

RECORDING REQUESTED BY

AND WHEN RECORDED RETURN TO:

Presbyterian Church (U.S.A.), A Corporation
100 Witherspoon Street, Room 1043A
Louisville, Kentucky 40202-1396

Title Order No. _____ Escrow No. _____

REC \$ 50⁰⁰
AUD \$ _____
R.M.F. \$ 1⁰⁰
5⁰⁰

FILED NO. 4005
BOOK 2003 PAGE 4005

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COMPUTER
RECORDED
COMPARED

MICKI UTSLER
RECORDER
MADISON COUNTY, IOWA

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MORTGAGE

THIS FIRST LIEN MORTGAGE made this 9th day of July, A.D. 2003, by First Presbyterian Church of Earlham, Iowa, an Iowa nonprofit corporation, whose address is 255 East First Street, Earlham, Iowa 50072 hereinafter called the Mortgagor and the PRESBYTERIAN CHURCH (U.S.A.), A CORPORATION, a Not For Profit Corporation organized under the laws of the Commonwealth of Pennsylvania and located at 100 Witherspoon Street, Louisville, Kentucky 40202 hereinafter called the Mortgagee.

(Whenever used herein, the terms "Mortgagor and Mortgagee" include all the respective parties to this instrument and the heirs, legal representatives and assigns of individuals and the successors and assigns of corporations).

WITNESSETH: that for good and valuable consideration and also in consideration of the aggregate sum named in the Promissory Note of even date herewith, attached hereto as Exhibit 1 and incorporated herein, hereinafter described, the Mortgagor hereby grants, bargains, sells, aliens, remises, conveys and confirms unto the Mortgagee, with Power of Sale, all the Property situated in Madison County, State of Iowa more particularly described as follows:

See the legal description of the Land attached as Exhibit 2 which by this reference is made a part hereof.

To Have and to Hold, the same, together with the tenements, hereditaments and appurtenances thereto belonging and the rents, issues and profits thereof, unto the Mortgagee, in fee simple (collectively with the legal description above hereinafter referred to as "Property").

For the Purpose of Securing (1) the payment of the sum of **Ninety Five Thousand and 00/100 Dollars (\$95,000.00)** with interest thereon according to the terms of the Promissory Note of even date herewith made by Mortgagors, payable to the order of Mortgagee, and extensions or renewals thereof; (2) the performance of each agreement of Mortgagors incorporated by reference or contained herein or reciting it as so secured; (3) payment of additional sums and interest thereon which may hereafter be loaned to Mortgagor, or its successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Mortgage.

And the Mortgagor covenants to the Mortgagee that the Mortgagor is indefeasibly seized of said Property in fee simple; that the Mortgagor has good and marketable title and lawful authority to convey said Property as aforesaid; that the Mortgagor will make such further assurances to perfect the fee simple title to said Property and will defend the same against the lawful claims of all persons whomsoever and that the Property is free and clear of all encumbrances.

Provided Always, that if the Mortgagor shall pay unto the Mortgagee all sums under the certain Promissory Note ATTACHED HERETO as Exhibit 1 and incorporated herein and shall perform, comply with and abide by each and every the agreements, stipulations, conditions and covenants thereof and of this Mortgage, then this Mortgage and the estate hereby created, shall cease, terminate and be null and void and Mortgagee shall reconvey or cause to be reconveyed the interests conveyed in this Mortgage.

E
✓ Sam Braland
PO BOX 370
Earlham 50072

To protect the security of this Mortgage, Mortgagor agrees as follows:

