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BOOK 151 PAGE 331

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Indexed AS A
FINANCING
STATEMENT
UNDER UCC

Fee \$150.00 MARY E. WELTY
RECORDER WINTERSET, IOWA
MADISON COUNTY, IOWA
MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE made the 28th day of September, 1988 between MTC WEST, INC., a Delaware corporation, having its principal office at One PPG Place, Suite 2260, Pittsburgh, PA 15222, ("Mortgagor"), and FIDELITY BANK, NATIONAL ASSOCIATION, a national banking association, having an office at Broad & Walnut Streets, Philadelphia, PA 19109 ("Mortgagee"), as agent for (i) itself, (ii) Perpetual Savings Bank, FSB (iii) Wilmington Savings Fund Society, FSB (iv) First Pennsylvania Bank N.A. and (v) any replacement or additional banks which may become a lender pursuant to the Credit Agreement (as defined below) (collectively, the "Banks" and individually, a "Bank").

W I T N E S S E T H T H A T :

Mortgagor, Mortgagee and Banks have entered into that certain Credit Agreement ("Credit Agreement") of even date herewith pursuant to which Banks agreed to make certain loans (the "Loans") to Mortgagor in an aggregate principal amount not to exceed \$50,000,000, which Loans are evidenced by individual notes (the "Notes") of even date herewith, in varying principal amounts. The Loans and Notes are to be secured, inter alia, by this Mortgage from Mortgagor to Mortgagee, as agent for the Banks, as well as by mortgages or deeds of trust on other parcels of real property located both within and without the State of Iowa. The Loans are to be paid with interest thereon at the rate and times, and in the manner and according to the terms and conditions specified in the Notes, all of which are incorporated herein by reference. All terms used herein and not otherwise defined herein shall have the same meaning as defined in the Credit Agreement.

NOW, THEREFORE, in consideration of the Loans, and as security for payment to the Banks of the principal with interest, and all other sums provided for in the Notes and this Mortgage, according to their respective terms and conditions, and for performance of the agreements, conditions, covenants, provisions and stipulations contained herein, therein and in the Credit Agreement, and in certain other agreements and instruments made and given by Mortgagor to Mortgagee in connection therewith, Mortgagor has granted, conveyed, bargained, sold, aliened, enfeoffed, released, confirmed and mortgaged, and by these presents does hereby grant, convey, bargain, sell, alien, enfeoff, release, confirm and mortgage unto Mortgagee all that certain real estate described in Exhibit "A" attached hereto and made a part hereof.

TOGETHER WITH all of Mortgagor's right, title and interest now owned or hereafter acquired in:

RELEASED 6-10-94 837

MORTGAGE RECORD 172 PAGE 604

For correct recording
see mtg Rec 157-554

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- A. all buildings and other improvements erected or hereafter erected thereon; and
- B. all fixtures, appliances, machinery, furniture, furnishings, appliances and equipment of any nature whatsoever, and other articles of personal property now or at any time hereafter installed in, attached to or situated in or upon the above described real estate or any buildings and improvements now or hereafter erected thereon, or used or intended to be used in connection with the real estate, or in the operation or maintenance of any buildings and improvements now or hereafter erected thereon, whether or not the personal property is or shall be affixed thereto; and
- C. all building materials, fixtures, building machinery and building equipment delivered on site to the real estate during the course of, or in connection with, the construction of, or reconstruction of, or remodeling of any buildings and improvements from time to time during the term hereof; and
- D. any and all tenements, hereditaments and appurtenances belonging to the leasehold estate or any part thereof hereby mortgaged or intended so to be, or in any way appertaining thereto, and all streets, alleys, passages, ways, waters, water courses, rights and all easements and covenants now existing or hereafter created for the benefit of Mortgagor or any subsequent owner or tenant of the mortgaged real estate or any part thereof over ground adjoining the mortgaged real estate and all rights to enforce the maintenance thereof, and all other rights, liberties and privileges of whatsoever kind or character, and the reversions and remainders, income, rents, issues and profits arising therefrom, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, at law or in equity, of Mortgagor in and to the real estate or any part thereof; and
- E. all proceeds of the conversion, voluntary or involuntary of any of the foregoing into cash or liquidated claims including without limitation, proceeds of insurance and condemnation awards.

All of the above-mentioned real estate, buildings and improvements, fixtures, machinery, furniture, furnishings, appliances, equipment, tenements, hereditaments and appurtenances, and other property interests are sometimes collectively referred to herein as the "Mortgaged Property".

FOR THE PURPOSE OF SECURING:

- A. Payment of the indebtedness, with interest thereon, evidenced by the Notes and any and all modifications, extensions and renewals thereof;

B. Performance of all obligations of Mortgagor under the Credit Agreement;

C. Payment of all sums advanced by Mortgagee or the Banks to protect the Mortgaged Property, including, without limitation, payment of real estate taxes, insurance premiums and maintenance costs, with interest thereon at the default rate of interest set forth in the Notes from the date that Mortgagee shall have expended or incurred the sums, which sums shall be immediately due and payable upon demand; and

D. Performance of Mortgagor's obligations and agreements contained herein and in the other Loan Documents (as defined in the Credit Agreement).

TO HAVE AND TO HOLD the Mortgaged Property hereby conveyed or mentioned and intended so to be, unto Mortgagee, to its own use forever.

PROVIDED ALWAYS, and this instrument is upon the express condition that, if Mortgagor pays to the Banks the principal sum mentioned in the Notes, the interest thereon and all other sums payable by Mortgagor to Mortgagee and the Banks as are secured hereby, in accordance with the provisions of the Notes, the Credit Agreement and this Mortgage, at the times and in the manner specified, without deduction, fraud or delay, and Mortgagor performs and complies with all the agreements, conditions, covenants, provisions and stipulations contained herein, in the Credit Agreement and in the Notes, then this Mortgage and the estate hereby granted shall cease and become void.

MORTGAGOR REPRESENTS, COVENANTS AND WARRANTS to and with Mortgagee that until the indebtedness secured hereby is fully repaid:

1. Payment and Performance. Mortgagor shall pay to the Banks and the Mortgagee, in accordance with the terms of the Notes, the Credit Agreement and this Mortgage, all principal and interest and other sums therein and herein set forth; and Mortgagor shall perform and comply with all the agreements, conditions, covenants, provisions and stipulations of the Notes, the Credit Agreement and this Mortgage. Mortgagor shall also pay reasonable charges fixed by Mortgagee to satisfy and discharge this Mortgage of record. Mortgagor shall timely perform all of its obligations and duties under any lease, easement agreement, license, approval, covenant or other agreement relating to, affecting, created for the benefit of or used in connection with the operation of all or any portion of the Mortgaged Property now or hereafter in effect.

