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Document Prepared by: Mercantile Bank, 431 E Locust, Des Moines, IA 50309, 515-248-7700

ASSIGNMENT OF RENTS

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Mercantile Bank of Western Iowa
431 East Locust
Des Moines, IA 50309
515-248-7700 (Lender)

BORROWER		MORTGAGOR	
Michael J. Hayes Norma I. Hayes		Michael J. Hayes Husband Norma I. Hayes Wife	
ADDRESS P.O. Box 147 St. Charles, IA 50240 TELEPHONE NO		ADDRESS P.O. Box 147 St. Charles, IA 50240 TELEPHONE NO	
OFFICER INITIALS	INTEREST RATE	PRINCIPAL AMOUNT/ CREDIT LIMIT	FUNDING/ AGREEMENT DATE
SEG	8.000%	\$120,000.00	06/02/98
			MATURITY DATE
			12/01/98
			CUSTOMER NUMBER
			LOAN NUMBER

1 ASSIGNMENT In consideration of the loan evidenced by the promissory note or credit agreement described above (the "Note"), Mortgagor absolutely assigns to Lender all of Mortgagor's interest in the leases and tenancy agreements (the "Leases") now or hereafter executed which relate to the real property described in Schedule A which is attached to this Agreement and incorporated herein by this reference and any improvements located thereon (the "Premises") including, but not limited to, the leases described on Schedule B attached hereto and incorporated herein by reference. This Assignment is to be broadly construed and shall encompass all rights, benefits and advantages to be derived by the Mortgagor from the Leases including, but not limited to all rents, issues, income and profits arising from the Leases and renewals thereof, and all security deposits paid under the Leases. This Assignment is an absolute assignment rather than an assignment for security purposes only.

2. MODIFICATION OF LEASES Mortgagor grants to Lender the power and authority to modify the terms of any of the Leases and to surrender or terminate the Leases upon such terms as Lender may determine.

- 3 COVENANTS OF MORTGAGOR** Mortgagor covenants and agrees that Mortgagor will
- a Observe and perform all the obligations imposed upon the landlord under the Leases
 - b Refrain from discounting any future rents or executing any future assignment of the Leases or collect any rents in advance without the written consent of Lender
 - c Perform all necessary steps to maintain the security of the Leases for the benefit of Lender including, if requested, the periodic submission to Lender of reports and accounting information relating to the receipt of rental payments
 - d Refrain from modifying or terminating any of the Leases without the written consent of Lender
 - e Execute and deliver, at the request of Lender, any assurances and assignments with respect to the Leases as Lender may periodically require

- 4 REPRESENTATIONS OF MORTGAGOR** Mortgagor represents and warrants to Lender that
- a The tenants under the Leases are current in all rent payments and are not in default under the terms of any of the Leases
 - b Each of the Leases is valid and enforceable according to its terms, and there are no claims or defenses presently existing which could be asserted by any tenant under the Leases against Mortgagor or any assignee of Mortgagor
 - c No rents or security deposits under any of the Leases have previously been assigned by Mortgagor to any party other than Lender
 - d Mortgagor has not accepted, and will not accept, rent in excess of one month in advance under any of the Leases
 - e Mortgagor has the power and authority to execute this Assignment
 - f Mortgagor has not performed any act or executed any instrument which might prevent Lender from collecting rents and taking any other action under this Assignment

5. MORTGAGOR MAY RECEIVE RENTS. As long as there is no default under the Note described above, the Mortgage securing the Note ("Mortgage"), this Agreement or any other present or future obligation of Borrower or Mortgagor to Lender ("Obligations"), Mortgagor may collect all rents and profits from the Leases when due and may use such proceeds in Mortgagor's business operations. However, Lender may at any time require Mortgagor to deposit all rents and profits into an account maintained by Mortgagor or Lender at Lender's institution.

