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MICKI DYSLER
RECORDER
MADISON COUNTY IOWA

✓ This instrument was prepared by Linda L. Clark, Iowa State Savings Bank, 401 W. Adams Street, P. O. Box 109, Creston, Iowa 50801-0109, (641) 782-1000

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MORTGAGE

DATE AND PARTIES. The date of this Mortgage (Security Instrument) is July 28, 2003. The parties and their addresses are:

MORTGAGOR:

JAMES W. MCCRACKEN
435 NE Sycamore Ave., P.O. Box 201
Earlham, Iowa 50072

PAMELA K. MCCRACKEN
435 NE Sycamore Ave., P.O. Box 201
Earlham, Iowa 50072

LENDER:

IOWA STATE SAVINGS BANK
Organized and existing under the laws of Iowa
401 W. Adams Street
P. O. Box 109
Creston, Iowa 50801-0109

1. CONVEYANCE. For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debts and Mortgagor's performance under this Security Instrument, Mortgagor grants, bargains, warrants, conveys and mortgages to Lender, the following described property:

Lot Eight (8) and Nine (9) in Block Three (3) of Johnson's Addition to the Original Town of Earlham, Madison County, Iowa .

The property is located in Madison County at 435 NE Sycamore Ave., P.O. Box 201, Earlham, Iowa 50072. Together with all rights, easements, appurtenances, royalties, mineral rights, oil and gas rights, all water and riparian rights, wells, ditches and water stock and all existing and future improvements, structures, fixtures, and replacements that may now, or at any time in the future, be part of the real estate described (all referred to as Property). This Security Instrument will remain in effect until the Secured Debts and all underlying agreements have been terminated in writing by Lender.

NOTICE. THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF \$131,500.00. LOANS AND ADVANCES UP TO THIS AMOUNT, TOGETHER WITH INTEREST, ARE SENIOR TO INDEBTEDNESS TO OTHER CREDITORS UNDER SUBSEQUENTLY RECORDED OR FILED MORTGAGES AND LIENS.

2. MAXIMUM OBLIGATION LIMIT. The total principal amount secured by this Security Instrument at any one time will not exceed the amount stated above. This limitation of amount does not include interest and other fees and charges validly made pursuant to this Security Instrument. Also, this limitation does not apply to advances made under the terms of this Security Instrument to protect Lender's security and to perform any of the covenants contained in this Security Instrument.

3. SECURED DEBTS. This Security Instrument will secure the following Secured Debts:
A. Specific Debts. The following debts and all extensions, renewals, refinancings, modifications and replacements. A promissory note, No. 3100823, dated July 28, 2003, from Mortgagor to Lender, with a loan amount of \$131,500.00.
B. Sums Advanced. All sums advanced and expenses incurred by Lender under the terms of this Security Instrument.

4. PAYMENTS. Mortgagor agrees that all payments under the Secured Debts will be paid when due and in accordance with the terms of the Secured Debts and this Security Instrument.

Initials
[Signature]

5. WARRANTY OF TITLE. Mortgagee warrants that Mortgagee is or will be lawfully seized of the estate conveyed by this Security Instrument and has the right to grant, bargain, convey, sell, mortgage and warrant the Property. Mortgagee also warrants that the Property is unencumbered, except for encumbrances of record.

6. PRIOR SECURITY INTERESTS. With regard to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property, Mortgagee agrees:

- A. To make all payments when due and to perform or comply with all covenants.
- B. To promptly deliver to Lender any notices that Mortgagee receives from the holder.
- C. Not to allow any modification or extension of, nor to request any future advances under any note or agreement secured by the lien document without Lender's prior written consent.

7. CLAIMS AGAINST TITLE. Mortgagee will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Mortgagee to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Mortgagee's payment. Mortgagee will defend title to the Property against any claims that would impair the lien of this Security Instrument. Mortgagee agrees to assign to Lender, as requested by Lender, any rights, claims or defenses Mortgagee may have against parties who supply labor or materials to maintain or improve the Property.

8. ASSUMPTIONS. Subject to conditions and Lender's written approval, someone buying the Property may be allowed to assume this Security Instrument. Without written consent, Lender may declare the entire balance of the Secured Debts to be immediately due and payable upon the creation of, or contract for the creation of, a transfer or sale of the Property. This right is subject to the restrictions imposed by federal law governing the preemption of state due-on-sale laws, as applicable.

