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MICHELLE "MICKI" UTSLER, COUNTY RECORDER
MADISON IOWA

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Prepared by, and after recording return
to:

SATC

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Des Moines, Iowa 50309-3899

MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING

SENTINEL ACQUISITIONS, LLC, d/b/a WOODMARC ENTERPRISES, LLC,
Mortgagor,

having an office at
810 North 10th St.
Winterset, Iowa 50273

to

LASALLE BANK NATIONAL ASSOCIATION,
Mortgagee,

having an office at
Suite 3150, 801 Grand Avenue
Des Moines, Iowa 50309

Loan Amount: \$10,010,000.00

Premises: Lots Two (2) and Three (3) in Bellamy Addition to the City of Winterset, Plat No. 1,
Madison County, Iowa

Mortgage, Security Agreement and Fixture Filing

This Mortgage, Security Agreement and Fixture Filing (this "Mortgage") is made and given as of the 17th day of February, 2005, by SENTINEL ACQUISITIONS, LLC, an Illinois limited liability company d/b/a WOODMARC ENTERPRISES, LLC, whose address is 801 North 10th Street, Winterset, Iowa 50273 (the "Mortgagor"), to LASALLE BANK NATIONAL ASSOCIATION, a national banking association having its principal office located at 135 South LaSalle Street, Chicago, Illinois 60603, with an office located at Suite 3150, 801 Grand Avenue, Des Moines, Iowa 50309 (the "Mortgagee"). The definitions of capitalized terms used in this Mortgage may be found either in Section 3 below, or through the cross-references provided in that Section.

1. RECITALS

- A. Under the terms of a Loan and Security Agreement dated on or about February 17, 2005 (the "Agreement"), Mortgagee agreed to fund loans in the aggregate principal amount of \$10,010,000 (collectively the "Loan").
- B. The Mortgagee has funded the Loan in accordance with the Agreement, and to evidence the Loan, the Mortgagor has executed and delivered to the Mortgagee a certain Notes, of even date, in the aggregate principal face amount of \$10,010,000, with a maturity and final payment date on or about February 17, 2010.
- C. The Agreement requires that the Loan be secured by all of the Mortgagor's existing and after-acquired interest in certain real property and by all of its tangible and intangible personal property.

2. GRANTING CLAUSE

To secure the repayment of the Indebtedness, any increases, modifications, renewals or extensions of the Indebtedness, and any substitutions for the Indebtedness, as well as the performance of the Mortgagor's other Obligations, and in consideration of the sum of ten dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which are acknowledged, the Mortgagor mortgages, grants, bargains, warrants, conveys, alienates, releases, assigns, sets over and confirms to the Mortgagee, and to its successors and assigns forever, all of the Mortgagor's existing and after acquired interests in the Real Property.

3. DEFINED TERMS

The following defined terms are used in this Mortgage.

"Appurtenances" means all rights, estates, titles, interests, privileges, easements, tenements, hereditaments, titles, royalties, reversions, remainders and other interests, whether presently held by the Mortgagor or acquired in the future, that may be conveyed as interests in the Land under the laws of Iowa. Appurtenances include the Easements and the Assigned Rights.

"Assigned Rights" means all of the Mortgagor's rights, easements, privileges, tenements, hereditaments, contracts, claims, licenses or other interests, whether presently existing or arising in the future. The Assigned Rights include all of the Mortgagor's rights in and to:

- (a) any greater estate in the Real Property;
- (b) insurance policies required to be carried hereunder, including the right to negotiate claims and to receive insurance proceeds and unearned insurance premiums (except as expressly provided in Section 8.1);
- (c) Condemnation Proceeds;
- (d) licenses and agreements permitting the use of sources of groundwater or water utilities, septic leach fields, railroad sidings, sewer lines, means of ingress and egress;
- (e) drainage over other property;
- (f) air space above the Land;
- (g) mineral rights;
- (h) party walls;
- (i) vaults and their usage;
- (j) franchises;
- (k) commercial tort claims that arise during the Loan term in respect of damages to the Real Property or to its operations, in respect of any impairment to the value of the Real Property, or in respect of the collection of any Rents;
- (l) construction contracts;
- (m) roof and equipment guarantees and warranties;
- (n) building and development licenses and permits;
- (o) tax credits or other governmental entitlements, credits or rights, whether or not vested;
- (p) licenses and applications (whether or not yet approved or issued);
- (q) rights under management and service contracts;
- (r) leases of Fixtures; and
- (s) trade names, trademarks, trade styles, service marks, copyrights, and agreements with architects, environmental consultants, property tax consultants, engineers, and any other third party contractors whose services benefit the Real Property.

"Bankruptcy Code" shall mean the Bankruptcy Reform Act of 1978, as amended, 11 U.S.C. Sections 101 et seq., and the regulations promulgated pursuant to those statutes.

"Business Day" means any day when state and federal banks are open for business in Chicago, Illinois

"Condemnation Proceeds" means all money or other property that has been, or is in the future, awarded or agreed to be paid or given in connection with any taking by eminent

domain of all or any part of the Real Property (including a taking through the vacation of any street dedication or through a change of grade of such a street), either permanent or temporary, or in connection with any purchase in lieu of such a taking, or as a part of any related settlement, except for the right to condemnation proceeds awarded to the tenant in a separate proceeding in respect of the lost value of the tenant's leasehold interest, provided that the award does not reduce, directly or indirectly, the award to the owner of the Real Property.

"Default" means any of the acts, omissions, or circumstances specified in Section 10 below.

"Default Rate" means the rate of interest specified as the "Default Rate" in the Agreement.

"Development Agreements" means all development, utility or similar agreements included in the Permitted Encumbrances.

"Easements" means the Mortgagor's existing and future interests in and to the declarations, easements, covenants, and restrictions appurtenant to the Land.

"Environmental Laws" means all present and future laws, statutes, ordinances, rules, regulations, orders, guidelines, rulings, decrees, notices and determinations of any Governmental Authority to the extent that they pertain to: (A) the protection of health against environmental hazards; (B) the protection of the environment, including air, soils, wetlands, and surface and underground water, from contamination by any substance that may have any adverse health effect on humans, livestock, fish, wildlife, or plant life, or which may disturb an ecosystem; (C) underground storage tank regulation or removal; (D) wildlife conservation; (E) protection or regulation of natural resources; (F) the protection of wetlands; (G) management, regulation and disposal of solid and hazardous wastes; (H) radioactive materials; (I) biologically hazardous materials; (J) indoor air quality; or (K) the manufacture, possession, presence, use, generation, storage, transportation, treatment, release, emission, discharge, disposal, abatement, cleanup, removal, remediation or handling of any Hazardous Substances. "Environmental Laws" include the Comprehensive Environmental Response, Compensation, and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., the Federal Water Pollution Control Act, as amended by the Clean Water Act, 33 U.S.C. §1251 et seq., the Clean Air Act, 42 U.S.C. §7401 et seq., the Toxic Substances Control Act, 15 U.S.C. §2601 et seq., all similar state statutes and local ordinances, and all regulations promulgated under any of those statutes, and all administrative and judicial actions respecting such legislation, all as amended from time to time.

"ESA" means the written environmental site assessment of the Real Property obtained under the terms of the Agreement.

"Fixtures" means all materials, supplies, equipment, apparatus and other items now or hereafter attached to or installed on the Land and Improvements in a manner that causes them to become fixtures under the laws of Iowa, including all built-in or attached furniture or appliances, elevators, escalators, heating, ventilating and air conditioning system components, emergency electrical generators and related fuel storage or delivery systems, septic system components, storm windows, doors, electrical equipment,

plumbing, water conditioning, lighting, cleaning, snow removal, lawn, landscaping, irrigation, security, incinerating, fire-fighting, sprinkler or other fire safety equipment, bridge cranes or other installed materials handling equipment, satellite dishes or other telecommunication equipment, built-in video conferencing equipment, sound systems or other audiovisual equipment, and cable television distribution systems. Fixtures do not include trade fixtures, office furniture and office equipment owned by tenants who are unrelated to the Mortgagor, provided such items may be detached and removed by the tenants without damage to the Real Property, other than incidental damage that the tenants are obligated to repair under the terms of their Leases. Fixtures expressly include HVAC, mechanical, security and similar systems of general utility for the operation of the Improvements as leasable commercial real property.

"Governmental Authority" means any political entity with the legal authority to impose any requirement on the Property, including the governments of the United States, the State of Iowa, Madison County, the City of Winterset, and any other entity with jurisdiction to decide, regulate, or affect the ownership, construction, use, occupancy, possession, operation, maintenance, alteration, repair, demolition or reconstruction of any portion or element of the Real Property.

"Hazardous Substance" means any substance the release of or the exposure to which is prohibited, limited or regulated by any Environmental Law, or which poses a hazard to human health, including: (A) any "oil," as defined by the Federal Water Pollution Control Act and regulations promulgated thereunder (including crude oil or any fraction of crude oil), (B) any radioactive substance and (C) *Stachybotris chartarum* or other molds. However, the term "Hazardous Substance" includes neither (A) a substance used in the cleaning and maintenance of the Real Property, if the quantity, storage and manner of its use are customary, prudent, and do not violate applicable law, nor (B) automotive motor oil in immaterial quantities, if leaked from vehicles in the ordinary course of the operation of the Real Property and cleaned up in accordance with reasonable property management procedures and in a manner that violates no applicable law.