6 DEFAULT AND REMEDIES. Upon default in the payment of, or in the performance of, any of the Obligations, Lender may at its option, or through appointment of a receiver as appropriate under state law, take possession of the real property and the improvements and have, hold, manage, lease and operate the Premises on terms and for a period of time that Lender deems proper. Lender may proceed to collect and receive all rents, income and profits from the Premises, and Lender shall have full power to periodically make alterations, renovations, repairs or replacements to the Premises as Lender may deem proper. Lender may apply all rents, income and profits to the payment of the cost of such alterations, renovations, repairs and replacements and any expenses incident to taking and retaining possession of the real property and the management and operation of the real property. Lender may keep the Premises properly insured and may discharge any taxes, charges, claims, assessments and other liens which may accrue. The expense and cost of these actions may be paid from the rents, issues, income and profits received, and any unpaid amounts shall be secured by the Mortgage. These amounts, together with attorneys' fees, legal expenses, and other costs, shall become part of the indebtedness secured by the Mortgage and for which this Assignment is given.

7 POWER OF ATTORNEY Mortgagor irrevocably authorizes Lender as Mortgagor's agent and attorney-in-fact coupled with an interest, at Lender's option, upon taking possession of the real property and improvements under this Assignment, to lease or re-lease the Premises or any part thereof, to cancel and modify Leases, evict tenants, bring or defend any suits in connection with the possession of the Premises in the name of either party, make repairs as Lender deems appropriate and perform such other acts in connection with the management and operation of the real property and improvements as Lender may deem proper. The receipt by Lender of any rents, income or profits under this Assignment after institution of foreclosure proceedings under the Mortgage shall not cure any default or affect such proceedings or sale which may be held as a result of such proceedings.

8. BENEFICIAL INTEREST Lender shall not be obligated to perform or discharge any obligation, duty or liability under the Leases by reason of this Assignment. Mortgagor hereby agrees to indemnify Lender and to hold Lender harmless from any and all liability, loss or damage which Lender may incur under the Leases by reason of this Assignment and from any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings on Lender's part to perform or discharge any of the terms or agreements contained in the Leases. Should Lender incur any liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defense of any such claims or demands, the amount of such loss, including costs, legal expenses, and reasonable attorneys' fees shall be secured by the Mortgage and for which this Assignment was given. Mortgagor agrees to reimburse Lender immediately upon demand for any such costs, and upon failure of Mortgagor to do so, Lender may accelerate and declare due all sums owed to Lender under any of the Obligations.

9. NOTICE TO TENANTS A written demand by Lender to the tenants under the Leases for the payment of rents or written notice of any default claimed by Lender under the Leases shall be sufficient notice to the tenants to make future payments of rents directly to Lender and to cure any default under the Leases without the necessity of further consent by Mortgagor. Mortgagor hereby releases the tenants from any liability for any rents paid to Lender or any action taken by the tenants at the direction of Lender after such written notice has been given.

10 INDEPENDENT RIGHTS. This Assignment and the powers and rights granted are separate and independent from any obligation contained in the Mortgage and may be enforced without regard to whether Lender institutes foreclosure proceedings under the Mortgage. This Assignment in addition to the Mortgage shall not affect, diminish or impair the Mortgage. However, the rights and authority granted in this Assignment may be exercised in conjunction with the Mortgage.

11 MODIFICATION AND WAIVER. The modification or waiver of any of Mortgagor's obligations or Lender's rights under this Agreement must be contained in a writing signed by Lender. Lender may perform any of Mortgagor's obligations or delay or fail to exercise any of its rights without causing a waiver of those obligations or rights. A waiver on one occasion shall not constitute a waiver on any other occasion. Mortgagor's obligations under this Agreement shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases any of the obligations belonging to any Mortgagor or third party or any of its rights against any Mortgagor, third party or collateral.

12 JURY TRIAL WAIVER MORTGAGOR WAIVES ANY RIGHT TO A JURY TRIAL WHICH MORTGAGOR MAY HAVE UNDER APPLICABLE LAW

13 RENEWAL OR EXTENSION OF MORTGAGE. In the event the maturity date of the Note and Mortgage is extended because of a modification, renewal or extension of the secured indebtedness, this assignment shall be automatically extended to the new maturity or extension date and shall be enforceable against Mortgagor and Borrower on a continuous basis throughout all renewal and extension periods until such time as the underlying indebtedness has been retired and paid in full.

14 NOTICES. Any notice or other communication to be provided under this Agreement shall be in writing and sent to the parties at the address indicated in this Agreement or such other address as the parties may designate in writing from time to time.

15 SEVERABILITY. If any provision of this Agreement violates the law or is unenforceable, the rest of the Agreement shall remain valid.