9. WARRANTIES AND REPRESENTATIONS. Mortgagee has the right and authority to enter into this Security Instrument. The execution and delivery of this Security Instrument will not violate any agreement governing Mortgagee or to which Mortgagee is a party.

10. PROPERTY CONDITION, ALTERATIONS AND INSPECTION. Mortgagee will keep the Property in good condition and make all repairs that are reasonably necessary. Mortgagee will not commit or allow any waste, impairment, or deterioration of the Property. Mortgagee will keep the Property free of noxious weeds and grasses. Mortgagee agrees that the nature of the occupancy and use will not substantially change without Lender's prior written consent. Mortgagee will not permit any change in any license, restrictive covenant or easement without Lender's prior written consent. Mortgagee will notify Lender of all demands, proceedings, claims, and actions against Mortgagee, and of any loss or damage to the Property.

11. AUTHORITY TO PERFORM. If Mortgagee fails to perform any duty or any of the covenants contained in this Security Instrument, Lender may, without notice, perform or cause them to be performed. Mortgagee appoints Lender as attorney in fact to sign Mortgagee's name or pay any amount necessary for performance. Lender's right to perform for Mortgagee will not create an obligation to perform, and Lender's failure to perform will not preclude Lender from exercising any of Lender's other rights under the law or this Security Instrument. If any construction on the Property is discontinued or not carried on in a reasonable manner, Lender may take all steps necessary to protect Lender's security interest in the Property, including completion of the construction.

12. DEFAULT. Mortgagee will be in default if any of the following occur:

- A. Payments. Mortgagee fails to make a payment in full when due.
- B. Insolvency. Mortgagee makes an assignment for the benefit of creditors or becomes insolvent, either because Mortgagee's liabilities exceed Mortgagee's assets or Mortgagee is unable to pay Mortgagee's debts as they become due.
- C. Death or incompetency. Mortgagee dies or is declared legally incompetent.
- D. Failure to Perform. Mortgagee fails to perform any condition or to keep any promise or covenant of this Security Instrument.
- E. Other Documents. A default occurs under the terms of any other transaction document.
- F. Other Agreements. Mortgagee is in default on any other debt or agreement Mortgagee has with Lender.
- G. Misrepresentation. Mortgagee makes any verbal or written statement or provides any financial information that is untrue, inaccurate, or conceals a material fact at the time it is made or provided.
- H. Judgment. Mortgagee fails to satisfy or appeal any judgment against Mortgagee.
- I. Forfeiture. The Property is used in a manner or for a purpose that threatens confiscation by a legal authority.
- J. Name Change. Mortgagee changes Mortgagee's name or assumes an additional name without notifying Lender before making such a change.
- K. Property Transfer. Mortgagee transfers all or a substantial part of Mortgagee's money or property. This condition of default, as it relates to the transfer of the Property, is subject to the restrictions contained in the ASSUMPTIONS section.
- L. Property Value. The value of the Property declines or is impaired.
- M. Insecurity. Lender reasonably believes that Lender is insecure.

13. REMEDIES. Lender may use any and all remedies Lender has under state or federal law or in any instrument evidencing or pertaining to the Secured Debts. Any amounts advanced on Mortgagee's behalf will be immediately due and may be added to the balance owing under the Secured Debts. Lender may make a claim for any and all insurance benefits or refunds that may be available on Mortgagee's default.

Subject to any right to cure, required time schedules or any other notice rights Mortgagor may have under federal and state law, Lender may make all or any part of the amount owing by the terms of the Secured Debts immediately due and foreclose this Security Instrument in a manner provided by law upon the occurrence of a default or anytime thereafter.

All remedies are distinct, cumulative and not exclusive, and the Lender is entitled to all remedies provided at law or equity, whether or not expressly set forth. The acceptance by Lender of any sum in payment or partial payment on the Secured Debts after the balance is due or is accelerated or after foreclosure proceedings are filed will not constitute a waiver of Lender's right to require full and complete cure of any existing default. By not exercising any remedy, Lender does not waive Lender's right to later consider the event a default if it continues or happens again.