"Impositions" means all real and personal property taxes levied against the Property; general or special assessments; ground rent; water, gas, sewer, vault, electric or other utility charges; common area charges; owners' association dues or fees; fees for any easement, license or agreement maintained for the benefit of the Property; and any and all other taxes, levies, user fees, claims, charges and assessments whatsoever that at any time may be assessed, levied or imposed on the Property or upon its ownership, use, occupancy or enjoyment, and any related costs, interest or penalties. In addition, "Impositions" include all documentary, stamp or intangible personal property taxes that may become due in connection with the Indebtedness, including Indebtedness in respect of any future advance made by the Mortgagee to the Mortgagor, or that are imposed on any of the Loan Documents.

"Improvements" means, to the extent of the Mortgagor's existing and future interest, all buildings and improvements of any kind erected or placed on the Land now or in the future, including the Fixtures, together with all appurtenant rights, privileges, Easements, tenements, hereditaments, titles, reversions, remainders and other interests.

"Indebtedness" means all sums that are owed or become due pursuant to the terms of the Note, this Mortgage, or any of the other Loan Documents or any other writing executed by the Mortgagor relating to the Loan, including scheduled principal payments,

scheduled interest payments, default interest, late charges, prepayment premiums, accelerated or matured principal balances, advances, collection costs (including reasonable attorneys' fees), reasonable attorneys' fees and costs in enforcing or protecting the Note, the Mortgage, or any of the other Loan Documents in any probate, bankruptcy or other proceeding, receivership costs and all other financial obligations of the Mortgagor incurred in connection with the Loan transaction, provided, however, that this Mortgage shall not secure any Loan Document or any particular person's liabilities or obligations under any Loan Document to the extent that such Loan Document expressly states that it or such particular person's liabilities or obligations are unsecured by this Mortgage. Indebtedness shall also include any obligations under agreements executed and delivered by Mortgagor which specifically provide that such obligations are secured by this Mortgage.

"Insurance Premiums" means all premiums or other charges required to maintain in force any and all insurance policies that this Mortgage requires that the Mortgagor maintain.

"Insurance Proceeds" means (A) all proceeds of all insurance now or hereafter carried by or payable to the Mortgagor with respect to the Real Property, including with respect to the interruption of rents or income derived from the Property, all unearned insurance premiums and all related claims or demands, and (B) all Proceeds (as defined in Subsection 22.1).

"Land" means that certain tract of land located in Winterset, Madison County, Iowa, which is legally described as: Lots Two (2) and Three (3) in Bellamy Addition to the City of Winterset, Plat No. 1, Madison County, Iowa, together with the Appurtenances.

"Leases" means all leases, subleases, licenses, concessions, extensions, renewals and other agreements (whether written or oral, and whether presently effective or made in the future) through which the Mortgagor grants any possessory interest in and to, or any right to occupy or use, all or any part of the Real Property, and any related guaranties.

"Legal Requirements" means all laws, statutes, rules, regulations, ordinances, judicial decisions, administrative decisions, building permits, development permits, certificates of occupancy, or other requirements of any Governmental Authority.

"Loan Documents" means all documents evidencing the Loan or delivered in connection with the Loan, whether entered into at the closing of the Loan or in the future.

"Maximum Permitted Rate" means the highest rate of interest permitted to be paid or collected by applicable law with respect to the Loan.

"Note" means the promissory notes dated of even date herewith to evidence the Indebtedness in the original aggregate face principal amount of \$10,010,000, together with all extensions, renewals and modifications.

"Notice" means a notice given in accordance with the provisions of Section 25.13.

"Obligations" means all of the obligations required to be performed under the terms and conditions of any of the Loan Documents by any Obligor, except for obligations that are expressly stated to be unsecured under the terms of another Loan Document.

"Obligor" means the Mortgagor and any other Person that is liable under the Loan Documents for the payment of any portion of the Indebtedness, or the performance of any other obligation required to be performed under the terms and conditions of any of the Loan Documents, under any circumstances.

"Permitted Encumbrances" means (A) the lien of taxes and assessments not yet due and payable and (B) those matters of public record listed as special exceptions in the Mortgagee's title insurance policy insuring the priority of this Mortgage.

"Person" means any individual, corporation, limited liability company, partnership, trust, unincorporated association, government, governmental authority or other entity.

"Rating Agencies" means one or more credit rating agencies approved by Lender.

"Real Property" means the Land, the Improvements, the Leases and the Rents.

"Rents" means all rents, income, receipts, issues and profits and other benefits paid or payable for using, leasing, licensing, possessing, operating from or in, residing in, selling, mining, extracting minerals from, or otherwise enjoying the Real Property, whether presently existing or arising in the future, to which the Mortgagor may now or hereafter become entitled or may demand or claim from the commencement of the Loan term through the time of the satisfaction of all of the Obligations, including security deposits, amounts drawn under letters of credit securing tenant obligations, minimum rents, additional rents, common area maintenance charges, parking revenues, deficiency rents, termination payments, space contraction payments, damages following default under a Lease, premiums payable by tenants upon their exercise of cancellation privileges, proceeds from lease guarantees, proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by destruction or damage to the Real Property, all rights and claims of any kind which the Mortgagor has or may in the future have against the tenants under the Leases, lease guarantors, or any subtenants or other occupants of the Real Property, all proceeds of any sale of the Real Property in violation of the Loan Documents, any future award granted the Mortgagor in any court proceeding involving any such tenant in any bankruptcy, insolvency, or reorganization proceedings in any state or federal court, and any and all payments made by any such tenant in lieu of rent.

"Restoration" means (A) in the case of a casualty resulting in damage to or the destruction of the Improvements, the repair or rebuilding of the Improvements to their original condition, or (B) in the case of the condemnation of a portion of the Real Property, the completion of such work as may be necessary in order to remedy the effects of the condemnation so that the value and income-generating characteristics of the Real Property are restored.

"UCC" means the Uniform Commercial Code as in effect in the State of Iowa.

4. **TITLE**

The Mortgagor represents to and covenants with the Mortgagee and with its successors and assigns that, at the point in time of the grant of the lien created by this Mortgage, the Mortgagor is well seized of good and indefeasible title to the Real Property, in fee simple absolute, subject to no lien or encumbrance except the Permitted Encumbrances. The

Mortgagor warrants this estate and title to the Mortgagee and to its successors and assigns forever, against all lawful claims and demands of all persons. The Mortgagor shall maintain mortgagee title insurance issued by a solvent carrier, covering the Real Property in an amount at least equal to the amount of \$3,750,000. This Mortgage is and shall remain a valid and enforceable first lien on the Real Property, and if the validity or enforceability of this first lien is attacked by appropriate proceedings, the Mortgagor shall diligently and continuously defend it through appropriate proceedings. Should the Mortgagor fail to do so, the Mortgagee may at the Mortgagor's expense take all necessary action, including the engagement and compensation of legal counsel, the prosecution or defense of litigation, and the compromise or discharge of claims. The Mortgagor shall defend, indemnify and hold the Mortgagee harmless in any suit or proceeding brought to challenge or attack the validity, enforceability or priority of the lien granted by this Mortgage. If a prior construction, mechanics' or materialmen's lien on the Real Property arises by operation of statute during any construction or repair of the Improvements, the Mortgagor shall either cause the lien to be discharged by paying when due any amounts owed to such persons, or shall comply with Section 12 of this Mortgage.

5. REPRESENTATIONS OF THE MORTGAGOR

The Mortgagor hereby represents to the Mortgagee as follows:

5.1. FORMATION, EXISTENCE, GOOD STANDING

The Mortgagor is a limited liability company duly organized, validly existing and in good standing under the laws of Illinois and is duly qualified as a foreign entity to do business in the State of Iowa.

5.2. POWER AND AUTHORITY

The Mortgagor has full power and authority to carry on its business as presently conducted, to own the Property, to execute and deliver the Loan Documents, and to perform its Obligations.

5.3. ANTI-TERRORISM REGULATIONS

Neither the Mortgagor, any affiliate of the Mortgagor, nor any person owning an interest in either of the foregoing is a "Specially Designated National" or a "Blocked Person" as those terms are defined in the Office of Foreign Asset Control Regulations (31 CFR Section 500 *et seq.*).

5.4. DUE AUTHORIZATION

The Loan transaction and the performance of all of the Mortgagor's Obligations have been duly authorized by all requisite limited liability company action, and each individual executing any Loan Document on behalf of the Mortgagor has been duly authorized to do so.

5.5. NO DEFAULT OR VIOLATIONS

The execution and performance of the Mortgagor's Obligations will not result in any breach of, or constitute a default under, any contract, agreement, document or other instrument to which the Mortgagor is a party or by which the Mortgagor may be bound or affected, and do not and will not violate or contravene any law

to which the Mortgagor is subject; nor do any such other instruments impose or contemplate any obligations which are or will be inconsistent with the Loan Documents.