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2. Warranty of Title. Mortgagor warrants that subject to the exceptions not removed by Security Land Title Company from its title commitment insuring this Mortgage, as shown on Exhibit "B" attached hereto and made a part hereof, Mortgagor possesses the unencumbered title to the Mortgaged Property. Mortgagor further covenants to warrant and forever defend all and singular the Mortgaged Property with the Mortgagee forever from and against the Mortgagor and all persons whomsoever lawfully claiming the same or any part thereof.

3. Maintenance of Mortgaged Property. Mortgagor shall keep and maintain or cause to be kept and maintained all buildings and improvements now or at any time hereafter erected on the Mortgaged Property and the sidewalks and curbs abutting them, in good order and condition, reasonable wear and tear excepted, and in a rentable and tenantable state of repair, and will make or cause to be made, as and when necessary, all repairs, renewals and replacements, structural and nonstructural, exterior and interior, ordinary and extraordinary, foreseen and unforeseen. Mortgagor shall abstain from and shall not permit the commission of waste in or about the Mortgaged Property; shall not remove or demolish, or alter the structural character of, any building erected at any time on the Mortgaged Property, without the prior written consent of Mortgagee; and shall not permit the Mortgaged Property to become vacant, deserted or unguarded.

4. Insurance. Mortgagor shall furnish Mortgagee at Mortgagor's expense for so long as the debt secured hereby remains unpaid:

a. Policies of insurance against loss or damage by fire, flood, lightning, windstorm, explosion, riot, riot attending a strike, civil commotion, damage from aircraft and vehicles, and smoke damage and loss or damage from such hazards as are presently included in so-called "extended coverage" and against vandalism and malicious mischief and against such other insurable hazards as, under good insurance practices, from time to time are insured against in the area of and for property similar to the Mortgaged Property. The amount of such insurance shall be not less than 100% of the full replacement cost of the improvements without deduction for depreciation, and should a coinsurance or average clause be included, the policy shall have a Stipulated Value endorsement. Full replacement cost, as used herein, means the cost of replacing the improvements excluding footings and foundations. Each policy shall contain a Replacement Cost Endorsement.

b. If there is a boiler on the Mortgaged Property, Boiler and Machinery insurance in an amount not less than \$500,000.00.

c. Public Liability insurance for personal injury and property damage liability in an amount not less than \$2,000,000.00.

d. Insurance on Mortgagor's furniture and fixtures, if any, against loss or damage by fire and other hazards presently included in so-called "extended coverage" and against vandalism and malicious mischief, in such amount as would preclude the Mortgagor from being a co-insurer.

e. Rent insurance or business interruption insurance against loss of income arising out of damage or destruction by fire or the perils of so called "extended coverage", in an amount equal to twelve months gross rental or business income from the Mortgaged Property.

f. During the course of any construction on the Mortgaged Property, builder's completed value risk insurance against "all results of physical loss", including collapse and transit coverage, during such construction, in non-reporting form, covering the total value of work performed and equipment, supplies and materials furnished. Such insurance shall contain the "permission to occupy upon completion of work" endorsement.

g. Such other insurance on the Mortgaged Property or any replacements or substitutions therefor, or additions thereto, and in such amounts as may from time to time be reasonably required by Mortgagee against other insurable hazards or casualties which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the height and type of improvement, construction, location, use and occupancy or any replacements or substitutions thereof, or additions thereto.

All insurance required under this Section 4 shall be subject to the reasonable approval of Mortgagee as to insurance companies, amounts, deductibles, content and form of policies and expiration dates, and shall contain a Non-Contributory Standard Mortgagee Clause or its equivalent, in favor of Mortgagee. Such policies shall be delivered to Mortgagee, shall provide for the payment of all costs and expenses incurred by the Mortgagee in the event of any contested claim and shall not be modified, cancelled or otherwise terminated without at least thirty (30) days' prior written notice to Mortgagee.

All renewal policies shall be delivered by Mortgagor, premiums paid, to Mortgagee at least thirty (30) days before the expiration of the expiring policies. If Mortgagee becomes the owner of the Mortgaged Property or any part thereof by foreclosure or otherwise, such policies shall become the absolute property of Mortgagee.

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Mortgagor shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Mortgage unless Mortgagee is included thereon as a named insured with loss payable to Mortgagee under a standard mortgagee endorsement of the character above described. Mortgagor shall immediately notify Mortgagee whenever any such separate insurance is taken out and shall promptly deliver to the Mortgagee the policy or policies of such insurance.

In case of damage to or destruction of the Mortgaged Property or any part thereof, Mortgagor shall promptly give written notice thereof to Mortgagee, and Mortgagee shall have the right, at its election, to adjust and compromise any loss claims under such insurance. Regardless of the amount of any such damage or destruction and regardless of the sufficiency of the insurance proceeds received on account thereof, if any, Mortgagor shall restore, repair, replace, rebuild the Mortgaged Property as nearly as possible to its value, condition and character immediately prior to such damage or destruction or with such changes or alterations as may be made with Mortgagee's approval; provided, however, that in the event the said insurance proceeds exceed the amount required to pay the then outstanding principal amount of the Notes and all accrued and unpaid interest thereon, Mortgagor may, at its option, prepay the then outstanding principal balance of the Notes and all accrued and unpaid interest thereon without prepayment premium or penalty. Such restoration, repairs, replacements, rebuilding or alteration (sometimes hereinafter collectively called the "Restoration") shall be commenced promptly and prosecuted with diligence.

All proceeds of any rent or business interruption insurance shall be paid to Mortgagee and applied to current installments of principal and interest on the Notes or for the purposes hereinafter set forth in this Section with respect to other insurance proceeds; provided, however, if damage to or destruction of the Mortgaged Property has occurred and the Mortgagor proceeds to restore, repair, replace or rebuild the Mortgaged Property in accordance with the terms hereof, then the said proceeds shall be paid to Mortgagee and applied to the then current installments of principal and interest on the Notes and the remainder of said proceeds shall be placed into an interest-bearing escrow account from which Mortgagee shall pay installments of principal and interest on the Notes as they become due until such time as Mortgagor has restored, repaired, replaced or rebuilt the Mortgaged Property as aforesaid and the rental income of the Mortgaged Property exceeds the monthly installments of principal and interest on the Notes, and at such time all principal of the aforesaid interest-bearing escrow account and all interest thereon shall be released to Mortgagor.

All other insurance proceeds payable on account of damage or destruction to the Mortgaged Property shall be paid to Mortgagee. The circumstances, if any, pursuant to which Mortgagee shall be required to make the proceeds available shall be as set forth in the Credit Agreement.

No damage or destruction of the Mortgaged Property nor any application of insurance proceeds to the payment of the Notes secured by this Mortgage shall postpone or reduce the amount of any of the current installments of principal or interest becoming due under the Notes which shall continue to be made in accordance with the terms of the Notes until the Notes and all interest due thereunder are paid in full.

Notwithstanding the insurance requirements set forth above, Mortgagor shall comply with the requirements in the Credit Agreement and to the extent there are inconsistencies, the Credit Agreement shall control.