1. Mortgagor shall at Mortgagor's expense maintain or cause to be maintained all of the Property and any and all improvements thereof in good condition and repair.
2. Mortgagor covenants with the Mortgagee to at all times during the continuance of this Mortgage or any extension or renewal thereof to comply with all ordinances and/or any requirement of any governmental authority having jurisdiction over the Property.
3. The Mortgagor shall permit no waste to the Property and shall promptly repair, replace or rebuild any part of the Property that shall be damaged by vandalism, fire, windstorm, hail, water or any other acts of man or nature and shall restore the Property to good condition as of the date of this Mortgage.
4. Mortgagor shall not remove, demolish or materially alter any portion of the Property without the prior express written consent of the Mortgagee.
5. Mortgagor shall not change, alter or modify in any way any or all of the restrictive covenants presently governing the Property or enacted in the future without the Mortgagee's prior express written consent.
6. The Mortgagee reserves the right to enter and inspect the Property at any reasonable time including, but not limited to, the interior, exterior or any outbuildings now or in the future constructed on the Property.
7. That in the event the Property subject to this Mortgage or any part thereof, shall be condemned or taken for public use under the powers of eminent domain, the Mortgagee shall have the right to demand that all money awarded for the appropriation thereof or damage to the Property shall be paid to the Mortgagee up to the amount of the outstanding secured indebtedness plus interest and may be applied upon the payment last payable under this Mortgage and the obligation secured hereby. Such condemnation or application shall not otherwise affect or vary the obligation of Mortgagor to pay the secured indebtedness.
8. Mortgagor shall not convey or purport to convey the Property or any portion thereof. Any direct or indirect conveyance, purported conveyance, attempted conveyance or contract to convey shall cause the then balance due under this Mortgage to be forthwith due and payable in full.
9. If any sum of money herein referred to be not promptly paid when due or if all the agreements, stipulations, conditions and covenants of said Promissory Note and this Mortgage or either, are not fully performed, complied with and abided by, then the entire sum mentioned in said Promissory Note and this Mortgage or the entire balance unpaid thereon, shall forthwith or thereafter, at the option of the Mortgagee, become and be due and payable, anything in said Promissory Note or herein to the contrary notwithstanding. Failure by the Mortgagee to exercise any of the rights or options herein provided shall not constitute a waiver of any rights or options under said Promissory Note or this Mortgage accrued or thereafter accruing. The Mortgagee may institute an action, including sale under the Power of Sale, to collect the entire unpaid balance of this Mortgage and Promissory Note and may institute foreclosure or exercise any other rights the Mortgagee may have in law or in equity.
10. In the event of Mortgagor's breach of any covenant or agreement in this Mortgage, including the covenants to pay when due any sums secured by this Mortgage, the Mortgagee prior to acceleration shall give notice in writing to Mortgagor at 255 East First Street, Earlham, Iowa 50072.
11. Mortgagor warrants that Mortgagor shall at all times maintain fire, windstorm and extended coverage insurance on the Property. Flood insurance will be required if the Property being mortgaged are found to be in a flood hazard area as determined by the Federal Emergency Management Agency (FEMA). Any and all policies shall be in an amount not less than full insurable value or the amount of indebtedness evidenced by the Promissory Note whichever is greater. Mortgagor shall give Mortgagee notice of cancellation of coverage thirty (30) days prior to cancellation. If Mortgagee pays the premium or secures substitute coverage the amount of premiums paid by Mortgagee shall be added to the amount of indebtedness outstanding under the Promissory Note.

Mortgagor shall provide Mortgagee with a copy of the insurance policy and evidence of payment of premiums. Mortgagor warrants that Mortgagor shall at all times material to the Promissory Note and this Mortgage name the Mortgagee as an additional insured and a loss payee on any and all insurance policies insuring the subject Property.