5.6. NO FURTHER APPROVALS OR ACTIONS REQUIRED

No approval by, authorization of, or filing with any federal, state or municipal or other governmental commission, board or agency or other governmental authority is necessary in connection with the authorization, execution and delivery of the Loan Documents by the Mortgagor.

5.7. DUE EXECUTION AND DELIVERY

Each of the Loan Documents to which the Mortgagor is a party has been duly executed and delivered on behalf of the Mortgagor.

5.8. LEGAL, VALID, BINDING AND ENFORCEABLE

Each of the Loan Documents to which the Mortgagor is a party constitutes the legal, valid and binding obligation of the Mortgagor, enforceable against the Mortgagor in accordance with its terms.

5.9. ACCURATE FINANCIAL INFORMATION

All financial information furnished by the Mortgagor to the Mortgagee in connection with the Loan is true, correct and complete in all material respects and does not omit to state any fact or circumstance necessary to make the statements in them not misleading, and there has been no material adverse change in the financial condition of the Mortgagor since the date of such financial information.

5.10. COMPLIANCE WITH LEGAL REQUIREMENTS

All governmental approvals and licenses required for the conduct of the Mortgagor's business and for the maintenance and operation of the Real Property in compliance with applicable law are in full force and effect, and the Real Property is currently being operated in compliance with the Legal Requirements in all material respects.

5.11. CONTRACTS AND FRANCHISES

All contracts and franchises necessary for the conduct of the Mortgagor's business and for the operation of the Real Property in accordance with good commercial practice are in force.

5.12. NO CONDEMNATION PROCEEDING

As of the date of this Mortgage, the Mortgagor has no knowledge of any present, pending or threatened condemnation proceeding or award affecting the Real Property.

5.13. NO CASUALTY

As of the date of this Mortgage, no damage to the Real Property by any fire or other casualty has occurred, other than damage that has been completely repaired

in accordance with good commercial practice and in compliance with applicable law.

5.14. INDEPENDENCE OF THE REAL PROPERTY

The Real Property may be operated independently from other land and improvements not included within or located on the Land, and it is not necessary to own or control any property other than the Real Property in order to meet the obligations of the landlord under any Lease, or in order to comply with the Legal Requirements.

5.15. COMPLETE LOTS AND TAX PARCELS

The Land is comprised exclusively of tax parcels that are entirely included within the Land, and, if the Land is subdivided, of subdivision lots that are entirely included within the Land.

5.16. OWNERSHIP OF FIXTURES

The Mortgagor owns the Fixtures free of any encumbrances, including purchase money security interests, rights of lessors, and rights of sellers under conditional sales contracts or other financing arrangements.

5.17. COMMERCIAL PROPERTY

The Real Property is commercial rather than residential, and the Loan has not been made for personal, family or household purposes.

5.18. REAL PROPERTY IS NOT HOMESTEAD PROPERTY

The Real Property is NOT HOMESTEAD PROPERTY of the Mortgagor or of the spouse of any person named as the Mortgagor.

5.19. NO AGRICULTURAL USES

The Real Property is not agricultural land as defined in Iowa Code Section 9H.1.

5.20. PERFORMANCE UNDER DEVELOPMENT AGREEMENTS

All of the obligations of the owner of the Real Property due under the Development Agreements have been fully, timely and completely performed and such performance has been accepted by the related governmental agency or utility company, and no Governmental Authority has alleged that any default exists under any of the Development Agreements.

5.21. STATUS OF CERTAIN TITLE MATTERS

Each of the Easements included within the Appurtenances (a) is valid and in full force and effect and may not be amended or terminated, except for cause, without the consent of the Mortgagor, (b) has not been amended or supplemented, (c) requires no approval of the Improvements that has not been obtained, (d) is free of defaults or alleged defaults, (e) does not provide for any assessment against the Real Property that has not been paid in full, and (f) has not been violated by the owner of the Real Property or, to the best of the Mortgagor's knowledge, by any tenant of the Real Property.

5.22. NO PROHIBITED TRANSACTIONS

The Mortgagor represents to the Mortgagee that either (a) the Mortgagor is not an "employee benefit plan" within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is subject to Title I of ERISA, a "plan" within the meaning of Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), or an entity that is deemed to hold "plan assets" within the meaning of 29 C.F.R. §2510.3-101 of any such employee benefit plan or (b) the entering into of the Loan Documents, the acceptance of the Loan by the Mortgagor and the existence of the Loan will not result in a non-exempt prohibited transaction under §406 of ERISA or Section 4975 of the Code. The Mortgagor further warrants and covenants that the foregoing representation will remain true during the term of the Loan.

6. COVENANTS

6.1. GOOD STANDING

The Mortgagor shall remain in good standing as a limited liability company under the laws of Illinois and qualified to do business in the State of Iowa, and shall maintain in force all statements of fictitious name and registrations necessary for the lawful operation of its business in Iowa during the term of the Loan.

6.2. NO DEFAULT OR VIOLATIONS

The Mortgagor shall not enter into any contract, agreement, document or other instrument, if the performance of the Mortgagor's Obligations would result in any breach of, or constitute a default under, any such contract, agreement, document or other instrument, or if the contract, agreement, document or other instrument would impose or contemplate any obligations the performance of which would result in a Default under the Loan Documents or would be inconsistent with the performance of the Mortgagor's Obligations.

6.3. PAYMENT AND PERFORMANCE

The Mortgagor shall pay the Indebtedness and perform all of its other Obligations, as and when the Loan Documents require such payment and performance.

6.4. [RESERVED]

6.5. PAYMENT OF IMPOSITIONS

The Mortgagor shall pay the Impositions on or before the last day on which they may be paid without penalty or interest, and shall, within thirty (30) days, furnish the Mortgagee with a paid receipt or a cancelled check as evidence of payment. If the Mortgagee does not receive such evidence, the Mortgagee may obtain it directly. If it does so, the Mortgagee will charge the Mortgagor an administrative fee of \$250 for securing the evidence of payment. The payment of this fee shall be a demand obligation of the Mortgagor.

6.6. MAINTENANCE OF THE REAL PROPERTY

The Mortgagor shall not commit or permit any waste of the Real Property as a physical or economic asset, and agrees to maintain in good repair the Improvements, including structures, roofs, mechanical systems, parking lots or garages, and other components of the Real Property that are necessary or desirable for the use of the Real Property, or which the Mortgagor as landlord under any Lease is required to maintain for the benefit of any tenant. In its performance of this Obligation, the Mortgagor shall promptly and in a good and workmanlike manner repair or restore, as required under Subsection 6.18, any elements of the Improvements that are damaged or destroyed. The Mortgagor shall also replace roofs, parking lots, mechanical systems, and other elements of the Improvements requiring periodic replacement. The Mortgagor shall carry out such replacements no less frequently than would a commercially reasonable owner intending to maintain the maximum income-generating potential of the Real Property over its reasonable economic life. The Mortgagor shall not, without the prior written consent of the Mortgagee, demolish, reconfigure, or materially alter the structural elements of the Improvements, unless such an action is the obligation of the Mortgagor under a Lease approved by Mortgagee or for which the Mortgagee's approval is not required under the Absolute Assignment of Leases and Rents. The Mortgagee agrees that any request for its consent to such an action shall be deemed given if the Mortgagee does not respond within fifteen (15) Business Days to any written request for such a consent, if the request is accompanied by all materials required to permit the Mortgagee to analyze the proposed action.

6.7. USE OF THE REAL PROPERTY

The Mortgagor agrees that the Real Property may only be used as a furniture assembly and storage facility and for no other purpose.

6.8. LEGAL REQUIREMENTS

The Mortgagor shall maintain in full force and effect all governmental approvals and licenses required for the conduct of the Mortgagor's business and for the maintenance and operation of the Real Property in compliance with applicable law, and shall comply with all Legal Requirements relating to the Real Property at all times.

6.9. CONTRACTS AND FRANCHISES

The Mortgagor shall maintain in force all contracts and franchises necessary for the conduct of the Mortgagor's business and for the operation of the Real Property in accordance with good commercial practice.

6.10. COVENANTS REGARDING CERTAIN TITLE MATTERS

The Mortgagor shall promptly pay, perform and observe all of its obligations under the Easements included within the Appurtenances or under reciprocal easement agreements, operating agreements, declarations, and restrictive covenants included in the Permitted Encumbrances, shall not modify or consent to the termination of any of them without the prior written consent of the Mortgagee, shall promptly furnish the Mortgagee with copies of all notices of

default under them, and shall cause all covenants and conditions under them and benefiting the Real Property to be fully performed and observed.

6.11. INDEPENDENCE OF THE REAL PROPERTY

The Mortgagor shall maintain the independence of the Real Property from other land and improvements not included within or located on the Land. In fulfilling this covenant, the Mortgagor shall neither take any action which would make it necessary to own or control any property other than the Real Property in order to comply with the Legal Requirements, nor take any action which would cause any land or improvements other than the Land and the Improvements to rely upon the Land or the Improvements for those purposes.