14. REDEMPTION. Mortgagor agrees that in the event of foreclosure of this Security Instrument, at the sole discretion of Lender, Lender may elect to reduce the period of redemption for the sale of the Property to a period of time as may then be authorized under the circumstances and under any section of Iowa Code Chapter 628, or any other Iowa Code section, now in effect or as may be in effect at the time of foreclosure.

15. COLLECTION EXPENSES AND ATTORNEYS' FEES. On or after Default, to the extent permitted by law, Mortgagor agrees to pay all expenses of collection, enforcement or protection of Lender's rights and remedies under this Security Instrument. Mortgagor agrees to pay expenses for Lender to inspect and preserve the Property and for any recordation costs of releasing the Property from this Security Instrument. Expenses include, but are not limited to, attorneys' fees, court costs and other legal expenses. These expenses are due and payable immediately. If not paid immediately, these expenses will bear interest from the date of payment until paid in full at the highest interest rate in effect as provided for in the terms of the Secured Debts. To the extent permitted by the United States Bankruptcy Code, Mortgagor agrees to pay the reasonable attorneys' fees Lender incurs to collect the Secured Debts as awarded by any court exercising jurisdiction under the Bankruptcy Code.

16. ENVIRONMENTAL LAWS AND HAZARDOUS SUBSTANCES. As used in this section, (1) Environmental Law means, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), all other federal, state and local laws, regulations, ordinances, court orders, attorney general opinions or interpretive letters concerning the public health, safety, welfare, environment or a hazardous substance; and (2) Hazardous Substance means any toxic, radioactive or hazardous material, waste, pollutant or contaminant which has characteristics which render the substance dangerous or potentially dangerous to the public health, safety, welfare or environment. The term includes, without limitation, any substances defined as "hazardous material," "toxic substance," "hazardous waste," "hazardous substance," or "regulated substance" under any Environmental Law.

Mortgagor represents, warrants and agrees that:

A. Except as previously disclosed and acknowledged in writing to Lender, no Hazardous Substance is or will be located, stored or released on or in the Property. This restriction does not apply to small quantities of Hazardous Substances that are generally recognized to be appropriate for the normal use and maintenance of the Property.

B. Except as previously disclosed and acknowledged in writing to Lender, Mortgagor and every tenant have been, are, and will remain in full compliance with any applicable Environmental Law.

C. Mortgagor will immediately notify Lender if a release or threatened release of a Hazardous Substance occurs on, under or about the Property or there is a violation of any Environmental Law concerning the Property. In such an event, Mortgagor will take all necessary remedial action in accordance with any Environmental Law.

D. Mortgagor will immediately notify Lender in writing as soon as Mortgagor has reason to believe there is any pending or threatened investigation, claim, or proceeding relating to the release or threatened release of any Hazardous Substance or the violation of any Environmental Law.

17. CONDEMNATION. Mortgagor will give Lender prompt notice of any pending or threatened action by private or public entities to purchase or take any or all of the Property through condemnation, eminent domain, or any other means. Mortgagor authorizes Lender to intervene in Mortgagor's name in any of the above described actions or claims. Mortgagor assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the Property. Such proceeds will be considered payments and will be applied as provided in this Security Instrument. This assignment of proceeds is subject to the terms of any prior mortgage, deed of trust, security agreement or other lien document.

18. INSURANCE. Mortgagor agrees to keep the Property insured against the risks reasonably associated with the Property. Mortgagor will maintain this insurance in the amounts Lender requires. This insurance will last until the Property is released from this Security Instrument. What Lender requires pursuant to the preceding two sentences can change during the term of the Secured Debts. Mortgagor may choose the insurance company, subject to Lender's approval, which will not be unreasonably withheld. All insurance policies and renewals will include a standard "mortgage clause" and, where applicable, "loss payee clause."

Mortgagor will give Lender and the insurance company immediate notice of any loss. All insurance proceeds will be applied to restoration or repair of the Property or to the Secured Debts, at Lender's option. If Lender acquires the Property in damaged condition, Mortgagor's rights to any insurance policies and proceeds will pass to Lender to the extent of the Secured Debts.

Mortgagor will immediately notify Lender of cancellation or termination of insurance. If Mortgagor fails to keep the Property insured Lender may obtain insurance to protect Lender's interest in the Property. This insurance may include coverages not originally required of Mortgagor, may be written by a company other than one Mortgagor would choose, and may be written at a higher rate than Mortgagor could obtain if Mortgagor purchased the insurance.