5. Taxes and Other Charges. Mortgagor shall pay or cause to be paid, before interest or penalties are due thereon, without any deduction, defalcation or abatement, except as permitted by law, all taxes, assessments, water and sewer rents and all other charges or claims which may be assessed, levied, or filed at any time against Mortgagor, the Mortgaged Property or any part thereof or against the interest of Mortgagee therein, or which by any present or future law may have priority over the indebtedness secured hereby either in lien or in distribution out of the proceeds of any judicial sale; and Mortgagor shall produce to Mortgagee not later than such dates receipts for the payment thereof. Provided, however, that if, pursuant to this Mortgage or otherwise, Mortgagor shall have deposited with Mortgagee before the due date thereof sums sufficient to pay any such taxes, assessments, water and sewer rents, charges or claims, and Mortgagor is not otherwise in default, they shall be paid by Mortgagee. If Mortgagor is not in default hereunder and in good faith and by appropriate legal action shall contest the validity of any such item, or the amount thereof, and shall have established by deposit of cash or other security reasonably acceptable to Mortgagee with Mortgagee, as Mortgagee may elect, a reserve for the payment thereof in such amount as Mortgagee reasonably may require, then Mortgagor shall not be required to pay the item or to produce the required receipts while the reserve is maintained and so long as the contest operates to prevent collection, is maintained and prosecuted with diligence, and shall not have been terminated or discontinued adversely to Mortgagor.

Further, Mortgagor will not apply for or claim any deduction, by reason of this Mortgage, from the taxable value of all or any part of the Mortgaged Property. It is expressly agreed that no

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credit shall be claimed or allowed on the interest payable on the Notes because of any taxes or other charges paid by Mortgagor.

6. Mortgagee's Right to Require Deposit of Certain Sums. Without limiting the effect of Sections 4 and 5 hereof, Mortgagor shall; at any time after the occurrence of an Event of Default (as defined in Section 21), upon Mortgagee's request pay to Mortgagee monthly with the monthly installments of principal and/or interest under the Notes, an amount equal to one-twelfth (1/12) of the annual premiums for the insurance policies referred to in Section 4 hereof and the annual real estate taxes, water and sewer rents, any special assessments, charges or claims and any other item which at any time may be or become a lien upon the Mortgaged Property prior to the lien of this Mortgage; and on demand from time to time Mortgagor shall pay to Mortgagee any additional sums necessary to pay the premiums and other items, all as estimated by Mortgagee. Mortgagor hereby pledges the funds deposited hereunder to Mortgagee as additional security for the obligations secured hereby. Mortgagee shall pay no interest to Mortgagor on any funds deposited pursuant hereto, and may retain any income therefrom for its own benefit. Mortgagee may commingle such funds with its general funds. Mortgagee's acceptance of and holding of such deposits is not intended to create any fiduciary relationship between Mortgagee and Mortgagor; nor has Mortgagee by holding such payments consented to act as Mortgagor's agent for the payment of taxes, assessments, water and sewer charges or insurance premiums. In the event that title to the Mortgaged Property or any part thereof passes, subject to the lien of this Mortgage, to any party either by action of Mortgagor or any other person or by operation of law or by order of court or otherwise in any manner whatsoever, Mortgagor's rights in the funds held by Mortgagee pursuant hereto (or in such pro rata part of such funds as Mortgagee shall reasonably determine if the transfer is of less than all the Mortgaged Property) shall pass to the transferee of the Mortgaged Property. Upon any assignment or other transfer of this Mortgage by Mortgagee, any deposits then held by Mortgagee shall automatically be deemed to be assigned to the transferee thereof, and Mortgagee shall have no further liability to Mortgagor therefor. If, pursuant to any provision of this Mortgage, the whole amount of Mortgagor's indebtedness or any part thereof or interest thereon becomes due and payable, Mortgagee, at its election, may apply any amounts so held against all or any part of the indebtedness secured hereby, any interest thereon and in payment of the premiums or payments for which the amounts were deposited.

7. Corporate Existence and Taxes. Mortgagor shall keep in effect its existence and rights as a corporation under the laws of the state of its incorporation and the right to own property and transact business in the state in which the Mortgaged Property is situated, during the entire term of this Mortgage,

Mortgagor shall file returns for corporate taxes or taxes similar to corporate taxes with the proper authorities, bureaus or departments and to pay, when due and payable before interest or penalties are due thereon, all taxes owing by Mortgagor to the United States, to its state of incorporation and to the state in which the Mortgaged Property is situated and any political subdivision thereof, and shall produce to Mortgagee receipts showing payment of any and all such taxes, charges or assessments prior to the last dates upon which such taxes, charges or assessments are payable without interest or penalty charges, and within ten (10) days of receipt thereof all settlements, notices of a material deficiency or over-assessment and any other material notices pertaining to the tax liability of Mortgagor which may be issued by the United States, such state of incorporation, the state in which the Mortgaged Property is situated and any political subdivision thereof.

8. Documentary and Other Stamps. If at any time the United States, the state in which the Mortgaged Property is located or any political subdivision thereof, or any department or bureau of any of the foregoing shall require documentary, revenue or other stamps on the Notes, or this Mortgage, Mortgagor on demand shall pay for them together with any interest or penalties payable thereon.

9. Other Taxes. If any law or ordinance now or hereafter imposes a tax directly or indirectly on Mortgagee or the Banks with respect to the Mortgaged Property, the value of Mortgagor's equity therein, or the indebtedness evidenced by the Notes and secured by this Mortgage, Mortgagor shall promptly pay such tax, or in default thereof, Mortgagee, at its election, shall have the right at any time to give Mortgagor written notice declaring that the principal debt, with interest and other appropriate charges, shall be due on a specified date not less than twenty (20) days thereafter; provided, however, that such election shall be ineffective if, prior to the specified date, Mortgagor lawfully pays the tax (in addition to all other payments required hereunder) and agrees to pay the tax whenever it becomes due and payable thereafter, which agreement shall then constitute a part of this Mortgage. Mortgagor hereby agrees to pay all taxes, except income taxes, imposed on Mortgagee and Banks by reason of their ownership of the Notes and this Mortgage.