6.12. COMPLETE LOTS AND TAX PARCELS

The Mortgagor shall take no action that would result in the inclusion of any portion of the Land in a tax parcel or subdivision lot that is not entirely included within the Land.

6.13. COMMERCIAL PROPERTY

The Real Property shall be used for commercial rather than for residential, personal, family or household purposes.

6.14. REAL PROPERTY IS NOT HOMESTEAD PROPERTY

The Real Property shall NOT BECOME HOMESTEAD PROPERTY of the Mortgagor or of the spouse of any person named as the Mortgagor.

6.15. NO AGRICULTURAL USES

The Real Property shall not become agricultural land as defined in Iowa Code Section 9H.1.

6.16. PERFORMANCE UNDER DEVELOPMENT AGREEMENTS

The Mortgagor shall fully, timely and completely perform all of the obligations of the owner of the Real Property due under the Development Agreements and shall cause no default under any of the Development Agreements.

6.17. STATUS OF CERTAIN TITLE MATTERS

The Mortgagor shall not take or fail to take any action with respect to the Easements included within the Appurtenances or the reciprocal easement agreements, operating agreements, declarations, and restrictive covenants included in the Permitted Encumbrances, if as the result of such an action or failure, the subject Easement or other title matter would (a) be rendered invalid or without force or effect, (b) be amended or supplemented without the consent of the Mortgagee, (c) be placed in default or alleged default, (d) result in any lien against the Real Property, or (e) give rise to any assessment against the Real Property, unless immediately paid in full.

6.18. RESTORATION UPON CASUALTY OR CONDEMNATION

If a casualty or condemnation occurs, the Mortgagor shall promptly commence the Restoration of the Real Property, to the extent that the Mortgagee has made insurance proceeds or Condemnation Proceeds available to the Mortgagor for such Restoration.

6.19. ESTOPPEL STATEMENTS

Upon request by the Mortgagee, the Mortgagor shall, within ten (10) Business Days of Notice of the request, furnish to the Mortgagee or to whom it may direct, a written statement acknowledging the amount of the Indebtedness and disclosing whether any offsets or defenses exist against the Indebtedness. Thereafter, the Mortgagor shall be estopped from asserting any other offsets or defenses alleged to have arisen as of the date of the statement.

6.20. PROHIBITION ON CUTOFF NOTICES

The Mortgagor shall not issue any Notice to the Mortgagee to the effect that liens on the Real Property after the date of the Notice will enjoy priority over the lien of this Mortgage.

6.21. PROHIBITED PERSON COMPLIANCE

Mortgagor warrants, represents and covenants that neither Mortgagor nor any Obligor nor any of their respective affiliated entities is or will be an entity or person (i) that is listed in the Annex to, or is otherwise subject to the provisions of Executive Order 13224 issued on February 24, 2001 ("EO13224"), (ii) whose name appears on the United States Treasury Department's Office of Foreign Assets Control ("OFAC") most current list of "Specifically Designed National and Blocked Persons," (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treas.gov/ofac/t11sdn.pdf>)(iii) who commits, threatens to commit or supports "terrorism", as that term is defined in EO 13224, or (iv) who is otherwise affiliated with any entity or person listed above (any and all parties or persons described in subparts [i] - [iv] above are herein referred to as a "Prohibited Person"). Mortgagor covenants and agrees that neither Mortgagor, nor any Obligor nor any of their respective affiliated entities will (i) conduct any business, nor engage in any transaction or dealing, with any Prohibited Person, including, but not limited to the making or receiving of any contribution of funds, goods, or services, to or for the benefit of a Prohibited Person, or (ii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in EO13224. Mortgagor further covenants and agrees to deliver (from time to time) to Lender any such certification or other evidence as may be requested by Lender in its sole and absolute discretion, confirming that (i) neither Mortgagor nor any Obligor is a Prohibited Person and (ii) neither Mortgagor nor any Obligor has engaged in any business, transaction or dealings with a Prohibited Person, including, but not limited to, the making or receiving of any contribution of funds, goods, or services, to or for the benefit of a Prohibited Person.

7. INSURANCE REQUIREMENTS

At all times until the Indebtedness is paid in full, the Mortgagor shall maintain insurance coverage and administer insurance claims in compliance with this Section.

7.1. REQUIRED COVERAGES

(a) *Open Perils/Special Form/Special Perils Property*

The Mortgagor shall maintain "Open Perils," "Special Form," or "Special Perils" property insurance coverage in an amount not less than one hundred percent (100%) of the replacement cost of all insurable elements of the Real Property and of all tangible Personal Property, with coinsurance waived, or if a coinsurance clause is in effect, with an agreed amount endorsement acceptable to the Mortgagee. Coverage shall extend to the Real Property and to all tangible Personal Property.

(b) *Broad Form Boiler and Machinery*

If any boiler or other machinery is located on or about the Real Property, the Mortgagor shall maintain broad form boiler and machinery coverage, including a form of business income coverage.

(c) *Flood*

If the Real Property is located in a special flood hazard area (that is, an area within the 100-year floodplain) according to the most current flood insurance rate map issued by the Federal Emergency Management Agency and if flood insurance is available, the Mortgagor shall maintain flood insurance coverage on all insurable elements of Real Property and of all tangible Personal Property.

(d) *Business Interruption*

The Mortgagor shall maintain a form of business income coverage in the amount of eighty percent (80%) of one year's business income from the Property.

(e) *Comprehensive/General Liability*

The Mortgagor shall maintain commercial general liability coverage (which may be in the form of umbrella/excess liability insurance) with a \$1,000,000 combined single limit per occurrence and a minimum aggregate limit of \$2,000,000.

(f) *Elective Coverages*

The Mortgagee may require additional coverages appropriate to the property type and site location. Additional coverages may include earthquake, windstorm, mine subsidence, sinkhole, personal property, supplemental liability, or coverages of other property-specific risks.

7.2. PRIMARY COVERAGE

Each coverage required under this Section shall be primary rather than contributing or secondary to the coverage Mortgagor may carry for other properties or risks, provided, however, that blanket coverage shall be acceptable if (a) the policy includes limits by property location and (b) the Mortgagee determines, in the exercise of its sole and absolute discretion, that the amount of

such coverage is sufficient in light of the other risks and properties insured under the blanket policy.

7.3. HOW THE MORTGAGEE SHOULD BE NAMED

On all property insurance policies and coverages required under this Section (including coverage against loss of business income), the Mortgagee must be named as "first mortgagee" under a standard mortgage clause. On all liability policies and coverages, the Mortgagee must be named as an "additional insured." The Mortgagee should be referred to verbatim as follows: "LaSalle Bank National Association and its successors, assigns, and affiliates; as their interest may appear; c/o LaSalle Bank National Association, 135 South LaSalle Street, Chicago, Illinois 60603."

7.4. RATING

Each insurance carrier providing insurance required under this Section must have, independently of its parent's or any reinsurer's rating, a General Policyholder Rating of A, and a Financial Rating of VIII or better, as reported in the most current issue of Best's Insurance Guide, or as reported by Best on its internet web site.

7.5. DEDUCTIBLE

The maximum deductible on each required coverage or policy is \$50,000.

7.6. NOTICES, CHANGES AND RENEWALS

All policies must require the insurance carrier to give the Mortgagee a minimum of ten (10) days' notice in the event of modification, cancellation or termination for non payment of premium and a minimum of sixty (60) days' notice of non renewal. The Mortgagor shall report to the Mortgagee immediately any facts known to the Borrower that may adversely affect the appropriateness or enforceability of any insurance contract, including, without limitation, changes in the ownership or occupancy of the Real Property, any hazard to the Real Property and any matters that may give rise to any claim. Prior to expiration of any policy required under this Section, the Mortgagor shall provide either (a) an original or certified copy of the renewed policy, or (b) a "binder," an Acord 27 (property) or Acord 25 (liability) certificate, or another document satisfactory to the Mortgagee conferring on the Mortgagee the rights and privileges of mortgagee. If the Mortgagor meets the foregoing requirement under clause (b), the Mortgagor shall supply an original or certified copy of the original policy within ninety (90) days. All binders, certificates, documents, and original or certified copies of policies must name the Mortgagor as a named insured or as an additional insured, must include the complete and accurate property address and must bear the original signature of the issuing insurance agent.

7.7. UNEARNED PREMIUMS

If this Mortgage is foreclosed, the Mortgagee may at its discretion cancel any of the insurance policies required under this Section and apply any unearned premiums to the Indebtedness.

7.8. **FORCED PLACEMENT OF INSURANCE**

If the Mortgagor fails to comply with the requirements of this Section, the Mortgagee may, at its discretion, procure any required insurance. Any premiums paid for such insurance, or the allocable portion of any premium paid by the Mortgagee under a blanket policy for such insurance, shall be a demand obligation under this Mortgage, and any unearned premiums under such insurance shall comprise insurance proceeds and therefore a portion of the Property.