12. Events of default not set forth otherwise in this Mortgage are the following:
 - a. Nonpayment of any tax charged or assessment by any lawful taxing authority having jurisdiction over the Property.
 - b. The nonpayment of any sum under and by virtue of the Promissory Note and this Mortgage as it shall be promptly due including, but not limited to, interest.
 - c. The Mortgagor shall not permit any waste or deterioration of the Property making it unsuitable for the purpose for which it is presently utilized.
 - d. Failure to pay any and all insurance premiums insuring the Property for fire, windstorm, flood (if required as determined above in paragraph 11) and extended coverage and/or the failure of Mortgagor to show the Mortgagee as an additional insured as the Mortgagee's interests may appear.
13. Mortgagor shall not permit any lien or other encumbrance of the Property. In the event of any such lien or encumbrance shall attach to the Property, Mortgagor shall within thirty (30) days of being notified of such lien or encumbrance shall cause such to be removed by payment, bond or otherwise. In the event of any alleged lien or encumbrance, Mortgagor shall promptly notify the Mortgagee thereof.
14. Notices hereunder to the Mortgagor shall be in writing at 255 East First Street, Earlham, Iowa 50072. Notices to the Mortgagee shall be in writing at Attn: Office of Legal Services, 100 Witherspoon Street, Room 5625, Louisville, Kentucky, 40202-1396.
15. In the event of any liens, encumbrances or challenge to the rights of the Mortgagee hereunder, the Mortgagor shall, at its own cost and expense, defend the Mortgagee and shall in the event of any claim, indemnify the Mortgagee from any action, judgment, claim or otherwise affecting the Property. In the event the Mortgagee shall be required to engage legal counsel (the engagement thereof shall be at the sole judgment and discretion of the Mortgagee) the Mortgagor shall indemnify the Mortgagee for its reasonable attorneys fees and costs.
16. The Mortgagor shall, at the expense of the Mortgagor, promptly record this Mortgage and forward one filed and recorded copy to the Mortgagee.
17. This Mortgage and the obligation it secures shall become immediately due and payable upon termination of use of the Property described or identified in this instrument, by First Presbyterian Church of Earlham, Iowa, an Iowa nonprofit corporation as a particular church in the Presbyterian Church (U.S.A.) or upon termination by declaration or otherwise of Mortgagor's status as a particular church, entity or agency of the Presbyterian Church (U.S.A.) and subject to the Constitution of the Presbyterian Church (U.S.A.). The event of termination of use referred to in the preceding sentence shall be deemed conclusively to have occurred by a declaration to that effect in writing, signed by the Mortgagee and approved by the Presbytery of Des Moines or the then current presbytery of jurisdiction. The Mortgagor affirms that the said event of termination of use or the declaration above mentioned, shall have no relevance other than to make this Mortgage and the obligation it secures immediately due and payable. In the event of a transfer, sale or lease of the Property without the written approval of the Mortgagee and the Presbytery of Des Moines or the then current presbytery of jurisdiction, this Mortgage and the obligation it secures shall immediately become due and payable.
18. It is hereby agreed that if default be made in the payment of any of said principal and interest or any part thereof, at the time or in the manner hereinbefore specified by the payment thereof, or if failure be made to perform any of the covenants or agreements contained in this Mortgage securing the Note, then at the option of the holder of the same and upon written notice, the principal sum remaining unpaid, with accrued interest, shall at once become due and collectible, time being of the essence of this contract, and said principal sum shall bear interest at

Exhibit 2

Legal Description of the Land

Lot 5 in Block 2 in the Town of Earlham, Madison County, Iowa.

Earlham, Iowa/First Presbyterian Church of Earlham, Iowa
Principal Amount: \$95,000.00

PROMISSORY NOTE

1. **Promise to Pay.** FOR VALUE RECEIVED, FIRST PRESBYTERIAN CHURCH OF EARLHAM, IOWA, an Iowa nonprofit corporation located at 255 East First Street, Earlham, Iowa 50072, its successors and/or assigns (hereinafter "**Borrower**"), promises to pay to the order of the **PRESBYTERIAN CHURCH (U.S.A.), A CORPORATION**, which corporation was organized under the laws of the Commonwealth of Pennsylvania, located at 100 Witherspoon Street, Room 1043A, Louisville, Kentucky 40202, its successors or assigns (hereinafter the "**Lender**") the principal sum of **NINETY FIVE THOUSAND AND 00/100 DOLLARS (\$95,000.00)** with interest thereon until maturity at the rate of **5.50%** per annum for a term of fifteen (15) years, principal and interest being payable in lawful money of the United States at the address of Lender said principal and interest to be paid at the date and in the manner specified below.

2. **Payments and Interest Rate.** Borrower agrees to make monthly installments of principal and interest at the interest rate of **5.50%** per annum in the amount of **SEVEN HUNDRED SEVENTY SIX AND 23/100 DOLLARS (\$776.23)** commencing on the 25th day of August, 2003, and like payments on the same day of each succeeding month for a total of one hundred eighty (180) consecutive months. Lender, through the General Assembly Mission Development Resources Committee (or its successors or assigns), reserves the right to adjust the rate of interest on the fifth anniversary date of this Promissory Note (hereinafter "**Note**") and periodically thereafter as deemed necessary by the General Assembly Mission Development Resources Committee within the legal limits set forth by the state. The interest rate may be adjusted under the terms of paragraph thirteen (13) of this Note as well. The current term of this loan is for a period of fifteen (15) years. The Borrower reserves the right to make prepayment hereunder without penalty.