10. Security Agreement. This Mortgage constitutes a security agreement under the Uniform Commercial Code and creates a security interest in all that property (and the proceeds thereof) included in the Mortgaged Property which might otherwise be deemed "personal property". Upon recording this Mortgage among the land records of the county in which this Mortgaged Property is located, this Mortgage shall also be effective as a fixture filing. Mortgagor shall execute, deliver, file and refile any financing statements, continuation statements, or other security agreements

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Mortgagee may require from time to time to confirm the lien of this Mortgage with respect to such property. Without limiting the foregoing, Mortgagor hereby irrevocably appoints Mortgagee attorney-in-fact for Mortgagor to execute, deliver and file such instruments for and on behalf of Mortgagor. All costs of such filing and refiling shall be paid by Mortgagor. Mortgagor shall not change its principal place of business without giving Mortgagee at least thirty (30) days' prior written notice thereof, which notice shall be accompanied by new financing statements executed by Mortgagor in the same form as the financing statements delivered to Mortgagee on the date hereof except for the change of address. Upon any event of default hereunder or under the Notes or the Credit Agreement, Mortgagee shall have in addition to any other rights and remedies hereunder or under the Notes, all of the rights and remedies granted to a secured party under the applicable state Uniform Commercial Code with respect to all personal property. To the extent permitted by law, Mortgagor and Mortgagee agree that the items set forth on the financing statements shall be treated as part of the real estate and improvements regardless of the fact that such items are set forth in the financing statement. Such items are contained in the financing statements to create a security interest in favor of Mortgagee in the event such items are determined to be personal property under the law. Notwithstanding any release of any or all of that property included in the Mortgaged Property which is deemed "real property", any proceedings to foreclose this Mortgage, or its satisfaction of record, the terms hereof shall survive as a security agreement with respect to the security interest created hereby and referred to above, until the repayment or satisfaction in full of the obligations of Mortgagor as are now or hereafter evidenced by the Notes.

11. Compliance with Law and Regulations. Mortgagor shall comply with all laws, ordinances, regulations and orders of all federal, state, municipal and other governmental authorities relating to the Mortgaged Property.

12. Inspection. Mortgagee and any persons authorized by Mortgagee shall have the right at any time, upon reasonable notice to Mortgagor, to enter the Mortgaged Property at a reasonable hour to inspect and photograph its condition and state of repair.

13. Declaration of No Set-Off. Within one (1) week after requested to do so by any Bank, Mortgagor shall certify to the Bank, in a writing duly acknowledged, the amount of principal, interest and other charges then owing on the Note held by the requesting Bank, and whether there are any set-offs or defenses against them.

14. Financial Statements.

So that Mortgagee will have a full and clear understanding of the operation of the Mortgaged Property and Mortgagor's financial standing, Mortgagor shall cause to be delivered financial statements as may be required pursuant to the Credit Agreement.

15. Required Notices. Mortgagor shall notify Mortgagee promptly of the occurrence of any of the following:

- a. a fire or other casualty causing material damage to the Mortgaged Property, or any part thereof;
- b. receipt of notice of eminent domain proceedings or condemnation of the Mortgaged Property, or any part thereof;
- c. receipt of notice from any governmental authority relating to the structure, use or occupancy of the Mortgaged Property or relating to any license or permit affecting the Mortgaged Property;
- d. receipt of any default or termination notice from from any tenant of any portion of the Mortgaged Property;
- e. any substantial change in the occupancy of the Mortgaged Property;
- f. receipt of any default or acceleration notice from the holder of any lien or security interest in the Mortgaged Property; or
- g. commencement of any material litigation affecting the Mortgaged Property.

16. Condemnation.

a. Awards Deposited with Mortgagee. In the event that the Mortgaged Property or any part thereof shall be taken in condemnation proceedings or by exercise of any right of eminent domain (hereinafter collectively called "condemnation proceedings"), Mortgagee shall have the right to commence, appear in and prosecute, in its own or Mortgagor's name, any such condemnation proceedings, and to settle or compromise any claim in connection therewith. The award that may be made in any such proceeding or the proceeds thereof shall be deposited with Mortgagee and distributed in the manner set forth in this Section 16.

b. Condemnation in Whole. If at any time during the term of this Mortgage the whole or materially all of the Mortgaged Property shall be taken in condemnation proceedings or by agreement

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with the condemning authority, Mortgagee shall apply (which application shall not incur any prepayment premium or penalty) such award or proceeds which it receives pursuant to Section 16(a) hereof, less (i) the actual costs, fees and expenses incurred in connection with such condemnation proceedings or agreement, and (ii) any expenses of termination and moving incurred by Mortgagor, in ceasing its operations at the Mortgaged Property not to exceed 10% of such award or proceeds, first to payment of the Notes secured by this Mortgage and interest thereon, and any balance then remaining shall be paid to Mortgagor. For the purposes of this Article 16 "materially all of the Mortgaged Property" shall be deemed to have been taken if the portion of the Mortgaged Property not so taken cannot be repaired or reconstructed so as to constitute a complete structure and facility usable in substantially the same manner as prior to the taking.

c. Condemnation in Part. If at any time during the term of this Mortgage title to less than the whole or materially all of the Mortgaged Property shall be taken as aforesaid, all of the award or proceeds collected by Mortgagee pursuant to Section 16(a) hereof, less the actual costs, fees and expenses, if any, incurred in connection with any condemnation proceeding or the settlement thereof, shall, at the election of Mortgagor, either (a) be applied by Mortgagee to the number of principal installments of the Notes (which prepayments shall not incur any prepayment premium or penalty) next falling due under the amortization schedule which can be paid in full from such proceeds, or (b) be applied to the costs of demolition, repair and restoration, substantially in the same manner and subject to the same conditions and time periods as those provided in Section 4 hereof with respect to insurance and other moneys. Any balance remaining in the hands of Mortgagee after payment of such costs of demolition, repair and restoration as aforementioned, shall be retained by Mortgagee and applied to the payment of the principal of and interest on the Notes secured by this Mortgage (which application shall not incur any prepayment premium or penalty), and any balance then remaining shall be paid to the Mortgagor. In the event that the costs of such demolition, repairs and restoration shall exceed the net amount collected by Mortgagee, Mortgagor shall pay the deficiency.

d. No Postponement of Payments on the Notes. No application of condemnation proceeds to the payment of the Notes secured by this Mortgage shall postpone or reduce any of the current installments of principal or interest becoming due under such Notes which shall continue to be paid in accordance with the terms of the Notes until the Notes and all interest due thereunder are paid in full.

e. Costs, Fees and Expenses. In case of any taking by condemnation proceedings, Mortgagee shall be entitled as a

first priority to reimbursement out of any award or payment for all reasonable costs, fees and expenses incurred by Mortgagee in the determination and collection of any such award or payment.

17. Leases. Mortgagor hereby represents that there are no leases or agreements to lease all or any part of the Mortgaged Property now in effect, except as set forth in Exhibit "C" attached hereto and made a part hereof. Mortgagor agrees not to enter into any leases or agreements to lease all or any part of the Mortgaged Property without the prior written approval thereof by Mortgagee. All leases of all or any part of the Mortgaged Property shall include subordination and attornment provisions satisfactory to Mortgagee. No lease of all or any part of the Mortgaged Property shall be materially amended except any such amendments as Mortgagee may approve in writing prior to the execution and delivery of the respective amendments.

18. Other Financing or Liens. The Banks may, at their sole option, declare the entire unpaid balance of the principal and of the accrued interest on the Notes and all other sums secured by this Mortgage immediately due and payable if any lien or encumbrance of any type, whether voluntary or involuntary, shall be permitted to be filed or entered against the Mortgaged Property without the prior written consent of the Mortgagee, unless Mortgagor shall have it removed of record within forty-five (45) days after Mortgagor has knowledge that it is filed or entered by paying it, having it bonded in a manner that removes it of record or otherwise having it removed of record.