8. INSURANCE AND CONDEMNATION PROCEEDS

8.1. **ADJUSTMENT AND COMPROMISE OF CLAIMS AND AWARDS**

The Mortgagor may settle any insurance claim or condemnation proceeding if the effect of the casualty or the condemnation may be remedied for \$50,000 or less. If a greater sum is required, the Mortgagor may not settle any such claim or proceeding without the advance written consent of the Mortgagee. If a Default exists, the Mortgagor may not settle any insurance claim or condemnation proceeding without the advance written consent of the Mortgagee.

8.2. **DIRECT PAYMENT TO THE MORTGAGEE OF PROCEEDS**

If the insurance proceeds received in connection with a casualty or the Condemnation Proceeds received in respect of a condemnation exceed \$50,000, or if there is a Default, then such proceeds shall be paid directly to the Mortgagee. The Mortgagee shall have the right to endorse instruments which evidence proceeds that it is entitled to receive directly.

8.3. **AVAILABILITY TO THE MORTGAGOR OF PROCEEDS**

The Mortgagor shall have the right to use the insurance proceeds or the Condemnation Proceeds to carry out the Restoration of the Real Property, if the amount received is less than \$250,000, subject to the conditions set forth in Subsections 8.4, 8.5, and 8.6 of this Section.

If the amount received in respect of a casualty or condemnation equals or exceeds \$250,000, and if the Loan-to-Value ratio of the Real Property (which Loan for purposes of this Section 8.3 only shall be based on a principal amount of \$3,750,000) on completion will be eighty percent (80%) or less, as determined by the Mortgagee in its discretion based on its estimate of the market value of the Real Property, the Mortgagee shall receive such insurance proceeds or Condemnation Proceeds directly and hold them in a fund for Restoration subject to the conditions set forth in Subsections 8.4, 8.5, and 8.6 of this Section. If the Mortgagee's estimate of the market value of the Real Property implies a Loan-to-value ratio of over 80%, and the Mortgagor disagrees with the Mortgagee's estimate, the Mortgagor may require that the Mortgagee engage an independent appraiser (the "Fee Appraiser") to prepare and submit to Mortgagor and Mortgagee a full narrative appraisal report estimating the market value of the Real Property. The Fee Appraiser shall be certified in Iowa and shall be a member of a national appraisal organization that has adopted the Uniform Standards of Professional Appraisal Practice (USPAP) established by the

Appraisal Standards Board of the Appraisal Foundation. The Fee Appraiser will be required to use assumptions and limiting conditions established by the Mortgagee. For purposes of this Section, the independent appraiser's value conclusion shall be binding on both the Mortgagee and the Mortgagor. The Mortgagor shall have the right to make a prepayment of the Loan, without premium, sufficient to achieve this Loan-to-value ratio. The independent fee appraisal shall be at the Mortgagor's expense, and the Mortgagor shall pay to the Mortgagee an administrative fee of \$2,500 in connection with its review. The Mortgagee may require that the Mortgagor deposit \$10,000 with the Mortgagee as security for these expenses or may pay the fee appraiser's and administrative fees from the proceeds at its sole discretion.

Unless the Mortgagor has the right to use the insurance proceeds or the Condemnation Proceeds under the foregoing paragraphs, the Mortgagee may, in its sole and absolute discretion, either apply them to the Loan balance or disburse them for the purposes of repair and reconstruction, or to remedy the effects of the condemnation. No prepayment premium will be charged on amounts applied to reduce the principal balance of the Loan.

8.4. CONDITIONS TO AVAILABILITY OF PROCEEDS

The Mortgagee shall have no obligation to release insurance proceeds or Condemnation Proceeds to the Mortgagor, and may hold such amounts as additional security for the Loan, if (a) a Default exists, (b) a payment Default has occurred during the preceding twelve (12) months, (c) the Mortgagee has delivered to the Mortgagor Notice of any act, omission or circumstance that will, if uncured, become a Default, and the required cure has not been effected or (d) if the insurance proceeds or Condemnation Proceeds received by the Mortgagee and any other funds deposited by the Mortgagor with the Mortgagee are insufficient, as determined by the Mortgagee in its reasonable discretion, to complete the Restoration. If a Default exists, the Mortgagee may at its sole and absolute discretion apply such insurance proceeds and Condemnation Proceeds to the full or partial cure of the Default.

8.5. PERMITTED MEZZANINE FINANCING FOR REBUILDING OR REMEDIATION OF THE EFFECT OF TAKING BY EMINENT DOMAIN

If the Mortgagee reasonably determines that the insurance proceeds or Condemnation Proceeds received in respect of a casualty or condemnation, as the case may be, would be insufficient to permit the Mortgagor to restore the Improvements to their condition before the casualty, or to remedy the effect on the Real Property of the condemnation, then the Mortgagor shall use its best efforts to secure such additional funds as are necessary to effect the Restoration. The Mortgagor's obligation to use its best efforts shall be limited to securing such funds on a non-recourse basis. Interests in the Mortgagor may be pledged as security to the extent necessary in connection with any such financing.

8.6. DRAW REQUIREMENTS

The Mortgagor's right to receive insurance proceeds and Condemnation Proceeds held by the Mortgagee under this Section shall be conditioned on the Mortgagee's approval of plans and specifications for the Restoration. Each draw shall be in

the minimum amount of \$50,000. Draw requests shall be accompanied by customary evidence of construction completion, and by endorsements to the Mortgagee's mortgagee title insurance coverage insuring the absence of construction, mechanics' or materialmen's liens. Draws based on partial completion of the Restoration shall be subject to a ten percent (10%) holdback. All transactional expenses shall be paid by the Mortgagor.

9. [RESERVED]

10. DEFAULT

A "Default" shall exist without Notice pursuant to this Mortgage upon the occurrence of any of the Events of Default as set forth in the Agreement.

11. RIGHT TO CURE

The Mortgagee shall have the right to cure any Default as set forth in the Agreement. The expenses of doing so shall be part of the Indebtedness, and the Mortgagor shall pay them to the Mortgagee on demand.

12. CONTEST RIGHTS

The Mortgagor may secure the right to contest Impositions and construction, mechanics' or materialmen's liens, through appropriate proceedings conducted in good faith, by either (A) depositing with the Mortgagee an amount equal to one hundred twenty five percent (125%) of the amount of the Imposition or the lien, or (B) obtaining and maintaining in effect a bond issued by a surety acceptable to the Mortgagee, in an amount equal to the greater of (i) the amount of a required deposit under clause (A) above and (ii) the amount required by the surety or by the court in order to obtain a court order staying the foreclosure of the lien pending resolution of the dispute, and releasing the lien of record. The proceeds of such a bond must be payable directly to the Mortgagee. The surety issuing such a bond must be acceptable to the Mortgagee in its sole discretion. After such a deposit is made or bond issued, the Mortgagor shall promptly commence the contest of the lien and continuously pursue that contest in good faith and with reasonable diligence. If the contest of the related Imposition or lien is unsuccessful, any deposits or bond proceeds shall be used to pay the Imposition or to satisfy the obligation from which the lien has arisen. Any surplus shall be refunded to the Mortgagor.

13. DUE ON TRANSFER OR ENCUMBRANCE

Upon the sale or transfer of any portion of the Real Property or any other conveyance, transfer or vesting of any direct or indirect interest in the Mortgagor or the Property, including (i) the direct or indirect transfer of, or the granting of a security interest in, the ownership of the Mortgagor, (ii) any encumbrance (other than a Permitted Encumbrance) of the Real Property (unless the Mortgagor contests the encumbrance in compliance with Section 12) and (iii) the lease, license or granting of any security interest in the Personal

Property, the Indebtedness shall, at the Mortgagee's option, become immediately due and payable upon Notice to the Mortgagor, unless the sale, conveyance, transfer or vesting is a Permitted Transfer.

14. DUE ON SALE EXCEPTIONS

14.1. TRANSACTION COSTS

The Mortgagor shall pay all out-of-pocket expenses incurred by the Mortgagee in the review and processing of a Permitted Transfer regardless of whether the Permitted Transfer is carried out.

15. [RESERVED]

16. ACCELERATION

If a Default exists, and in addition to Mortgagee's rights under the Agreement, the Mortgagee may, at its option, declare the unpaid principal balance of the Note to be immediately due and payable, together with all accrued interest on the indebtedness, all costs of collection (including reasonable attorneys' fees and expenses) and all other charges due and payable by the Mortgagor under the Note or any other Loan Document.

17. RIGHTS OF ENTRY AND TO OPERATE

17.1. ENTRY ON REAL PROPERTY

If a Default exists, the Mortgagee may, to the extent permitted by law, enter upon the Real Property and take exclusive possession of the Real Property and of all books, records and accounts, all without Notice and without being guilty of trespass. If the Mortgagor remains in possession of all or any part of the Property after Default and without the Mortgagee's prior written consent, the Mortgagee may, without Notice to the Mortgagor, invoke any and all legal remedies to dispossess the Mortgagor.

