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BOOK 189 PAGE 82

97 JUN -3 PM 4:01

MICHELLE UTSLER
RECORDER
MADISON COUNTY, IOWA

RELEASED 03-06-02 SEE
RECORD 2002 PAGE 1085

REC \$ 35.00
ADD \$ _____
R.M.F. \$ 1.00

CLARKE COUNTY STATE BANK, P.O. BOX 487, OSCEOLA, IA 50213
(name, address, and phone number of preparer)

State of Iowa _____ Space Above This Line For Recording Data _____

OPEN-END MORTGAGE
(With Future Advance Clause)

1. **DATE AND PARTIES.** The date of this Mortgage (Security Instrument) is MAY 23, 1997 and the parties, their addresses and tax identification numbers, if required, are as follows:

MORTGAGOR: DAVID L. CAPPS
HUSBAND AS JOINT TENANT
105 WEST SUMMIT
WINTERSET, IA 50273
SOCIAL SECURITY #: [REDACTED]

SHERYL R. CAPPS
WIFE AS JOINT TENANT
105 WEST SUMMIT
WINTERSET, IA 50273
SOCIAL SECURITY #: [REDACTED]

If checked, refer to the attached Addendum incorporated herein, for additional Mortgagors, their signatures and acknowledgments.

LENDER: CLARKE COUNTY STATE BANK
ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF IOWA
P.O. BOX 487
OSCEOLA, IA 50213
TAXPAYER I.D. #: 42-0184890

2. **CONVEYANCE.** For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debt (defined below) and Mortgagor's performance under this Security Instrument, Mortgagor grants, bargains, warrants, conveys and mortgages to Lender the following described property: **LOTS SEVEN (7) AND EIGHT (8) IN BLOCK ONE (1) OF BOWLSBY'S ADDITION TO THE TOWN OF WINTERSET, MADISON COUNTY, IOWA.**

The property is located in MADISON at _____
(County)
105 WEST SUMMIT, WINTERSET, Iowa 50273
(Address) (City) (ZIP Code)

Together with all rights, easements, appurtenances, royalties, mineral rights, oil and gas rights, all water and riparian rights, 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 above (all referred to as "Property").

NOTICE: THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF \$ 10,000.00
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.

3. **MAXIMUM OBLIGATION LIMIT.** The total principal amount secured by this Security Instrument at any one time shall 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.

4. **SECURED DEBT AND FUTURE ADVANCES.** The term "Secured Debt" is defined as follows:
A. Debt incurred under the terms of all promissory note(s), contract(s), guaranty(s) or other evidence of debt described below and all their extensions, renewals, modifications or substitutions. (When referencing the debts below it is suggested that you include items such as borrowers' names, note amounts, interest rates, maturity dates, etc.)
PROMISSORY NOTE DATED MAY 23, 1997

- B. All future advances from Lender to Mortgagor or other future obligations of Mortgagor to Lender under any promissory note, contract, guaranty, or other evidence of debt executed by Mortgagor in favor of Lender executed after this Security Instrument whether or not this Security Instrument is specifically referenced or such future advances or future obligations are incurred for any purpose that was related or unrelated to the purpose of the Security Instrument. If more than one person signs this Security Instrument, each Mortgagor agrees that this Security Instrument will secure all future advances and future obligations that are given to or incurred by any one or more Mortgagor, or any one or more Mortgagor and others. All future advances and other future obligations are secured by this Security Instrument even though all or part may not yet be advanced. All future advances and other future obligations are secured as if made on the date of this Security Instrument. Nothing in this Security Instrument shall constitute a commitment to make additional or future loans or advances in any amount. Any such commitment must be agreed to in a separate writing.
- C. All obligations Mortgagor owes to Lender, which may later arise, to the extent not prohibited by law, including, but not limited to, liabilities for overdrafts relating to any deposit account agreement between Mortgagor and Lender.
- D. All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Security Instrument.

This Security Instrument will not secure any other debt if Lender fails to give any required notice of the right of rescission.