19. Acceleration upon Transfer. The Banks may, at their sole option, declare the entire unpaid balance of the principal of and the accrued interest on the Notes and all other sums secured by this Mortgage immediately due and payable if Mortgagor, without the prior written consent of Mortgagee, shall cause or permit, to the extent it may do so, any transfer of title to or beneficial interest in the Mortgaged Property or any part thereof, voluntarily or by operation of law; or by the granting of a lease or other than in the normal course of business, or of an installment sale agreement; or any change in majority ownership of Mortgagor by any issuance or transfer of stock in Mortgagor or in Mortgagor's parent, MeritWest, Inc., whether by sale, exchange, conveyance, merger, consolidation or otherwise.

20. Right to Remedy Defaults. In the event that Mortgagor should fail to pay or cause to be paid corporate taxes (if applicable), real estate or other taxes, assessments, water and sewer rents, charges and claims or insurance premiums, or suffer or permit any lien or claim to be filed against the Mortgaged Property or any part thereof, or fail to complete construction or make necessary repairs, or permit waste, or if at any time any

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action or proceeding which could adversely affect the Mortgaged Property or the security for this Mortgage is begun, Mortgagee and the Banks, at their election and without notice to Mortgagor, shall have the right to make any payment or expenditure and to take any action which Mortgagor should have made or taken or caused to be made or taken, or which Mortgagee or the Banks deem advisable to protect the security of this Mortgage or the Mortgaged Property, without prejudice to any of Mortgagee's or Banks' rights or remedies available hereunder or otherwise, at law or in equity. All such sums, as well as costs, advanced by Mortgagee or the Banks pursuant to this Mortgage shall be due immediately from Mortgagor, shall be secured hereby and the lien thereof shall relate back to the date of this Mortgage, and shall bear interest from the date of payment by Mortgagee until the date of repayment at the default rate specified in the Notes or in the Credit Agreement.

21. Events of Default. Subject to any notice or grace periods set forth in the Credit Agreement, which shall govern defaults under this Mortgage, each of the following shall constitute an event of default ("Event of Default") hereunder:

- a. Failure of Mortgagor to pay any installment of principal or interest, or any other sum, on the date when it is due under the Notes or this Mortgage.
- b. Mortgagor's nonperformance of or noncompliance with any of the agreements, conditions, covenants, provisions or stipulations contained in the Credit Agreement, the Notes, or in this Mortgage, or in any other Loan Document securing the Notes.
- c. The occurrence of an Event of Default as defined in the Credit Agreement, the Notes, or in any other Loan Document securing the Notes or delivered to Mortgagee or the Banks in connection with the Notes by Mortgagor and/or any other person liable directly or indirectly for the payment of the Notes.
- d. A writ of execution or attachment or any similar process shall be issued or levied against all or any part of or interest in the Mortgaged Property, or any judgment involving monetary damages shall be entered against Mortgagor which shall become a lien on the Mortgaged Property or any portion thereof or interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within sixty (60) days after its entry or levy.

22. Remedies.

- a. Upon the happening of any Event of Default, the entire unpaid balance of the principal, the accrued interest and

all other sums secured by this Mortgage shall become immediately due and payable, at the option of the Banks, without notice or demand.

b. When the entire indebtedness shall become due and payable, either because of maturity or because of the occurrence of any Event of Default, or otherwise, then forthwith:

(i) Foreclosure. Mortgagee may institute an action of Mortgage Foreclosure against the Mortgaged Property, or take such other action at law or in equity for the enforcement of this Mortgage and realization on the mortgage security or any other security herein or elsewhere provided for, as the law may allow, and may proceed therein to final judgment and execution for the entire unpaid balance of the principal debt, with interest at the rate stipulated in the Notes to the date of default, and thereafter at the default rate of interest specified in the Notes, together with all other sums due by Mortgagor in accordance with the provisions of the Credit Agreement, the Notes, and this Mortgage, including all sums which may have been loaned by Mortgagee to Mortgagor regarding the Mortgaged Property after the date of this Mortgage, and all sums which may have been advanced by Mortgagee for taxes, water or sewer rents, charges or claims, payments on prior liens, insurance or repairs to the Mortgaged Property or otherwise pursuant to its rights set forth in this Mortgage, all costs of suit and attorneys' fees, together with interest at such rate on any judgment obtained by Mortgagee from and after the date of any Sheriff's sale until actual payment is made by the Sheriff of the full amount due Mortgagee, and an attorney's commission for collection.

(ii) Possession. Mortgagee may enter into possession of the Mortgaged Property, with or without legal action, and by force if necessary; collect therefrom all rentals (which term shall also include sums payable for use and occupation of the Mortgaged Property and for services performed thereon and to residents thereof) and, after deducting all costs of collection and administration expense, apply the net rentals to any or all of the following in such order and amounts as Mortgagee, in Mortgagee's sole discretion, may elect: the payment of any sums payable by the landlord under the leases of portions of the Mortgaged Property, the payment of all operating expenses including employe wages, salaries and benefits, the payment of any sums due under any prior lien, taxes, water and sewer rents, charges and claims, insurance premiums and all other carrying charges, and to the construction of the improvements on and to the maintenance, repair or restoration of the Mortgaged Property, and on account and in reduction of the principal or interest, or both, hereby secured; in and for that purpose Mortgagor hereby assigns to Mortgagee all rentals and other receipts due and to become due under any lease or leases or rights to use and occu-

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pation of the Mortgaged Property now or hereafter created, as well as all rights and remedies provided in such lease or leases, or at law or in equity for the collection of the rentals. The taking of possession and collection of rents by Mortgagee shall not be construed to be an affirmation of any lease of all or any portion of the Mortgaged Property.

(iii) Receivership. Mortgagee may have a receiver appointed to enter into possession of the Mortgaged Property, collect the rents, issues and profits therefrom and apply the same as the court may direct. Mortgagee shall be entitled to the appointment of a receiver without the necessity of proving either the inadequacy of the security or the insolvency of the Mortgagor or any other person who may be legally or equitably liable to pay money secured hereby and the Mortgagor and each such person shall be deemed to have waived such proof and to have consented to the appointment of such receiver. Should Mortgagee or any receiver collect rents, issues or profits from the Mortgaged Property the money so collected shall not be substituted for payment of the debt nor can they be used to cure the default, without the prior written consent of the Mortgagee. Mortgagee shall be liable to account only for rents, issues and profits actually received by Mortgagee.

c. Mortgagee shall have the right, from time to time, to bring an appropriate action to recover any sums required to be paid by Mortgagor under the terms of this Mortgage or the indebtedness secured hereby, as they become due, without regard to whether or not the principal indebtedness or any other sums advanced pursuant to the Notes, or the Credit Agreement and secured by this Mortgage shall be due, and without prejudice to the right of Mortgagee thereafter to bring an action of Mortgage Foreclosure, or any other action, for any default by Mortgagor existing at the time the earlier action was commenced.