17.2. OPERATION OF REAL PROPERTY

Following Default, the Mortgagee may (but shall have no obligation to do any of the following) hold, lease, manage, operate or otherwise use or permit the use of the Real Property, either itself or by other persons, firms or entities, in such manner, for such time and upon such other terms as the Mortgagee may deem to be prudent under the circumstances (making such repairs, alterations, additions and improvements thereto and taking any and all other action with reference thereto, from time to time, as the Mortgagee deems prudent).

18. RECEIVERSHIP

Following Default, the Mortgagee may apply to a court of competent jurisdiction for the appointment of a receiver of the Property, ex parte without Notice to the Mortgagor, whether or not the value of the Property exceeds the Indebtedness, whether or not waste or deterioration of the Real Property has occurred, and whether or not other arguments based on equity would justify the appointment. The Mortgagor irrevocably, with knowledge and for valuable consideration, consents to such an appointment. Any such receiver shall have all the rights and powers customarily given to receivers in Iowa, including the rights and powers granted to the Mortgagee by this Mortgage, the power to maintain, lease and operate the Real Property on terms approved by the court, and the power to collect the Rents and apply them to the Indebtedness or otherwise as the court may direct. Once appointed, a receiver may at the Mortgagee's option remain in place until the Indebtedness has been paid in full.

19. FORECLOSURE

19.1. AVAILABILITY OF REMEDIES

Upon Default, the Mortgagee may immediately proceed to foreclose the lien of this Mortgage, against all or part of the Property, in accordance with the laws of Iowa and may pursue any other remedy available to commercial mortgage lenders under the laws of Iowa.

19.2. REDEMPTION PERIOD

Mortgagor and Mortgagee agree that in the event of the foreclosure of this Mortgage and sale of the real estate by sheriff's sale in such foreclosure proceedings, the time of the one year for redemption from said sale provided by the statutes of the State of Iowa shall be reduced to six months provided Mortgagee waives in such foreclosure proceedings any rights to a deficiency judgment against Mortgagor which may arise out of the foreclosure proceedings; all to be consistent with all provisions of Section 628.26 of the Code of Iowa. Mortgagor and Mortgagee agree that in the event Mortgagee shall bring foreclosure proceedings to foreclose this Mortgage that the Court, in a decree of foreclosure, may find affirmatively that the tract has been abandoned by the owners and those persons, if any, personally liable under the Mortgage at the time of such foreclosure. In the event the Court shall so find and provided the Mortgagee waives in such foreclosure proceedings any rights to a deficiency judgment against Mortgagor or its successors in interest, then the period of redemption shall be reduced to sixty (60) days; all to be consistent with all provisions of Section 628.27 of the Code of Iowa.

20. WAIVERS

To the maximum extent permitted by law, the Mortgagor irrevocably and unconditionally WAIVES and RELEASES any present or future rights (a) of reinstatement or redemption (b) that may exempt the Property from any civil process, (c) to appraisal or valuation of the Property, (d) to extension of time for payment, (e) that may subject the Mortgagee's exercise of its remedies to the administration of any decedent's estate or to any partition

or liquidation action, (f) to any homestead and exemption rights provided by the Constitution and laws of the United States and of Iowa, (g) to notice of acceleration or notice of intent to accelerate (other than as expressly stated herein), and (h) that in any way would delay or defeat the right of the Mortgagee to cause the sale of the Real Property for the purpose of satisfying the Indebtedness. The Mortgagor agrees that the price paid at a lawful foreclosure sale, whether by the Mortgagee or by a third party, and whether paid through cancellation of all or a portion of the Indebtedness or in cash, shall conclusively establish the value of the Real Property.

The foregoing waivers shall apply to and bind any party assuming the Obligations of the Mortgagor under this Mortgage.

21. [RESERVED]

22. FIXTURE FILING

22.1. CREATION OF SECURITY INTEREST

This Mortgage shall be self-operative and shall constitute a Security Agreement pursuant to the provisions of the UCC with respect to the Fixtures. The Mortgagor, as debtor, hereby grants the Mortgagee, as secured party, for the purpose of securing the Indebtedness, a security interest in the Fixtures, and in the accessions, additions, replacements, substitutions and Proceeds of any of the Fixtures. Upon Default, the Mortgagee shall have the rights and remedies of a secured party under the UCC as well as all other rights and remedies available at law or in equity, and, at the Mortgagee's option, the Mortgagee may also invoke the remedies provided elsewhere in this Mortgage as to Real Property. The Mortgagor and the Mortgagee agree that the rights granted to the Mortgagee as secured party under this Section 22 are in addition to rather than a limitation on any of the Mortgagee's other rights under this Mortgage with respect to the Real Property.

22.2. FILING AUTHORIZATION

The Mortgagor irrevocably authorizes the Mortgagee to file, in the appropriate locations for filings of UCC financing statements in any jurisdictions as the Mortgagee in good faith deems appropriate, such financing statements and amendments as the Mortgagee may require in order to perfect or continue this security interest, or in order to prevent any filed financing statement from becoming misleading or from losing its perfected status.

22.3. FIXTURE FILING

This Mortgage constitutes a financing statement filed as a fixture filing in the Official Records of the County Recorder of Madison County, Iowa with respect to any and all Fixtures. The "debtor" is Sentinel Acquisitions, LLC, a limited liability company organized under Illinois law d/b/a Woodmarc Enterprises, LLC; the "secured party" is LaSalle Bank National Association, a national banking association, the collateral is Fixtures, as defined in Section 1 and the

granting clause of this Mortgage, and the addresses of the debtor and secured party are as follows:

Debtor: SENTINEL ACQUISITIONS, LLC, d/b/a
WOODMARC ENTERPRISES, LLC
810 North 10th Street
Winterset, Iowa 50273
Attention: Lou Jinright

Secured Party: LaSalle Bank National Association
135 South La Salle Street
Chicago, Illinois 60603
Attention: Commercial Lending Division

LaSalle Bank National Association
801 Grand Avenue, Suite 3150
Des Moines, Iowa 50309
Attention: Julie Harris

The federal identification number of the debtor is 37-1401470 and the organizational number given to it by the Illinois Secretary of State is 0042830-2. The owner of record of the Real Property is Sentinel Acquisitions, LLC, d/b/a Woodmarc Enterprises, LLC.

23. ENVIRONMENTAL MATTERS

23.1. REPRESENTATIONS

The Mortgagor represents as follows:

(a) No Hazardous Substances

To the best of the Mortgagor's knowledge as a duly diligent property owner, and except as disclosed in the ESA, no release of any Hazardous Substance has occurred on or about the Real Property in a quantity or at a concentration level that (i) violates any Environmental Law, or (ii) requires reporting to any regulatory authority or may result in any obligation to remediate under any Environmental Law.

(b) Compliance with Environmental Laws

The Real Property and its current use and presently anticipated uses comply with all Environmental Laws, including those requiring permits, licenses, authorizations, and other consents and approvals.

(c) No Actions or Proceedings

No governmental authority or agency has commenced any action, proceeding or investigation based on any suspected or actual violation of any Environmental Law on or about the Real Property. To the best of the Mortgagor's knowledge as a duly diligent property owner, no such authority or agency has threatened to commence any such action, proceeding, or investigation.

23.2. ENVIRONMENTAL COVENANTS

The Mortgagor covenants as follows:

(a) *Compliance with Environmental Laws*

The Mortgagor shall, and the Mortgagor shall cause all employees, agents, contractors, and tenants of the Mortgagor and any other persons present on or occupying the Real Property to, keep and maintain the Real Property in compliance with all Environmental Laws.

(b) *Notices, Actions and Claims*

The Mortgagor shall immediately advise the Mortgagee in writing of (i) any notices from any governmental or quasi-governmental agency or authority of violation or potential violation of any Environmental Law received by the Mortgagor, (ii) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened pursuant to any Environmental Law, (iii) all claims made or threatened by any third party against the Mortgagor or the Real Property relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Substances, and (iv) discovery by the Mortgagor of any occurrence or condition on any real property adjoining or in the vicinity of the Real Property that creates a foreseeable risk of contamination of the Real Property by or with Hazardous Substances.

23.3. THE MORTGAGEE'S RIGHT TO CONTROL CLAIMS

The Mortgagee shall have the right (but not the obligation) to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Substances and to have its related and reasonable attorneys' and consultants' fees paid by the Mortgagor upon demand.