- 5. **PAYMENTS.** Mortgagor agrees that all payments under the Secured Debt will be paid when due and in accordance with the terms of the Secured Debt and this Security Instrument.
- 6. **WARRANTY OF TITLE.** Mortgagor warrants that Mortgagor is or will be lawfully seized of the estate conveyed by this Security Instrument and has the right to grant, bargain, warrant, convey, sell and mortgage the Property. Mortgagor also warrants that the Property is unencumbered, except for encumbrances of record.
- 7. **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, Mortgagor 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 Mortgagor 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.
- 8. **CLAIMS AGAINST TITLE.** Mortgagor will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Mortgagor to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Mortgagor's payment. Mortgagor will defend title to the Property against any claims that would impair the lien of this Security Instrument. Mortgagor agrees to assign to Lender, as requested by Lender, any rights, claims or defenses Mortgagor may have against parties who supply labor or materials to maintain or improve the Property.
- 9. **DUE ON SALE OR ENCUMBRANCE.** Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of, or contract for the creation of, any lien, encumbrance, transfer or sale of the Property. This right is subject to the restrictions imposed by federal law (12 C.F.R. 591), as applicable. This covenant shall run with the Property and shall remain in effect until the Secured Debt is paid in full and this Security Instrument is released.
- 10. **PROPERTY CONDITION, ALTERATIONS AND INSPECTION.** Mortgagor will keep the Property in good condition and make all repairs that are reasonably necessary. Mortgagor shall not commit or allow any waste, impairment, or deterioration of the Property. Mortgagor will keep the Property free of noxious weeds and grasses. Mortgagor agrees that the nature of the occupancy and use will not substantially change without Lender's prior written consent. Mortgagor will not permit any change in any license, restrictive covenant or easement without Lender's prior written consent. Mortgagor will notify Lender of all demands, proceedings, claims and actions against Mortgagor, and of any loss or damage to the Property.
Lender or Lender's agents may, at Lender's option, enter the Property at any reasonable time for the purpose of inspecting the Property. Lender shall give Mortgagor notice at the time of or before an inspection specifying a reasonable purpose for the inspection. Any inspection of the Property shall be entirely for Lender's benefit and Mortgagor will in no way rely on Lender's inspection.
- 11. **AUTHORITY TO PERFORM.** If Mortgagor 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. Mortgagor appoints Lender as attorney in fact to sign Mortgagor's name or pay any amount necessary for performance. Lender's right to perform for Mortgagor shall 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. **ASSIGNMENT OF LEASES AND RENTS.** Mortgagor irrevocably grants, bargains, warrants, conveys and mortgages to Lender as additional security all the right, title and interest in and to any and all existing or future leases, subleases, and any other written or verbal agreements for the use and occupancy of any portion of the Property, including any extensions, renewals, modifications or substitutions of such agreements (all referred to as "Leases") and rents, issues and profits (all referred to as "Rents"). Mortgagor will promptly provide Lender with true and correct copies of all existing and future Leases. Mortgagor may collect, receive, enjoy and use the Rents so long as Mortgagor is not in default under the terms of this Security Instrument.
Mortgagor agrees that this assignment is immediately effective between the parties to this Security Instrument. Mortgagor agrees that this assignment is effective as to third parties on the recording of this Security Instrument, and that this assignment will remain in effect during any redemption period until the Secured Debt is satisfied. Mortgagor agrees that Lender is entitled to notify Mortgagor or Mortgagor's tenants to make payments of Rents due or to become due directly to Lender after such recording, however Lender agrees not to notify Mortgagor's tenants until Mortgagor defaults and Lender notifies Mortgagor of the default and demands that Mortgagor and Mortgagor's tenants pay all Rents due or to become due directly to Lender. On receiving notice of default, Mortgagor will endorse and deliver to Lender any payment of Rents in Mortgagor's possession and will receive any Rents in trust for Lender and will not commingle the Rents with any other funds. Any amounts collected will be applied as provided in this Security Instrument. Mortgagor warrants that no default exists under the Leases or any applicable landlord/tenant law. Mortgagor also agrees to maintain and require any tenant to comply with the terms of the Leases and applicable law.
- 13. **LEASEHOLDS; CONDOMINIUMS; PLANNED UNIT DEVELOPMENTS.** Mortgagor agrees to comply with the provisions of any lease if this Security Instrument is on a leasehold. If the Property includes a unit in a condominium or a planned unit development, Mortgagor will perform all of Mortgagor's duties under the covenants, by-laws, or regulations of the condominium or planned unit development.