d. Any real estate sold pursuant to any writ of execution issued on a judgment obtained by virtue of the Credit Agreement, the Notes or this Mortgage, or pursuant to any other judicial proceedings under the Mortgage, may be sold in one parcel, as an entirety, or in such parcels, and in such manner or order as Mortgagee, in its sole discretion, may elect.

e. Mortgagee shall have the right to set off all or any part of any amount due by Mortgagor to Mortgagee under the Notes, this Mortgage or otherwise, against any indebtedness, liabilities or obligations owing by Mortgagee for any reason and in any capacity to Mortgagor, including any obligation to disburse to Mortgagor or its designee any funds or other property on deposit with or otherwise in the possession, control or custody of Mortgagee.

f. Exercise any or all of the remedies available to a secured party under the Uniform Commercial Code of the state in which the Personal Property is located, including, but not limited to:

(i) Either personally or by means of a court-appointed receiver, take possession of all or any of the Personal Property and exclude therefrom Mortgagor and all others claiming under Mortgagor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Mortgagor in respect to the Personal Property or any part thereof. In the event Mortgagee demands or attempts to take possession of the Personal Property in the exercise of any rights under the Credit Agreement or any other document delivered pursuant to the Credit Agreement, Mortgagor promises and agrees to promptly turn over and deliver complete possession thereof to Mortgagee;

(ii) Without notice to or demand upon Mortgagor, make such payments and do such acts as Mortgagee may deem necessary to protect its security interest in the Personal Property, including without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder, and in exercising any such powers or authority to pay all expenses incurred in connection therewith; and all payments and expenses incurred by Mortgagee in so doing shall be recoverable by Mortgagee from Mortgagor upon the terms set forth in Section 20 and shall be deemed advances secured by the lien hereof;

(iii) Require Mortgagor to assemble the Personal Property or any portion thereof, at a place designated by Mortgagee and reasonably convenient to both parties, and promptly to deliver such Personal Property to Mortgagee, or an agent or representative designated by it. Mortgagee and its agents and representatives shall have the right to enter upon any or all of Mortgagor's premises and property to exercise Mortgagee's rights hereunder;

(iv) Sell, lease or otherwise dispose of the Personal Property at public sale, with or without having the Personal Property at the place of sale, upon such terms and in such manner as Mortgagee may determine. Mortgagee may be a purchaser at any such sale;

(v) Unless the Personal Property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Mortgagee shall give Mortgagor at least ten (10) days prior written notice of the time and place

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of any public sale of the Personal Property or other intended disposition thereof. Such notice may be mailed to Mortgagor at the address set forth at the beginning of this Mortgage.

g. Set off against all moneys, securities and other property of Mortgagor now or hereafter in the Possession of, on deposit with otherwise in the control or custody of Mortgagee, whether held in a general or special account for deposit, or for safekeeping or otherwise, including any obligation to disburse to Mortgagor or its designee any such moneys, securities and other property, all or any part of any amount due by Mortgagor to Mortgagee under the Notes, and all or any part of any amount due by Mortgagor to Mortgagee under this Mortgage or the Credit Agreement.

23. Rights and Remedies Cumulative.

a. The rights and remedies of Mortgagee and the Banks as provided in this Mortgage, or in the Credit Agreement, or in the Notes, shall be cumulative and concurrent; may be pursued separately, successively or together against Mortgagor or against the Mortgaged Property, or both, at the sole discretion of Mortgagee, and may be exercised as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

b. Any failure by Mortgagee or the Banks to insist upon strict performance by Mortgagor of any of the terms and provisions of this Mortgage or of Credit Agreement or of the Notes shall not be deemed to be a waiver of any of the terms or provisions of the Mortgage, Credit Agreement or Notes, and Mortgagee and the Banks shall have the right thereafter to insist upon strict performance by Mortgagor of any and all of them.

c. Neither Mortgagor nor any other person now or hereafter obligated for payment of all or any part of the sums now or hereafter secured by this Mortgage shall be relieved of such obligation by reason of the failure of Mortgagee or the Banks to comply with any request of Mortgagor or of any other person so obligated to take action to foreclose on this Mortgage or otherwise enforce any provisions of the Mortgage, the Notes, the Credit Agreement or the leases of portions of the Mortgaged Property, or by reason of the release, regardless of consideration, of all or any part of the security held for the indebtedness secured by this Mortgage, or by reason of any agreement or stipulation between any subsequent owner of the Mortgaged Property and Mortgagee or the Banks extending the time of payment or modifying the terms of the Mortgage, Notes, or the Credit Agreement, without first having obtained the consent of Mortgagor or such other person; and in the latter event Mortgagor and all such other persons shall continue to be liable to make payments according to the terms of any such exten-

sion or modification agreement, unless expressly released and discharged in writing by Mortgagee.

d. Mortgagee and the Banks may release, regardless of consideration, any part of the security held for the indebtedness secured by this Mortgage without, as to the remainder of the security, in any way impairing or affecting the lien of this Mortgage or its priority over any subordinate lien.

e. For payment of the indebtedness secured hereby Mortgagee and the Banks may resort to any other security therefor held by Mortgagee and the Banks in such order and manner as Mortgagee and the Banks may elect, including other real and personal property subject to other mortgage and security agreements, deeds of trust and security agreements.

f. The receipt by Mortgagee or the Banks of any sums from Mortgagor after the date on which Mortgagee elects to accelerate the indebtedness secured hereby by reason of a default hereunder or under the Notes shall not constitute a cure or waiver of such default or a reinstatement of the Notes or this Mortgage unless Mortgagee expressly agrees, by written notice to Mortgagor, that such payment shall be accepted as a cure or waiver of the default.

24. Mortgagor's Waivers. Mortgagor hereby waives and releases:

a. all errors, defects and imperfections in any proceeding instituted by Mortgagee or the Banks under the Credit Agreement, the Notes or this Mortgage or all of them;

b. all benefit that might accrue to Mortgagor by virtue of any present or future law exempting the Mortgaged Property, or any part of the proceeds arising from any sale thereof, from attachment, levy or sale on execution, or providing for any stay of execution, exemption from civil process or extension of time for payment;

c. unless specifically required herein, all notices of default or of Mortgagee's election to exercise, or Mortgagee's actual exercise of any option under the Credit Agreement, the Notes or this Mortgage; and

d. Mortgagor irrevocably as an independent covenant waives a jury trial and the right thereto in any action or proceeding between Mortgagor and Mortgagee or the Banks whether hereunder or otherwise.