23.4. INDEMNIFICATION

The Mortgagor shall be solely responsible for, and shall indemnify, defend, and hold harmless the Mortgagee and its directors, officers, employees, agents, successors and assigns, from and against, any claim, judgment, loss, damage, demand, cost, expense or liability of whatever kind or nature, known or unknown, contingent or otherwise, directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence (whether prior to or after the date of this Mortgage) of Hazardous Substances on, in, under or about the Real Property (whether by the Mortgagor, a predecessor in title, any tenant, or any employees, agents, contractor or subcontractors of any of the foregoing or any third persons at any time occupying or present on the Real Property), including: (i) personal injury; (ii) death; (iii) damage to property; (iv) all consequential damages; (v) the cost of any required or necessary repair, cleanup or detoxification of the Real Property, including the soil and ground water thereof, and the preparation and implementation of any closure, remedial or other required plans; (vi) damage to any natural resources; and (vii) all reasonable costs and expenses incurred by the Mortgagee in connection with clauses (i) through (vi), including reasonable attorneys' and consultants' fees; provided, however, that nothing contained in this Section shall be deemed to preclude the Mortgagor from seeking indemnification

from, or otherwise proceeding against, any third party including any tenant or predecessor in title to the Real Property, and further provided that this indemnification will not extend to matters caused by the Mortgagee's gross negligence or willful misconduct, or arising from a release of Hazardous Substances which occurs after the Mortgagee has taken possession of the Real Property, so long as the Mortgagor has not caused the release through any act or omission. The covenants, agreements, and indemnities set forth in this Section shall be binding upon the Mortgagor and its heirs, personal representatives, successors and assigns, and shall survive repayment of the Indebtedness, foreclosure of the Real Property, and the Mortgagor's granting of a deed to the Real Property in lieu of foreclosure. Payment shall not be a condition precedent to this indemnity. Any costs or expenses incurred by the Mortgagee for which the Mortgagor is responsible or for which the Mortgagor has indemnified the Mortgagee shall be paid to the Mortgagee on demand, with interest at the Default Rate from the date incurred by the Mortgagee until paid in full, and shall be secured by this Mortgage. Without the prior written consent of the Mortgagee, the Mortgagor shall not enter into any settlement agreement, consent decree, or other compromise in respect to any claims relating to Hazardous Substances. The Mortgagee agrees that it shall not unreasonably delay its consideration of any written request for its consent to any such settlement agreement, consent decree, or other compromise once all information, reports, studies, audits, and other documentation have been submitted to the Mortgagee.

23.5. ENVIRONMENTAL AUDITS

If a Default exists, or at any time the Mortgagee has reason to believe that a release of Hazardous Substances may have occurred or may be likely to occur, the Mortgagee may require that the Mortgagor retain, or the Mortgagee may retain directly, at the sole cost and expense of the Mortgagor, a licensed geologist, industrial hygienist or an environmental consultant acceptable to the Mortgagee to conduct an environmental assessment or audit of the Real Property. In the event that the Mortgagee makes a reasonable determination of the need for an environmental assessment or audit, the Mortgagee shall inform the Mortgagor in writing that such a determination has been made and, if requested to do so by the Mortgagor, give the Mortgagor a written explanation of that determination before the assessment or audit is conducted. The Mortgagor shall afford any person conducting an environmental assessment or audit access to the Real Property and all materials reasonably requested. The Mortgagor shall pay on demand the cost and expenses of any environmental consultant engaged by the Mortgagee under this Subsection. The Mortgagor shall, at the Mortgagee's request and at the Mortgagor's sole cost and expense, take such investigative and remedial measures determined by the geologist, hygienist or consultant to be necessary to address any condition discovered by the assessment or audit so that (i) the Real Property shall be in compliance with all Environmental Laws, (ii) the condition of the Real Property shall not constitute any identifiable risk to human health or to the environment, and (iii) the value of the Real Property shall not be affected by the presence of Hazardous Substances.

24. MISCELLANEOUS

24.1. SUCCESSORS AND ASSIGNS

All of the terms of the Loan Documents shall apply to, be binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the Obligors, or to the holders of the Note, as the case may be.

24.2. SURVIVAL OF OBLIGATIONS

Each and all of the Obligations shall continue in full force and effect until the latest of (a) the date the Indebtedness has been paid in full and the Obligations have been performed and satisfied in full, (b) the last date permitted by law for bringing any claim or action with respect to which the Mortgagee may seek payment or indemnification in connection with the Loan Documents, and (c) the date on which any claim or action for which the Mortgagee seeks payment or indemnification is fully and finally resolved and, if applicable, any compromise thereof of judgment or award thereon is paid in full.

24.3. FURTHER ASSURANCES

The Mortgagor, upon the request of the Mortgagee, shall complete, execute, acknowledge, deliver and record or file such further instruments and do such further acts as may be necessary to carry out more effectively the purposes of this Mortgage, to subject any property intended to be covered by this Mortgage to the liens and security interests it creates, to place third parties on notice of those liens and security interests, or to correct any defects which may be found in any Loan Document.

24.4. RIGHT OF INSPECTION

The Mortgagee shall have the right from time to time, upon reasonable advance notice to the Mortgagor, to enter onto the Real Property for the purpose of inspecting and reporting on its physical condition, tenancy and operations.

24.5. EXPENSE INDEMNIFICATION

The Mortgagor shall pay all filing and recording fees, documentary stamps, intangible taxes, and all expenses incident to the execution and acknowledgment of this Mortgage, the Note or any of the other Loan Documents, any supplements, amendments, renewals or extensions of any of them, or any instrument entered into under Subsection 24.3. The Mortgagor shall pay or reimburse the Mortgagee, upon demand, for all costs and expenses, including appraisal and reappraisal costs of the Property and reasonable attorneys' and legal assistants' fees, which the Mortgagee may incur in connection with enforcement proceedings under the Note, this Mortgage, or any of the other Loan Documents (including all fees and costs incurred in enforcing or protecting the Note, this Mortgage, or any of the other Loan Documents in any bankruptcy proceeding), and attorneys' and legal assistants' fees incurred by the Mortgagee in any other suit, action, legal proceeding or dispute of any kind in which the Mortgagee is made a party or appears as party plaintiff or defendant, affecting the Indebtedness, the Note, this Mortgage, any of the other Loan Documents, or the Property, or required to protect or sustain the lien of this Mortgage. The Mortgagor shall be obligated to pay (or to reimburse the Mortgagee) for such

fees, costs and expenses and shall indemnify and hold the Mortgagee harmless from and against any and all loss, cost, expense, liability, damage and claims and causes of action, including attorneys' fees, incurred or accruing by reason of the Mortgagor's failure to promptly repay any such fees, costs and expenses. If any suit or action is brought to enforce or interpret any of the terms of this Mortgage (including any effort to modify or vacate any automatic stay or injunction, any trial, any appeal, any petition for review or any bankruptcy proceeding), the Mortgagee shall be entitled to recover all expenses reasonably incurred in preparation for or during the suit or action or in connection with any appeal of the related decision, whether or not taxable as costs. Such expenses include reasonable attorneys' fees, witness fees (expert or otherwise), deposition costs, copying charges and other expenses. Whether or not any court action is involved, all reasonable expenses, including the costs of searching records, obtaining title reports, appraisals, environmental assessments, surveying costs, title insurance premiums, and reasonable attorneys' fees, incurred by the Mortgagee that are necessary at any time in the Mortgagee's opinion for the protection of its interest or enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest from the date of expenditure until repaid at the interest rate as provided in the Note.

24.6. GENERAL INDEMNIFICATION

The Mortgagor shall indemnify, defend and hold the Mortgagee harmless against: (i) any and all claims for brokerage, leasing, finder's or similar fees which may be made relating to the Real Property or the Indebtedness and (ii) any and all liability, obligations, losses, damages, penalties, claims, actions, suits costs and expenses (including the Mortgagee's reasonable attorneys' fees, together with reasonable appellate counsel fees, if any) of whatever kind or nature which may be asserted against, imposed on or incurred by the Mortgagee in connection with the Indebtedness, this Mortgage, the Real Property or any part thereof, or the operation, maintenance and/or use thereof, or the exercise by the Mortgagee of any rights or remedies granted to it under this Mortgage or pursuant to applicable law; provided, however, that nothing herein shall be construed to obligate the Mortgagor to indemnify, defend and hold harmless the Mortgagee from and against any of the foregoing which is imposed on or incurred by the Mortgagee by reason of the Mortgagee's willful misconduct or gross negligence.

24.7. RECORDING AND FILING

The Mortgagor shall cause this Mortgage and all amendments, supplements, and substitutions to be recorded, filed, re-recorded and re-filed in such manner and in such places as the Mortgagee may reasonably request. The Mortgagor will pay all recording filing, re-recording and re-filing taxes, fees and other charges.

24.8. NO WAIVER

No deliberate or unintentional failure by the Mortgagee to require strict performance by the Mortgagor of any Obligation shall be deemed a waiver, and the Mortgagee shall have the right at any time to require strict performance by the Mortgagor of any Obligation.

24.9. COVENANTS RUNNING WITH THE LAND

All Obligations are intended by the parties to be and shall be construed as covenants running with the Land.

24.10. SEVERABILITY

The Loan Documents are intended to be performed in accordance with, and only to the extent permitted by, all applicable Legal Requirements. Any provision of the Loan Documents that is prohibited or unenforceable in any jurisdiction shall nevertheless be construed and given effect to the extent possible. The invalidity or unenforceability of any provision in a particular jurisdiction shall neither invalidate nor render unenforceable any other provision of the Loan Documents in that jurisdiction, and shall not affect the validity or enforceability of that provision in any other jurisdiction. If a provision is held to be invalid or unenforceable as to a particular person or under a particular circumstance, it shall nevertheless be presumed valid and enforceable as to others, or under other circumstances.