14. DEFAULT. Mortgagor will be in default if any party obligated on the Secured Debt fails to make payment within ten days after being due. Mortgagor will be in default if Mortgagor fails to observe any other covenant, the breach of which materially impairs the condition, value or protection of Lender's rights in the Property, or materially impairs Mortgagor's prospect to pay amounts due under the Secured Debt.

15. REMEDIES ON DEFAULT. In some instances, federal and state law will require Lender to provide Mortgagor with notice of the right to cure or other notices and may establish time schedules for foreclosure actions. Subject to these limitations, if any, Lender may accelerate the Secured Debt and foreclose this Security Instrument in a manner provided by law if Mortgagor is in default.

At the option of Lender, all or any part of the agreed fees and charges, accrued interest and principal shall become immediately due and payable, after giving notice if required by law, upon the occurrence of a default or anytime thereafter. In addition, Lender shall be entitled to all the remedies provided by law, the terms of the Secured Debt, this Security Instrument and any related documents. 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 Debt after the balance is due or is accelerated or after foreclosure proceedings are filed shall not constitute a waiver of Lender's right to require complete cure of any existing default. By not exercising any remedy on Mortgagor's default, Lender does not waive Lender's right to later consider the event a default if it continues or happens again.

16. REDEMPTION. Mortgagor agrees that in the event of foreclosure of this Mortgage, 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.

17. EXPENSES; ADVANCES ON COVENANTS; COLLECTION COSTS. Except when prohibited by law, Mortgagor agrees to pay all of Lender's expenses if Mortgagor breaches any covenant in this Security Instrument. Mortgagor will also pay on demand any amount incurred by Lender for insuring, inspecting, preserving or otherwise protecting the Property and Lender's security interest. These expenses will bear interest from the date of the payment until paid in full at the highest interest rate in effect as provided in the terms of the Secured Debt. Mortgagor agrees to pay all costs and expenses incurred by Lender in collecting, enforcing or protecting Lender's rights and remedies under this Security Instrument. This amount may include, but is not limited to, court costs, and other costs of collection, excluding attorneys' fees. This Security Instrument shall remain in effect until released. Mortgagor agrees to pay for any recordation costs of such release.

18. 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, 42 U.S.C. 9601 et seq.), and 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 substances," "hazardous waste" or "hazardous 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 shall remain in full compliance with any applicable Environmental Law.
- C. Mortgagor shall 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 shall take all necessary remedial action in accordance with any Environmental Law.
- D. Mortgagor shall 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.

19. 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 shall 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.

20. INSURANCE. Mortgagor shall keep Property insured against loss by fire, flood, theft and other hazards and risks reasonably associated with the Property due to its type and location. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Mortgagor subject to Lender's approval, which shall not be unreasonably withheld. If Mortgagor fails to maintain the coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property according to the terms of this Security Instrument.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard "mortgage clause" and, where applicable, "loss payee clause." Mortgagor shall immediately notify Lender of cancellation or termination of the insurance. Lender shall have the right to hold the policies and renewals. If Lender requires, Mortgagor shall immediately give to Lender all receipts of paid premiums and renewal notices. Upon loss, Mortgagor shall give immediate notice to the insurance carrier and Lender. Lender may make proof of loss if not made immediately by Mortgagor.