19. ESCROW FOR TAXES AND INSURANCE. Mortgagor will not be required to pay to Lender funds for taxes and insurance in escrow.

20. CO-SIGNERS. If Mortgagor signs this Security Instrument but does not sign the Secured Debts, Mortgagor does so only to mortgage Mortgagor's interest in the Property to secure payment of the Secured Debts and Mortgagor does not agree to be personally liable on the Secured Debts. If this Security Instrument secures a guaranty between Lender and Mortgagor, Mortgagor agrees to waive any rights that may prevent Lender from bringing any action or claim against Mortgagor or any party indebted under the obligation. These rights may include, but are not limited to, any anti-deficiency or one-action laws.

21. WAIVERS. Except to the extent prohibited by law, Mortgagor waives any rights relating to reinstatement, all rights of dower and distributive share and all homestead exemption rights relating to the Property.

22. OTHER TERMS. The following are applicable to this Security Instrument:
A. Additional Terms. MORTGAGE MATURITY DATE: The maturity date of this mortgage is August 1, 2033.

23. APPLICABLE LAW. This Security Instrument is governed by the laws of Iowa, except to the extent otherwise required by the laws of the jurisdiction where the Property is located, and the United States of America.

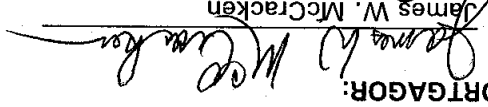
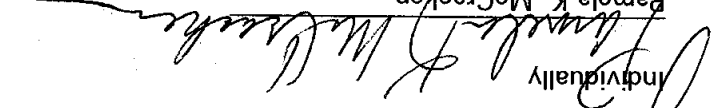
24. JOINT AND INDIVIDUAL LIABILITY AND SUCCESSORS. Each Mortgagor's obligations under this Security Instrument are independent of the obligations of any other Mortgagor. Lender may sue each Mortgagor individually or together with any other Mortgagor. Lender may release any part of the Property and Mortgagor will still be obligated under this Security Instrument for the remaining Property. The duties and benefits of this Security Instrument will bind and benefit the successors and assigns of Lender and Mortgagor.

25. AMENDMENT, INTEGRATION AND SEVERABILITY. This Security Instrument may not be amended or modified by oral agreement. No amendment or modification of this Security Instrument is effective unless made in writing and executed by Mortgagor and Lender. This Security Instrument is the complete and final expression of the agreement. If any provision of this Security Instrument is unenforceable, then the unenforceable provision will be severed and the remaining provisions will still be enforceable.

26. INTERPRETATION. Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Security Instrument.

27. NOTICE, FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS. Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the appropriate party's address listed in the DATE AND PARTIES section, or to any other address designated in writing. Notice to one party will be deemed to be notice to all parties. Mortgagor will inform Lender in writing of any change in Mortgagor's name, address or other application information. Mortgagor will provide Lender any financial statements or information Lender requests. All financial statements and information Mortgagor gives Lender will be correct and complete. Mortgagor agrees to sign, deliver, and file any additional documents or certifications that Lender may consider necessary to perfect, continue, and preserve Mortgagor's obligations under this Security Instrument and to confirm Lender's lien status on any Property. Time is of the essence.

SIGNATURES. By signing, Mortgagor agrees to the terms and covenants contained in this Security Instrument. Mortgagor also acknowledges receipt of a copy of this Security Instrument.

MORTGAGOR:

James W. McCracken
Individually

Pamela K. McCracken
Individually

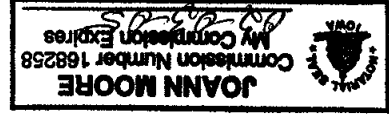
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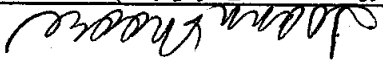
(Individual)

STATE OF IOWA, COUNTY OF UNION, ss.

On this 28th day of July, 2003, before me, a Notary Public in the state of Iowa, personally appeared James W. McCracken and Pamela K. McCracken, husband and wife, to me known to be the persons named in and who executed the foregoing instrument and acknowledged that they executed the same as their voluntary act and deed.

My commission expires: 02-03-05




(Notary Public)