3. **Secured Interest.** Payment of this Note is secured by a Mortgage dated this 9th day of July, 2003 executed and delivered by the Borrower to the Lender, mortgaging, granting, and conveying the property located at 255 East First Street, Earlham, Iowa 50072 and more fully described in the Mortgage duly recorded in the County of Madison, State of Iowa, the terms of which are incorporated herein by reference and made a part hereof. The Mortgage must be properly recorded prior to any commencement of construction or other similar activity financed hereunder.

Exhibit One

4. **Disbursement of Funds under this Note.** Lender shall not be obligated to disburse funds under this Note until Borrower complies with the conditions portion of the Financial Plan dated March 31, 2003 and any revisions thereto, incorporated herein by reference and meets all other standard conditions for receiving a loan from the Lender.

5. **Acceleration.**
 - A. **Default.** "Default" is defined to mean 1) failure to make payment in the manner provided in this Note; 2) failure to perform any of the covenants or agreements contained in the Mortgage; 3) failure by the Guarantor to make payment in the manner provided in this Note pursuant to the Guaranty dated July 9, 2003; or 4) events described in 5B and 5C below. It is hereby agreed that if default be made in the payment of any of said principal and interest or any part thereof, at the time or in the manner hereinbefore specified by the payment thereof, or if failure be made to perform any of the covenants or agreements contained in the said Mortgage securing this Note, then at the option of the Lender of the same and upon written notice, the principal sum remaining unpaid, with accrued interest shall at once become due and collectible, time being of the essence of this contract, and said principal sum shall bear interest at the rate of two percentage points above the current interest rate set forth in the specific loan, within the legal limits set forth by the state and said accrued interest shall bear interest at the rate of two percentage points above the current interest rate set for the specific loan, within the legal limits set forth by the state from such time until paid. Presentment, notice of dishonor and protest are waived by Borrower.

 - B. **Termination of Use.** This Note shall become immediately due, payable and collectible upon termination of use of the property described in the Mortgage by Borrower as a particular church in the Presbyterian Church (U.S.A.) or upon termination by declaration or otherwise of the Borrower's status as a particular church, entity or agency of the Presbyterian Church (U.S.A.) and subject to the Constitution of the Presbyterian Church (U.S.A.). The event of termination of use referred to in the preceding sentence shall be deemed conclusively to have occurred by a declaration to that effect in writing, signed by the Lender and approved by the Presbytery of jurisdiction. The Borrower affirms that the said termination of use or the declaration above mentioned, shall have no relevance other than to make this Note immediately due, payable and collectible. In the event of a transfer, sale or lease of the property described in the Mortgage without the written approval of Lender and the Presbytery of jurisdiction this Note shall immediately become due, payable and collectible.

- C. **Material Adverse Change.** Borrower shall disclose in writing to the Lender any material event adversely affecting Borrower's ability to fulfill its obligations to the Lender under the terms and conditions of this Note and the Mortgage securing this Note, including, but not limited to, fire loss, litigation, ten percent (10%) decrease in Borrower's church membership in any one calendar year and damage caused by earthquake, floods, winds and other acts of God. Any material adverse change described above constitutes an event of default under this Note and at the option of the Lender, upon written notice to Borrower, the principal sum remaining unpaid, with accrued interest, shall at once become due, payable and collectible, time is of the essence of this agreement.
6. **Hazardous Substance Indemnification.** Borrower represents and warrants to the Lender that the property described in the Mortgage has not been used, is not presently being used and will not be used in the future for the handling, storage, transportation or disposal of hazardous or toxic substances as those terms may be defined under applicable state and federal Environmental Laws. "Environmental Laws" means any and all present and future federal, state and local laws, ordinances, regulations, permits, guidance documents, policies and any other requirements of Government Authorities relating to health; safety; the environment or to any hazardous substance or hazardous substance activity, including without limitation, the Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA), the Resource Conservation Recovery Act ("RCRA"), the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Clean Water Act, the Endangered Species Act, the Clean Air Act, the Occupational Health and Safety Act and the applicable provision of the State Health and Safety Code and Water Code, and the rules, regulations and guidance documents promulgated or published thereunder. Borrower represent and warrant to the Lender that Borrower is and will continue for the term of the loan evidenced by this Note to be in compliance with all applicable Environmental Laws. Borrower agrees to indemnify and hold harmless the Lender from losses, claims and damages resulting from the past, present or future presence on the property described in the Mortgage of hazardous or toxic substances. This indemnification survives termination or expiration of this Note and/or sale or transfer of the property described in the Mortgage.
7. **Notice.** Any notice to be given by the Lender to the Borrower shall be in writing and shall be effective upon delivery (1) in person, overnight courier or by facsimile to the addresses set forth herein or (2) by first-class U.S. mail to the addresses set forth herein. Any notice to Lender shall be in writing and shall be effective upon delivery (1) in person, by overnight courier or by facsimile to Lender at the address set forth above or (2) by first-class U.S. mail to Lender at the address set forth above. Copies of all notices to either the Borrower or to the Lender will also be sent to the Guarantor at 7020 Douglas Avenue #M, Des Moines, Iowa 50322. Delivery in person or by mail shall not be refused.