Unless otherwise agreed in writing, all insurance proceeds shall be applied to the restoration or repair of the Property or to the Secured Debt, whether or not then due, at Lender's option. Any application of proceeds to principal shall not extend or postpone the due date of the scheduled payment nor change the amount of any payment. Any excess will be paid to the Mortgagor. If the Property is acquired by Lender, Mortgagor's right to any insurance policies and proceeds resulting from damage to the Property before the acquisition shall pass to Lender to the extent of the Secured Debt immediately before the acquisition.

21. ESCROW FOR TAXES AND INSURANCE. Unless otherwise provided in a separate agreement, Mortgagor will not be required to pay to Lender funds for taxes and insurance in escrow.

- 22. FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS.** Mortgagor will provide to Lender upon request, any financial statement or information Lender may deem reasonably necessary. 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 Lender's lien status on the Property.
- 23. JOINT AND INDIVIDUAL LIABILITY; CO-SIGNERS; SUCCESSORS AND ASSIGNS BOUND.** All duties under this Security Instrument are joint and individual. If Mortgagor signs this Security Instrument but does not sign an evidence of debt, Mortgagor does so only to mortgage Mortgagor's interest in the Property to secure payment of the Secured Debt and Mortgagor does not agree to be personally liable on the Secured Debt. 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. Mortgagor agrees that Lender and any party to this Security Instrument may extend, modify or make any change in the terms of this Security Instrument or any evidence of debt without Mortgagor's consent. Such a change will not release Mortgagor from the terms of this Security Instrument. The duties and benefits of this Security Instrument shall bind and benefit the successors and assigns of Mortgagor and Lender.
- 24. APPLICABLE LAW; SEVERABILITY; INTERPRETATION.** This Security Instrument is governed by the laws of the jurisdiction in which Lender is located, except to the extent otherwise required by the laws of the jurisdiction where the Property is located. This Security Instrument is complete and fully integrated. This Security Instrument may not be amended or modified by oral agreement. Any section in this Security Instrument, attachments, or any agreement related to the Secured Debt that conflicts with applicable law will not be effective, unless that law expressly or impliedly permits the variations by written agreement. If any section of this Security Instrument cannot be enforced according to its terms, that section will be severed and will not affect the enforceability of the remainder of this Security Instrument. Whenever used, the singular shall include the plural and the plural the singular. The captions and headings of the sections of this Security Instrument are for convenience only and are not to be used to interpret or define the terms of this Security Instrument. Time is of the essence in this Security Instrument.
- 25. NOTICE.** Unless otherwise required by law, any notice shall be given by delivering it or by mailing it by first class mail to the appropriate party's address on page 1 of this Security Instrument, or to any other address designated in writing. Notice to one mortgagor will be deemed to be notice to all mortgagors.
- 26. WAIVERS.** Except to the extent prohibited by law, Mortgagor waives any rights relating to reinstatement, the marshalling of liens and assets, all rights of dower and distributive share and all homestead exemption rights relating to the Property.
- 27. OTHER TERMS.** If checked, the following are applicable to this Security Instrument:
- Purchase Money Mortgage.** This is a purchase money mortgage as defined by Iowa law.
 - Line of Credit.** The Secured Debt includes a revolving line of credit provision. Although the Secured Debt may be reduced to a zero balance, this Security Instrument will remain in effect until released.
 - Construction Loan.** This Security Instrument secures an obligation incurred for the construction of an improvement on the Property within the meaning of Article 9 of the Uniform Commercial Code and section 572.18 of the Iowa Code.
 - Fixture Filing.** Mortgagor grants to Lender a security interest in all goods that Mortgagor owns now or in the future and that are or will become fixtures related to the Property. This Security Instrument suffices as a financing statement and any carbon, photographic or other reproduction may be filed of record for purposes of Article 9 of the Uniform Commercial Code.
 - Riders.** The covenants and agreements of each of the riders checked below are incorporated into and supplement and amend the terms of this Security Instrument. [Check all applicable boxes]
 - Condominium Rider Planned Unit Development Rider Other
 - Additional Terms.**

NOTICE TO CONSUMER
(For purposes of this Notice, "You" means Mortgagor)

1. Do not sign this paper before you read it. 2. You are entitled to a copy of this paper. 3. You may prepay the unpaid balance at any time without penalty and may be entitled to receive a refund of unearned charges in accordance with law. 4. If you prepay the unpaid balance, you may have to pay a minimum charge not greater than seven dollars and fifty cents.

