of notes hereunder without notice to the undersigned and without the consent of the undersigned. Upon default of the Debtor or breach of any provision of the Security Agreement or warranty given above, the undersigned agrees to repurchase this agreement from the assignee, for the amount of the unpaid indebtedness and advances, plus accrued interest and interest due and unpaid and all costs and expenses.

Dated this _____ day of _____, 19____.

***Compare Code Section 554.1208.**

By _____
Secured Party

CORPORATE CERTIFICATE OF ACKNOWLEDGMENT

STATE OF IOWA
POLK County, } ss.

On this 4th day of August A. D. 19 77, before me the undersigned, a Notary Public in and for Polk County, State of Iowa, personally appeared Miriam V. Hyde and Donald E. Hyde to me personally known, who being by me severally duly sworn did severally say that the said Miriam V. Hyde is President ~~and the said~~ and the said Donald E. Hyde is Secretary of EARLHAM MANOR CARE CENTER, INC. a corporation duly organized and existing; that { ~~the seal affixed to said instrument is the seal of said corporation.~~ / said corporation has no seal.

That the said instrument was signed, sealed and executed in behalf of said corporation by authority of its board of directors, and the said Miriam V. Hyde and Donald E. Hyde acknowledged the said instrument and the execution thereof to be the voluntary act and deed of said Corporation by each of them voluntarily executed.

WITNESS my official signature and seal of office at Des Moines, Iowa the day and year last above written.

Michael A Kulik
Notary Public in and for said County and State.

My Commission Expires 9-30-79

CORPORATE CERTIFICATE OF ACKNOWLEDGMENT

STATE OF IOWA
POLK County, } ss.

On this 17th day of December A. D. 19 79, before me the undersigned, a Notary Public in and for Polk County, State of Iowa, personally appeared M. L. Van Roekel and Patsy R. Wallace to me personally known, who being by me severally duly sworn did severally say that the said M. L. Van Roekel is Assistant Vice President and the said Patsy R. Wallace is Assistant Secretary of AMERICAN FEDERAL SAVINGS AND LOAN ASSOCIATION OF CENTRAL IOWA a corporation duly organized and existing; that { the seal affixed to said instrument is the seal of said corporation. / ~~said corporation has no seal.~~

That the said instrument was signed, sealed and executed in behalf of said corporation by authority of its board of directors, and the said M. L. Van Roekel and Patsy R. Wallace acknowledged the said instrument and the execution thereof to be the voluntary act and deed of said Corporation by each of them voluntarily executed.

WITNESS my official signature and seal of office at Des Moines, Iowa the day and year last above written.

Judith E. Price
Judith E. Price
Notary Public in and for said County and State.

My Commission Expires September 30, 1982

JUDITH E. PRICE
Iowa