25. Assignment of Leases and Rents. As further security for payment of the indebtedness and performance of the

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obligations, covenants and agreements secured hereby, Mortgagor hereby assigns to Mortgagee all leases already in existence, and to be created in the future, together with all rents, income and profits due and to become due under existing and future leases; provided, however, until the occurrence of an Event of Default hereunder, Mortgagor shall have the right to collect such rents, income and profits, and to retain, use and enjoy the same. Following the occurrence of an Event of Default, Mortgagee shall have the exclusive power, to be used or not in its sole discretion, to act as agent, or to appoint a third person to act as agent for Mortgagor, with power to take possession of, and collect all rents arising from the Mortgaged Property and apply such rents, at the option of Mortgagee, to the payments of the mortgage debt, taxes, costs of maintenance, repairs, expenses incident to managing the Mortgaged Property and other expenses, in such order of priority as Mortgagee may, in its sole discretion, determine and to turn any balance remaining over to Mortgagor after the mortgage debt and all interest thereon is fully paid; but such collection of rents shall not operate as an affirmation of the tenant or lease in the event Mortgagor's title to the Mortgaged Property should be acquired by Mortgagee. Mortgagee shall be liable to account only for rents and profits actually received by Mortgagee. In exercising any of its powers contained in this section, Mortgagee may also take possession of, and for these purposes use, any and all fixtures and personal property contained in or on the Mortgaged Property and owned and used by Mortgagor in the rental or leasing thereof or any part thereof. Mortgagor warrants that neither the rents, issues and profits, nor any part thereof have been previously assigned or will be assigned hereafter, except to Mortgagee.

26. Counsel Fees. If Mortgagee or the Banks become a party to any suit or proceeding affecting the Mortgaged Property or title thereto, the lien created by this Mortgage or Mortgagee's interest therein, or if Mortgagee or the Banks engage counsel to collect any of the indebtedness or to enforce performance of the agreements, conditions, covenants, provisions or stipulations of this Mortgage, the Credit Agreement or the Notes, Mortgagee's and the Banks' costs, expenses and reasonable counsel fees, whether or not suit is instituted, shall be paid to Mortgagee by Mortgagor, on demand, with interest at the default rate of interest set forth in the Notes or the Credit Agreement, and until paid they shall be deemed to be part of the indebtedness evidenced by the Notes and secured by this Mortgage.

27. Further Assurances. Mortgagor will execute and deliver such further instruments and perform such further acts as may be reasonably requested by Mortgagee from time to time to confirm the provisions of this Mortgage or the Notes, to carry out more effectively the purposes of this Mortgage or the other documents securing the Notes, or to confirm the priority of the lien created

by this Mortgage on any property, rights or interest encumbered or intended to be encumbered by the lien of this Mortgage or the other documents securing the Notes. Mortgagor agrees to pay all costs of recording, filing, and acknowledging such documents in such public offices as Mortgagee may require.

28. Copies of Notes and Mortgage. Mortgagor hereby acknowledges that it has received true and correct copies of the Notes and this Mortgage and that the same were provided to it by the Mortgagee at no cost.

29. Environmental Concerns.

a. To the best of Mortgagor's knowledge, acting in reliance on the representation made on the date hereof from Bethesda Foundation, the seller of the Mortgaged Property, none of the real property owned and/ or occupied by Mortgagor and located in the State of Iowa, including, but not limited to, the Mortgaged Property, has ever been used by previous owners and/or operators to refine, produce, store, handle, transfer, process or transport "Hazardous Substances" or "Hazardous Wastes" (hereinafter collectively referred to as "Hazardous Substances"), as such terms are defined by applicable federal, state or local act, law, ordinance, rule or regulation, whether now existing or hereafter in effect, and the Mortgagor has not in the past, nor does Mortgagor intend in the future, to use said real property, including, but not limited to, the Mortgaged Property, for the purpose of refining, producing, storing, handling, transferring, processing or transporting said "Hazardous Substances."

b. Mortgagor has not received a summons, citation, directive, letter or other communication, written or oral, from any applicable governmental agency concerning any intentional or unintentional action or omission on either of Mortgagor's part resulting in the releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of Hazardous Substances on or from the Mortgaged Property.

c. Mortgagor shall operate the Mortgaged Property or cause it to be operated in compliance with all applicable rules and regulations promulgated by all applicable governmental environmental authorities and agencies. Mortgagor shall have the right in good faith to contest or appeal from such laws, ordinance and regulations and any decision adverse to the Mortgagor based thereon, but all costs, fees and expenses incurred in connection with such proceedings shall be borne by the Mortgagor.

d. Mortgagor shall not cause or permit to exist, as a result of an intentional or unintentional action or omission on either of their part, a releasing, spilling, leaking, pumping,

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emitting, pouring, emptying or dumping of a Hazardous Substance on or from the Mortgaged Property unless said release, spill, leak, pumping, emitting, pouring, emptying or dumping is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal or state governmental authorities.

e. Should Mortgagor cause or permit any intentional or unintentional action or omission resulting in the releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of Hazardous Substances on or from the Mortgaged Property without having obtained a permit issued by the appropriate governmental authorities, Mortgagor shall promptly clean up the same in accordance with the provisions of applicable State or Federal law.

f. Mortgagor hereby agrees to defend, indemnify, and hold Mortgagee harmless from and against any and all claims, losses, liabilities, damages and expenses (including without limitation, cleanup costs and attorneys' fees and expenses, including those arising by reason of any of the aforesaid or an action against Mortgagor under this indemnity) arising directly or indirectly from, out of, or by reason of any discharge of Hazardous Substances, environmental complaint or any environmental, health or safety law governing Mortgagor, its operations or the Mortgaged Property, or any portion thereof. This Section 29 shall survive the foreclosure, expiration or sooner termination of this Mortgage.

30. Flood Insurance. Mortgagor agrees that if at any time during the term of this Mortgage, the area in which the Mortgaged Property, or any part thereof, is located is designated a "flood prone" area pursuant to the Flood Disaster Protection Act of 1973, or any amendments or supplements thereto, then in that event Mortgagor shall obtain flood insurance in such total amount as Mortgagee may from time to time require and shall otherwise comply with the National Flood Insurance Program as set forth in the said Flood Disaster Protection Act of 1973. Mortgagor further covenants and agrees to fully comply with the requirements of the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, as the same may be amended from time to time, and any other law, order, rule, ordinance or regulation concerning flood insurance, to the extent that the same apply to the Mortgaged Property, or any part thereof.

31. Indemnity and Waiver. If Mortgagee or the Banks are made a party defendant to any litigation concerning this Mortgage or the Mortgaged Property or any part thereof or any interest therein, or the construction, operation or occupancy thereof by Mortgagor, then Mortgagor shall indemnify, defend and hold Mortgagee and the Banks harmless from all liability by reason of such litigation, including reasonable attorneys' fees and expenses

incurred by Mortgagee and the Banks in any such litigation, whether or not any such litigation is prosecuted to judgment. If Mortgagee or the Banks commence an action against Mortgagor to enforce any of the terms hereof or because of the breach by Mortgagor of any of the terms hereof, or for the recovery of any sum secured hereby, Mortgagor shall pay to Mortgagee and the Banks their respective reasonable attorneys' fees and expenses, and the right to such attorneys' fees and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. If Mortgagor breaches any term of this Mortgage, Mortgagee and the Banks may employ an attorney or attorneys to protect their respective rights hereunder, and in the event of such employment following any breach by Mortgagor, Mortgagor shall reimburse Mortgagee and the Banks for any reasonable attorneys' fees and expenses incurred by Mortgagee by reason of breach.