SIGNATURES: By signing below, Mortgagor agrees to the terms and covenants contained in this Security Instrument and in any attachments. Mortgagor also acknowledges receipt of a copy of this Security Instrument on the date stated on page 1.

X David L. Capps 5-23-97 X Sheryl R. Capps 5-23-97
(Signature) DAVID L. CAPPS (Date) (Signature) SHERYL R. CAPPS (Date)

ACKNOWLEDGMENT:

(Individual) STATE OF IOWA COUNTY OF CLARKE } ss.
On this 23RD day of MAY, 1997 before me, a Notary Public in the state of Iowa, personally appeared DAVID L. CAPPS AND SHERYL R. CAPPS
..... to me known to be the person(s) named in and who executed the foregoing instrument, and acknowledged that DAVID L. CAPPS AND SHERYL R. CAPPS
..... executed the same as THEIR voluntary act and deed.
My commission expires:

(Seal)



X Teresa Woods
(Notary Public) TERESA WOODS

Sign and date the following statement if this contract affects agricultural land as defined in Iowa Code § 9H.1. (In the following statement "I" means the Mortgagor.)

I understand that homestead property is in many cases protected from the claims of creditors and exempt from judicial sale; and that by signing this contract, I voluntarily give up my rights to this protection for this property with respect to claims based upon this contract.

X David L. Capps 05/23/97 X Sheryl R. Capps 05/23/97
(Signature) DAVID L. CAPPS (Date) (Signature) SHERYL R. CAPPS (Date)

DAVID L. CAPPS SHERYL R. CAPPS 105 WEST SUMMIT WINTERSET, IA 50273 Borrower's Name and Address "You" means each borrower above, jointly and severally.	CLARKE COUNTY STATE BANK 139 SOUTH MAIN P.O. BOX 487 OSCEOLA, IOWA 50213 Lender's Name and Address "We" or "us" means the lender named above.
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No. _____	Initial Advance \$ _____	Maturity Date <u>JUNE 11, 2000</u>
Date <u>MAY 23, 1997</u>	Minimum Advance \$ <u>500.00</u>	Billing Cycle: Ends <u>on the first day of the month, unless that day falls on a weekend or a Bank Holiday, then the billing cycle date ends on the previous business day</u>
Trans. Acct. # <u>523373</u>	Minimum Balance \$ <u>N/A</u>	Payment Date <u>10 days after your billing cycle ends</u>
Line of Credit \$ <u>10,000.00</u>	Draw Period <u>36 MONTHS</u>	
Triggering Balance \$ <u>N/A</u>	Repayment Period <u>0 MONTHS</u>	

CCSB HOMELINE

GENERALLY: This is an agreement about your home equity line of credit. Many of the terms we use in this agreement have special meanings. The term "loan account balance" means the sum of the unpaid principal of loans made under this plan, plus unpaid but earned finance charges that are due. "Transaction Account" means an account you carry with us. The number of this account is listed at the top of the form on the line labeled "Trans. Acct. #." "Line of Credit" means the maximum amount of principal we will ordinarily allow you to owe us under this plan at any time. "Triggering Balance" is the amount you must keep in your transaction account to prevent us from lending you money under this plan.

In addition, we will use the following terms for this home equity plan: "Initial Advance" means the amount of money we will require you to accept as an advance to open the plan. "Minimum Advance" means the smallest amount of money we will advance to you at your request. The "Minimum Balance" is the amount of principal of loans we will require you to maintain outstanding during the plan. If the principal balance outstanding falls below the minimum balance, you may have to pay a fee described below.