Exhibit One

8. **Governing Law.** This Note shall be construed in accordance with the laws of the Commonwealth of Kentucky.
9. **Assignment.** This Note shall not be assigned by Borrower without the prior written consent of Lender. Lender may assign this Note upon written notice to Borrower. The Lender may sell up to 100% of its interest in the loan evidenced by this Note. Should the Lender sell any of its interest in this loan or assign this Note, servicing of this loan will not be affected.
10. **Guaranty.** The Lender requires that this loan be guaranteed by the Presbytery of Des Moines. The Borrower has the responsibility for presenting a request for guarantee to the Presbytery at a regularly scheduled meeting in which a resolution is passed indicating the amount of the guarantee and the entity to which the guarantee is extended. A certified copy of the minutes of the Presbytery meeting guaranteeing the loan must be sent to the Lender prior to closing the loan. The guarantee is in addition to any action of the Presbytery approving the borrowing of funds by a church.
11. **Costs and Attorney's Fees.** In the event any legal action is taken by the Lender against the Borrower to enforce any of the terms and conditions of this Note, it is agreed that the Borrower shall pay the Lender's costs, reasonable attorneys' fees and expenses.
12. **Late Payments.** Monthly payments are due on the 25th day of each month. Payments received more than ten (10) days after the due date are subject to a late charge equal to 2% of the payment.
13. **Loan Delinquency Rate.** Should the payments of this loan be ninety (90) days or more past due, the interest rate being charged on the loan will be calculated at the Loan Delinquency Rate ("LDR"). The LDR is defined as 2% above the interest rate set forth in paragraph two (2) of the above, with the minimum LDR set at 9% such LDR not to exceed the maximum permitted by applicable law. Any payment in excess of such maximum shall be treated in manner specified in paragraph two (2) of this note. The LDR will remain in effect until the payments of the loan are brought current, at which time the interest rate will revert to the interest rate set forth in paragraph two (2) above.
14. **Financial Statements.** Borrower shall provide Lender with a copy of Borrower's fiscal year end financial statements (to include balance sheet, and income and expense information) within ninety (90) days of Borrower's fiscal year end.
15. **Additional Indebtedness.** Borrower covenants and agrees that it will not incur additional indebtedness nor permit any lien or any other encumbrances of the property securing this Note without the prior written consent of Lender.

Exhibit One

16. **Waiver.** Borrower understands and agrees that failure by the Lender to exercise any of its rights or options provided in this Note shall not constitute a waiver of any rights or options accrued or thereafter accruing under this Note or the Mortgage securing this Note.

Dated this 9th day of July, 2003.

(CORPORATE SEAL (if available))

**FIRST PRESBYTERIAN CHURCH OF EARLHAM, IOWA,
an Iowa nonprofit corporation "Borrower"**

BY: *Sheryl Bobst*

TITLE: Treasurer

NAME: Sheryl Bobst

BY: *Barbara Clayton*

TITLE: Clerk of Session/Secretary

NAME: Barbara Clayton