24.11. USURY

The parties intend that no provision of the Note or the Loan Documents be interpreted, construed, applied, or enforced so as to permit or require the payment or collection of interest in excess of the Maximum Permitted Rate. In this regard, the Mortgagor and the Mortgagee each stipulate and agree that it is their common and overriding intent to contract in strict compliance with applicable usury laws. Accordingly, none of the terms of this Mortgage, the Note or any of the other Loan Documents shall ever be construed to create a contract to pay, as consideration for the use, forbearance or detention of money, interest at a rate in excess of the Maximum Permitted Rate, and the Mortgagor shall never be liable for interest in excess of the Maximum Permitted Rate.

24.12. NOTICES

In order for any demand, consent, approval or other communication to be effective under the terms of this Mortgage, "Notice" must be provided under the terms of Section 13.17 of the Agreement.

24.13. COUNTERPARTS

This Mortgage may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute but one instrument.

24.14. CHOICE OF LAW

This Mortgage shall be interpreted, construed, applied, and enforced according to, and will be governed by, the laws of Iowa, without regard to any choice of law principle which, but for this provision, would require the application of the law of another jurisdiction and regardless of where executed or delivered, where payable or paid, where any cause of action accrues in connection with this transaction, where any action or other proceeding involving the Loan is instituted, or whether the laws of Iowa otherwise would apply the laws of another jurisdiction.

24.15. FORUM SELECTION

The Mortgagor agrees that the sole and exclusive forum for the determination of any action relating to the validity and enforceability of the Note, this Mortgage and the other Loan Documents, and any other instruments securing the Note shall be either in an appropriate court of the State of Iowa or the applicable United States District Court.

24.16. SOLE BENEFIT

This Mortgage and the other Loan Documents have been executed for the sole benefit of the Mortgagor and the Mortgagee and the successors and assigns of the Mortgagee. No other party shall have rights thereunder or be entitled to assume that the parties thereto will insist upon strict performance of their mutual obligations hereunder, any of which may be waived from time to time. The Mortgagor shall have no right to assign any of its rights under the Loan Documents to any party whatsoever.

24.17. RELEASE OF CLAIMS

The Mortgagor hereby RELEASES, DISCHARGES and ACQUITS forever the Mortgagee and its officers, directors, trustees, agents, employees and counsel (in each case, past, present or future) from any and all Claims existing as of the date hereof (or the date of actual execution hereof by the Mortgagor, if later). As used herein, the term "Claim" shall mean any and all liabilities, claims, defenses, demands, actions, causes of action, judgments, deficiencies, interest, liens, costs or expenses (including court costs, penalties, attorneys' fees and disbursements, and amounts paid in settlement) of any kind and character whatsoever, including claims for usury, breach of contract, breach of commitment, negligent misrepresentation or failure to act in good faith, in each case whether now known or unknown, suspected or unsuspected, asserted or unasserted or primary or contingent, and whether arising out of written documents, unwritten undertakings, course of conduct, tort, violations of laws or regulations or otherwise.

24.18. NO PARTNERSHIP

Nothing contained in the Loan Documents is intended to create any partnership, joint venture or association between the Mortgagor and the Mortgagee, or in any way make the Mortgagee a co-principal with the Mortgagor with reference to the Property.

24.19. FUTURE ADVANCES

Under this Mortgage, "Indebtedness" is defined to include certain advances made by the Mortgagee in the future. Such advances include any additional disbursements to the Mortgagor (unless in connection with another, independent mortgage financing) and any obligations under agreements which specifically provide that such obligations are secured by this Mortgage. In addition, Indebtedness is defined to include any amounts advanced to pay Impositions, to cure Defaults, or to pay the costs of collection and receivership. Accordingly, all such advances and obligations shall be equally secured with, and shall have the same priority as, the Indebtedness, and shall be subject to all of the terms and

provisions of this Mortgage. The Mortgagor shall pay any taxes that may be due in connection with any such future advance.

24.20. INTERPRETATION

(a) *Headings and General Application*

The section, subsection, paragraph and subparagraph headings of this Mortgage are provided for convenience of reference only and shall in no way affect, modify or define, or be used in construing, the text of the sections, subsections, paragraphs or subparagraphs. If the text requires, words used in the singular shall be read as including the plural, and pronouns of any gender shall include all genders.

(b) *Sole Discretion*

The Mortgagee may take any action or decide any matter under the terms of this Mortgage or of any other Loan Document (including any consent, approval, acceptance, option, election or authorization) in its sole and absolute discretion, for any reason or for no reason, unless the related Loan Document contains specific language to the contrary. Any approval or consent that the Mortgagee might withhold may be conditioned in any way.

(c) *Result of Negotiations*

This Mortgage results from negotiations between the Mortgagor and the Mortgagee and from their mutual efforts. Therefore, it shall be so construed, and not as though it had been prepared solely by the Mortgagee.

(d) *Reference to Particulars*

The scope of a general statement made in this Mortgage or in any other Loan Document shall not be construed as having been reduced through the inclusion of references to particular items that would be included within the statement's scope. Therefore, unless the relevant provision of a Loan Document contains specific language to the contrary, the term "include" shall mean "include, but shall not be limited to" and the term "including" shall mean "including, without limitation."

24.21. TIME OF ESSENCE

Time is of the essence of each and every covenant, condition and provision of this Mortgage to be performed by the Mortgagor.

24.22. JURY WAIVER

THE MORTGAGOR AND BY ITS ACCEPTANCE HEREOF, THE MORTGAGEE, HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (I) UNDER THIS MORTGAGE OR ANY OTHER LOAN DOCUMENT OR (II) ARISING FROM ANY LENDING RELATIONSHIP EXISTING IN CONNECTION WITH THIS MORTGAGE OR ANY OTHER LOAN DOCUMENT, AND THE MORTGAGOR AND BY ITS ACCEPTANCE HEREOF, THE MORTGAGEE, AGREE THAT ANY SUCH

ACTION OR PROCEEDING SHALL BE TRIED BEFORE A JUDGE AND NOT BEFORE A JURY.

24.23. RENEWAL, EXTENSION, MODIFICATION AND WAIVER

The Mortgagee, at its option, may at any time renew or extend this Mortgage, the Note or any other Loan Document. The Mortgagee may enter into a modification of any Loan Document without the consent of any person not a party to the document being modified. The Mortgagee may waive any covenant or condition of any Loan Document, in whole or in part, at the request of any person then having an interest in the Property or in any way liable for any part of the Indebtedness. The Mortgagee may take, release, or resort to any security for the Note and the Obligations and may release any party primarily or secondarily liable on any Loan Document, all without affecting any liability not expressly released in writing by the Mortgagee.

24.24. CUMULATIVE REMEDIES

Every right and remedy provided in this Mortgage shall be cumulative of every other right or remedy of the Mortgagee, whether conferred by law or by grant or contract, and may be enforced concurrently with any such right or remedy. The acceptance of the performance of any obligation to cure any Default shall not be construed as a waiver of any rights with respect to any other past, present or future Default. No waiver in a particular instance of the requirement that any Obligation be performed shall be construed as a waiver with respect to any other Obligation or instance.

24.25. NO OBLIGATION TO MARSHAL ASSETS

No holder of any mortgage, security interest or other encumbrance affecting all or any portion of the Real Property, which encumbrance is inferior to the lien and security title of this Mortgage, shall have any right to require the Mortgagee to marshal assets.

24.26. TRANSFER OF OWNERSHIP

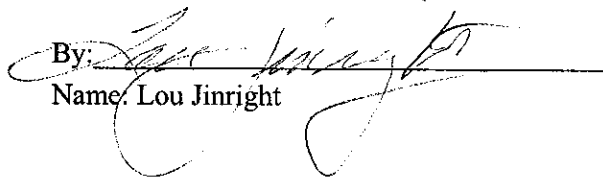
The Mortgagee may, without notice to the Mortgagor, deal with any person in whom ownership of any part of the Real Property has vested, without in any way vitiating or discharging the Mortgagor from liability for any of the Obligations.

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IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be duly executed as of the date first above written.

SENTINEL ACQUISITIONS, LLC, an Illinois
Limited liability company d/b/a
WOODMARC ENTERPRISES, LLC

By: 
Name: Lou Jinright

Title: Manager

STATE OF IOWA)
) ss.
COUNTY OF MAHON)

On this 17th day of February, 2005, before me, the undersigned, a Notary Public, in and for said State, personally appeared Lou Jinright, to me personally known, who being by me duly sworn did say that that person is the Manager of said SENTINEL ACQUISITIONS, LLC, D/B/A WOODMARC ENTERPRISES, LLC, that the said instrument was signed and sealed on behalf of the said SENTINEL ACQUISITIONS, LLC, D/B/A WOODMARC ENTERPRISES, LLC, by authority of its Board of Directors, and the said Lou Jinright acknowledged the execution of said SENTINEL ACQUISITIONS, LLC, D/B/A WOODMARC ENTERPRISES, LLC. by it voluntarily executed.


Notary Public