If any term of this agreement violates any law or for some other reason is not enforceable, that term will not be part of this agreement. This agreement is subject to the laws of the state where we are located.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges under this home equity plan.

REQUESTING A LOAN: You request a loan under this plan whenever you:
 ♦ request in person or by phone that you be advanced directly an amount at least as large as the minimum advance listed above.

HOW THE LOAN IS ADVANCED: When you request a loan, we will, subject to any limitations contained in this agreement, advance exactly the amount you request, so long as the requested amount equals or exceeds the minimum advance listed above. We will make the advance by depositing the amount in your transaction account, by advancing the money directly to you, or by paying a designated third person or account, depending on how we agree to make the advance. We will record the amount as a loan in your loan account.

If your request is for less than the minimum advance, we may, at our option, grant the request. However, granting the request does not mean we will be required to grant requests for less than the minimum advance in the future. We always have the option to deny any such request.

However, we will not ordinarily grant any request for a loan which would cause the unpaid principal of your loan account balance to be greater than the Line of Credit listed above. We may, at our option, grant such a request without obligating ourselves to do so in the future.

HOW FINANCE CHARGES ARE COMPUTED: Finance charges begin to accrue immediately when we make a loan to you. To figure the finance charge for a billing cycle, we apply a daily periodic rate of finance charge to the "principal balance" of your loan account each day.

To figure the "principal balance" for each day, we first take your loan account balance at the beginning of the day and subtract any unpaid finance charges that are due. Next, we subtract the portion of any payments or credits received that day which apply to the repayment of your loans. (A portion of each payment you make is applied to finance charges.) Then we add any new loans made that day. The final figure is the "principal balance."

The daily periodic rate of **FINANCE CHARGE** is 0.02671 % which corresponds to an **ANNUAL PERCENTAGE RATE** of 9.750 %. The annual percentage rate includes interest and not other costs.

The periodic rate and corresponding annual percentage rate described above are the initial rates assessed under this plan, and are

not based on the relationship used for later rate adjustments. Had these rates been based on that relationship, the daily periodic rate of **FINANCE CHARGE** would have been ** ,***** % which would equal an **ANNUAL PERCENTAGE RATE** of 10.500 %. The initial rate will be in effect until DECEMBER 1, 1997. At that time the rates will be subject to further adjustments and limitations, and produce the effects described below.

VARIABLE RATE: The annual percentage rate may change, and will

be 2.00% OVER the following "base rate": the highest base rate on corporate loans at large U.S. money center commercial banks that The Wall Street Journal publishes as the prime rate. The annual percentage rate may increase if this "base rate" increases. An increase will take effect one day following the Billing Cycle End date. An increase will result in an increase in the finance charge and it may have the effect of increasing your periodic minimum payment. The annual percentage rate will not increase more often than once a month. A decrease will have the opposite effect of an increase disclosed above.

If the base rate changes more frequently than the annual percentage rate, we will always use the base rate in effect on the day we adjust the annual percentage rate to determine the new annual percentage rate. In such a case, we will ignore any changes in the base rate that occur between annual percentage rate adjustments.

The "annual percentage rate" referred to in this section is the annual rate which corresponds to the periodic rate applied to the balance as described above. This corresponding **ANNUAL PERCENTAGE RATE** will never exceed 21.0%, and will never exceed the highest allowable rate for this type of agreement as determined by applicable state or federal law.

The **ANNUAL PERCENTAGE RATE** will never decrease below 6.0%.

HOW YOU REPAY YOUR LOANS: On or before each payment date, you agree to make a minimum payment to reduce your debt. The minimum payment amount is 2.0% of your loan account balance on the last day of the billing cycle, or \$50.00, whichever is greater.

FINAL PAYMENT: On the maturity date listed above, you must pay the amount of any remaining loan account balance outstanding. The minimum payments may not be sufficient to fully repay the principal that is outstanding on your line. If they are not, you will be required to pay the entire outstanding balance in a single balloon payment.