16. COLLECTION COSTS. If Lender hires an attorney to assist in collecting any amount due or enforcing any right or remedy under this Agreement, Mortgagor agrees to pay Lender's attorneys fees, legal expenses and collection costs.

17 MISCELLANEOUS

- a A default by Mortgagor under the terms of any of the Leases which would entitle the tenant thereunder to cancel or terminate such Lease shall be deemed a default under this Assignment and under the Note and Mortgage so long as, in Lender's opinion, such default results in the impairment of Lender's security.
- b A violation by Mortgagor of any of the covenants, representations or provisions contained in this Assignment shall be deemed a default under the terms of the Note and Mortgage.
- c This Agreement shall be binding upon and inure to the benefit of Mortgagor and Lender and their respective successors, assigns, trustees, receivers, administrators, personal representatives, legatees, and devisees.
- d This Agreement shall be governed by the laws of the state indicated in the address of the real property. Mortgagor consents to the jurisdiction and venue of any court located in the state indicated in the address of the real property in the event of any legal proceeding under this Agreement.
- e This Agreement is executed for commercial purposes. All references to Mortgagor in this Agreement shall include all persons signing below. If there is more than one Mortgagor, their obligations shall be joint and several. This Agreement and any related documents represent the complete and integrated understanding between Mortgagor and Lender pertaining to the terms and conditions of those documents.

18 ADDITIONAL TERMS.

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. THIS NOTICE ALSO APPLIES TO ANY OTHER CREDIT AGREEMENTS (EXCEPT EXEMPT TRANSACTIONS) NOW IN EFFECT BETWEEN YOU AND THIS LENDER.

MORTGAGOR ACKNOWLEDGES THAT MORTGAGOR HAS READ, UNDERSTANDS, AND AGREES TO THE TERMS AND CONDITIONS OF THIS AGREEMENT AND ACKNOWLEDGES RECEIPT OF AN EXACT COPY OF IT

Dated **JUNE 2, 1998**

LENDER

MORTGAGOR **Michael J. Hayes**


Michael J. Hayes

MORTGAGOR

MORTGAGOR **Norma I. Hayes**


Norma I. Hayes

MORTGAGOR

MORTGAGOR

MORTGAGOR

MORTGAGOR

MORTGAGOR

STATE OF Iowa)
COUNTY OF Polk) SS

On this 2 day of June, 1998, before me, the undersigned, a Notary Public in and for said county and state personally appeared Michael and Norma Hayes, to me personally known to be the identical person(s) named in and who executed the within and foregoing instrument, and acknowledged that he/she executed the same as his/her voluntary act and deed.



Mark L. Beatty, Notary Public
in and for said County and State

STATE OF Iowa)
COUNTY OF Polk) SS

On this 2 day of June, 1998, before me, the undersigned, a Notary Public in and for said county and state personally appeared Michael and Norma Hayes to me personally known, who being by me duly sworn, did say that they are the

respectively, of said corporation executing the within and foregoing instrument, that (no seal has been procured by the said) (the seal affixed thereto is the seal of said) corporation, that said instrument was signed (and sealed) on behalf of said corporation by authority of its Board of Directors, and that the said as such officers acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it and by them voluntarily executed



_____, Notary Public
in and for said County and State

STATE OF _____)
COUNTY OF _____) SS

On this ___ day of _____, before me, the undersigned, a Notary Public in and for said county and state personally appeared _____

to me personally known, who being by me duly sworn, did say that the person is one of the partners of _____, a partnership, and that the instrument was signed on behalf of the partnership by authority of the partners and the partner acknowledged the execution of the instrument to be the voluntary act and deed of the partnership by it and by the partner voluntarily executed

_____, Notary Public
in and for said County and State

SCHEDULE A

The street address of the Property (if applicable) is 103 First St. (John Wayne Dr)
Winterset, IA 50273

The legal description of the Property is
The North One-Half (1/2) of the South Two-thirds (2/3) of Lot Six (6) in Block Seventeen (17) of the ORIGINAL TOWN OF WINTERSET in Madison County, Iowa, excepting therefrom the East 62 feet of the South 10 feet thereof, and also excepting the East 10 feet of the North 12 feet thereof conveyed to the City of Winterset for alley purposes.

SCHEDULE B

After recording return to Lender