Mortgagor waives any and all right to claim or recover against Mortgagee and the Banks, and their respective officers, employees, agents and representatives, for loss of or damage to Mortgagor, the Mortgaged Property, Mortgagor's property or the property of others under Mortgagor's control from any cause insured against or required to be insured against by the provisions of this Mortgage.

Except as otherwise specifically provided herein, all sums payable by Mortgagor hereunder shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Mortgagor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Mortgaged Property or any part thereof; (ii) any restriction or prevention of or interference with any use of the Mortgaged Property or any part thereof; (iii) any title defect or encumbrance or any eviction from the Mortgaged Property or the improvements thereon or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Mortgagee, or any action taken with respect to this Mortgage by any trustee or receiver of Mortgagee, or by any court, in any such proceeding; (v) any claim which Mortgagor has or might have against Mortgagee; (vi) any default or failure on the part of Mortgagee to perform or comply with any of the terms hereof or of any other agreement with Mortgagor; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Mortgagor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Mortgagor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension,

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deferment, diminution or reduction of any sum secured hereby and payable by Mortgagor.

32. Severability and Savings Clauses. If any provision of this Mortgage is held to be invalid or unenforceable by a court of competent jurisdiction, the other provisions of this Mortgage shall remain in full force and effect and shall be liberally construed in favor of Mortgagee in order to effect the provisions of this Mortgage. In addition, in no event shall the rate of interest under the Notes exceed the maximum rate of interest permitted to be charged by the applicable law (including the choice of law rules) and any interest paid in excess of the permitted rate shall be refunded to Mortgagor. Such refund shall be made by application of the excessive amount of interest paid to any sums outstanding under the Notes and shall be applied in such order as the Banks may determine. If the excessive amount of interest paid exceeds the sums outstanding under the Notes the portion exceeding the said sums outstanding under the Notes shall be refunded in cash by Mortgagee. Any such crediting or refund shall not cure or waive any default by Mortgagor hereunder or under the Notes. Mortgagor agrees, however, that in determining whether or not any interest payable under the Notes or this Mortgage exceeds the highest rate permitted by law, any non-principal payment (except payments specifically stated in the Notes to be "interest"), including without limitation prepayment premiums and late charges, shall be deemed to the extent permitted by law, to be an expense, fee, premium or penalty rather than interest.

33. Purchase Money Mortgage. This Mortgage secures a loan incurred to finance the purchase of the Mortgaged Property and is entitled to all of the benefits accorded to a purchase money mortgage.

34. Application for Payments to Notes. Whenever hereunder Mortgagee shall have the right or the obligation to apply amounts received by it to payment of the Notes, such payment shall be applied to the Notes in the priority and manner set forth in Section 9.2 of the Credit Agreement.

35. Communications. All communications required under this Mortgage shall be in writing, and shall be sent in the manner and to the addresses set forth in the Credit Agreement.

36. Covenant Running with the Land. Any act or agreement to be done or performed by Mortgagor shall be construed as a covenant running with the land and shall be binding upon Mortgagor and its successors and assigns as if they had personally made such agreement.

37. Amendment. This Mortgage cannot be changed or amended except by agreement in writing signed by the party against whom enforcement of the change is sought.

38. Applicable Law. This Mortgage shall be governed by and construed according to the laws of the State of Iowa.

39. Definitions. Whenever used in this Mortgage, unless the context clearly indicates a contrary intent:

a. The word "Mortgagor" shall mean the person specifically named herein as "Mortgagor", its successors and assigns;

b. The word "Mortgagee" shall mean the person specifically named herein as "Mortgagee" or any subsequent holder of this Mortgage.

c. The word "person" shall mean individual, corporation, partnership or unincorporated association;

d. The use of any gender shall include all genders;

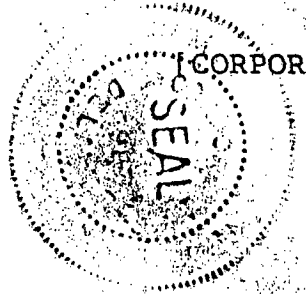
e. The singular number shall include the plural and the plural the singular as the context may require;

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f. If Mortgagor be more than one person, all agreements, conditions, covenants, provisions, stipulations, warrants of attorney, authorizations, waivers, releases, options, undertakings, rights and benefits made or given by Mortgagor shall be joint and several, and shall bind and affect all persons who are defined as "Mortgagor" as fully as though all of them were specifically named herein wherever the word "Mortgagor" is used.

40. Captions. The captions preceding the text of the paragraphs or subparagraphs of this Mortgage are inserted only for convenience of reference and shall not constitute a part of this Mortgage, nor shall they in any way affect its meaning, construction or effect.

IN WITNESS WHEREOF, Mortgagor, intending to be legally bound hereby, has caused this Mortgage to be duly executed, the day and year first above written.



[CORPORATE SEAL]

MTC WEST, INC.

By: Lawrence R. Deering
Lawrence R. Deering, President

Attest: Richard J. Bower
Jan A. Beresford, Secretary
RICHARD J. BOWER, TREASURER

This Instrument prepared by and to be returned to:

Russell C. Bellavance, Esq.
Saul, Ewing, Remick & Saul
3800 Centre Square West
15th and Market Streets
Philadelphia, PA 19102

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COMMONWEALTH OF PENNSYLVANIA :
: SS.
COUNTY OF ALLEGHENY :

On this 23rd day of September, 1988, before me, a Notary Public in and for the State and County aforesaid, personally appeared Lawrence R. Deering, to me personally known, who being by me duly sworn, acknowledged himself to be the President of MTC West, Inc., a Delaware corporation, that the seal affixed to said instrument is the seal of the corporation, and that said instrument was signed and sealed on behalf of the corporation by authority of its board of directors, and he acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

Janice A. Sheppard
Notary Public

My Commission Expires: May 25, 1992



Notarial Seal
Janice A. Sheppard, Notary Public
Pittsburgh, Allegheny County
My Commission Expires May 25, 1992
Member, Pennsylvania Association of Notaries

EXHIBIT "A"

The East 459.65 feet of the Southwest Quarter of the Southeast Quarter of the Southwest Quarter, except the North 25 feet of the east 25 feet thereof, and except the South 165 feet of the East 132 feet thereof, of Section 36, Township 76 North, Range 28 West of the 5th P.M., Madison County, Iowa.

EXHIBIT "B"

Items 8, 10, and 11 of Schedule B, Section 2 of
First American Title Insurance Company commitment dated
September 16, 1988, at 8:00 a.m.

Exhibit "C"

SCHEDULE OF LEASES

Delivered by Assignor to Assignee at Closing