We are not obligated to refinance your loan at that time, but will consider your request to do so. If you refinance this account at maturity, you may have to pay some or all of the closing costs normally associated with a new loan even if you obtain financing from us.

ADDITIONAL REPAYMENT TERMS: If your loan account balance on a payment date is less than the minimum payment amount, you must pay only the loan account balance.

If you fail to make a payment, we may, but are not required to, advance money to you to make the payment. All the terms of this agreement would apply to such a loan.

You can pay off all or part of what you owe at any time. However, so long as you owe any amount you must continue to make your periodic minimum payment.

The amounts you pay will first reduce the finance charges and then will reduce the amount of unpaid loans.

ROUNDING RULE: The minimum payment will be rounded up to the nearest \$1.00.

AUTOMATIC WITHDRAWAL: If checked, you authorize us to automatically withdraw your payment from your transaction account on each payment date. If your transaction account does not have

(page 1 of 3)

enough money in it to make the minimum payment, we may, but are not required to, lend you money to make the payment. All the terms of this agreement will apply to such a loan. If your loan account balance is less than the minimum payment amount, we will withdraw only the amount necessary to reduce your loan account balance to zero.

SECURITY: To secure the payment of what you owe, we have the right of set-off. This means we can pay the amount you owe us out of money that we are required to pay you (such as money in your savings or checking account). However, we cannot use in this way money in your IRA or other tax-deferred retirement account. State law may further limit our right of set-off.

However, we will have no right of set-off if you can obtain credit under this plan by using a debit or a credit card.

We have also secured your obligations under this plan by taking a security interest (by way of a separate security agreement, mortgage

or other instrument dated MAY 23, 1997) in

the following property, described by item or type:
LOTS SEVEN (7) AND EIGHT (8) IN BLOCK ONE
(1) OF BOWLSBY'S ADDITION TO THE TOWN OF
WINTERSET, MADISON COUNTY, IOWA.

THIS MORTGAGE IS SUBJECT TO FIRST MORTGAGE
IN THE AMOUNT OF \$37,500 DATED MAY 23, 1997
TO CLARKE COUNTY STATE BANK.

If checked, collateral securing other loans you have with us may also secure loans under this agreement.

Filing fees \$ 27.00

You may buy property insurance from anyone you want who is acceptable to us. If you buy the insurance from or through us, your premium will be N/A.

CHANGING THE TERMS OF THIS AGREEMENT: Generally, we may not change the terms of this agreement. However, we may change the terms in the following circumstances:

◆ If this is a variable rate plan, we may change the index and margin if the original index described on page 1 becomes unavailable. Any new index will have a historical movement similar to the original, and, together with a new margin, will produce a similar interest rate.

◆ We may make changes that you have agreed to in writing.

◆ We may make changes that unequivocally benefit you.

◆ We may make changes to insignificant terms of this agreement.

No change we make will be effective until we send you a written disclosure of the change at least sixty days before the effective date of the change.

If we are required to send notice of a change in terms, we will send the notice to your address listed on page 1. (You should inform us of any change in address.)

ADDITIONAL CHARGES: You agree to pay the following additional charges:

◆ Application Fee	\$ _____	; Points	\$ _____
Appraisal	\$ _____	; Official Fees	\$ _____
Property Survey	\$ _____	; Title Search	\$ _____
Credit Report Fees	\$ _____	; Title Insurance	\$ _____
Documentation Fees	\$ _____	; Taxes	\$ _____
Termination Fee	\$ _____		
(Other)	_____		\$ _____

ATTORNEY'S FEES: To the extent permitted by the United States Bankruptcy Code, you agree to pay the reasonable attorney's fees and other costs we incur to collect this debt or to realize upon any security as awarded by any court exercising jurisdiction under the Bankruptcy Code.

NOTICE: See page 3 for additional terms and for information about your rights in the event of a billing error.

SIGNATURES: By signing below, you agree to the terms of this agreement and you promise to pay any amounts you owe under this agreement. You also state that you received a completed copy of the agreement on today's date.

Signature David L. Capps
DAVID L. CAPPS

Signature Sheryl B. Capps
SHERYL B. CAPPS

By: TERESA WOODS, VICE PRESIDENT

ADDITIONAL TERMS

DEFAULT AND REMEDIES: You will be in default on this agreement if one or more of the following occurs: (a) you fail to make a payment in full within 10 days after it is due; (b) you fail to observe any covenant of this agreement (including any separate agreements securing this agreement), the breach of which materially impairs the condition, value or protection of or our right in any property securing this agreement, or materially impairs your prospect to pay amounts due under this agreement. You agree to pay the reasonable expenses we incur to realize upon any security in the event of your default.

We may terminate your account, require you to pay the entire outstanding balance in one payment and charge you a termination fee (if provided for in this agreement), and fees related to the collection of the amount owing, if you are in default in any manner described above. In that instance, we may take other action short of termination, such as charging you a fee if you fail to maintain required property insurance and we purchase insurance. If we elect to terminate and accelerate the amounts owing on your account, we may use our right to set-off, unless prohibited.

Even if we choose not to use one of our remedies when you default, we do not forfeit our right to do so if you default again. If we do not use a remedy when you default, we can still consider your actions as a default in the future.

In addition, we may temporarily prohibit you from obtaining additional extensions of credit, or reduce your credit limit if:

- (1) The value of the dwelling securing this home equity line of credit declines significantly below its appraised value for purposes of this line;
- (2) We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances;
- (3) You are in default of a material obligation of this agreement, which shall include, but is not limited to, your ongoing obligation to supply us with information we feel we need to assess your financial condition;
- (4) A governmental action prevents us from imposing the annual percentage rate provided for in this agreement;
- (5) A governmental body adversely affects our security interest to the extent that the value of the security interest is less than 120% of the home equity line;
- (6) The annual percentage rate corresponding to the periodic rate reaches the maximum rate allowed under this plan (if provided for in this agreement); or
- (7) A regulatory agency has notified us that continued advances would constitute an unsafe business practice.

In the event that we suspend your right to additional advances or reduce your credit line, we will send you notice of our decision at the address listed on page 1 of this agreement. (You should inform us of any change in your address.) If we have based our decision to suspend or reduce your credit privileges on an assessment of your financial condition or performance under this plan, and you believe that your situation has changed, you must request that we re-evaluate your situation, and reinstate your credit privileges.

RIGHT TO CURE: Except when otherwise provided by law, if this is a consumer credit transaction or this agreement is secured by a one-family or two-family dwelling that is your homestead, we may exercise our remedies only if you fail to exercise your right to cure a default within the time provided by law after a written notice of your default and right to cure is mailed or delivered to you. However, no notice of default or right to cure is necessary and we may immediately exercise any and all of our remedies if you have defaulted one or more times within the previous 365 days and you have been given notice of default and right to cure with respect to such default.

CREDIT INFORMATION: You agree to supply us with whatever information we reasonably feel we need to decide whether to continue this plan. We agree to make requests for this information without undue frequency, and to give you reasonable time in which to supply the information.

You authorize us to make or have made any credit inquiries we feel are necessary. You also authorize the persons or agencies to whom we make these inquiries to supply us with the information we request.

RETURN OF CREDIT DEVICES: You agree to return to us, upon our request, all checks, credit cards, or other access devices used to obtain advances under this agreement.

YOUR BILLING RIGHTS KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

Notify Us In Case of Errors or Questions About Your Bill

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us at the address listed on your bill. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- ◆ Your name and account number.
- ◆ The dollar amount of the suspected error.
- ◆ Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

If you have authorized us to pay your bill automatically from your savings, checking or other account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach us three business days before the automatic payment is scheduled to occur.

Your Rights and Our Responsibilities After We Receive Your Written Notice

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount you question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.

If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.