

Sidney H. Klug
 Treasa J. Klug
 RR 1, Box 236
 Winterset, Iowa 50273

MORTGAGOR
 "I" includes each mortgagor above.

Union State Bank
 201 West Court
 Winterset, Iowa 50273

MORTGAGEE
 "You" means the mortgagee, its successors and assigns.

REAL ESTATE MORTGAGE: For value received, I, Sidney H. Klug and Treasa J. Klug, husband and wife, sell, convey and mortgage to you on September 11, 1989, the real estate described below and all rights, easements, appurtenances, rents, leases and existing and future improvements and fixtures that may now or at anytime in the future be part of the property (all called the "property").

PROPERTY ADDRESS: RR 1, Box 236 (Street), Winterset (City), Iowa (State), 50273 (Zip Code)

LEGAL DESCRIPTION:

A parcel of land located in the Southwest Quarter (¼) of the Northwest Quarter (¼) of Section Twenty (20), in Township Seventy-six (76) North, Range Twenty-six (26) West of the 5th P.M., Madison County, Iowa, described as follows: Beginning at a point that is 440.0 feet North of the West Quarter (¼) corner of said Section Twenty (20), thence North 210.0 feet, thence East 211.0 feet, thence South 210.0 feet, thence West 211.0 feet to the point of beginning, subject to road easement along the West side thereof, and containing 1.02 acres, more or less.

COMPUTER
Compared
 Fee 10.00

FILED NO. 526
 BOOK 153 PAGE 713
 89 SEP 18 PM 1:17
 MARY E. WELTY
 RECORDER
 MADISON COUNTY, IOWA

located in Madison County, Iowa.

TITLE: I covenant and warrant title to the property, except for encumbrances of record, municipal and zoning ordinances, current taxes and assessments not yet due and _____

SECURED DEBT: This mortgage secures repayment of the secured debt and the performance of the covenants and agreements contained in this mortgage and in any other document incorporated herein. Secured debt, as used in this mortgage, includes any amounts I may at any time owe you under this mortgage, the instrument or agreement described below, any renewal, refinancing, extension or modification of such instrument or agreement, and, if applicable, the future advances described below.

The secured debt is evidenced by (describe the instrument or agreement secured by this mortgage and the date thereof):
Installment note dated September 11, 1989 between Union State Bank and Sidney H. Klug and Treasa J. Klug.

The above obligation is due and payable on September 20, 1994 if not paid earlier.
 The total unpaid balance secured by this mortgage at any one time shall not exceed a maximum principal amount of Eleven Thousand Dollars & no/100 Dollars (\$ 11,000.00), plus interest.

Future Advances: The above amount is secured even though all or part of it may not yet be advanced. Future advances are contemplated and will be secured to the same extent as if made on the date this mortgage is executed.

NOTICE: THIS MORTGAGE SECURES CREDIT IN THE AMOUNT OF \$ 11,000.00. 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.

Variable Rate: The interest rate on the obligation secured by this mortgage may vary according to the terms of that obligation.
 A copy of the loan agreement containing the terms under which the interest rate may vary is attached to this mortgage and made a part hereof.

RIDERS: Commercial Construction _____

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 right to this protection for this property with respect to claims based upon this contract.

Sidney H. Klug 9/11/89 (Signature) (Date) Treasa J. Klug 9/11/89 (Signature) (Date)

SIGNATURES: By signing below, I agree to the terms and covenants contained on both sides of this mortgage and in any riders described above that I have signed. I also acknowledge receipt of a copy of this mortgage on today's date.

Sidney H. Klug Treasa J. Klug
 Sidney H. Klug Treasa J. Klug

ACKNOWLEDGMENT: STATE OF IOWA, COUNTY OF Madison ss.
 On this 11th day of September, 1989 before me, a Notary Public in the State of Iowa, personally appeared Sidney H. and Treasa J. Klug

Individual Acknowledgment: to me known to be the person(s) named in and who executed the foregoing instrument, and acknowledged that they executed the same as their voluntary act and deed.
 Corporate Acknowledgment: to me personally known, who being by me duly sworn or affirmed did say that that person is _____ (Title) of said corporation, that (the seal affixed to said instrument is the seal of said) (no seal has been procured by said) corporation and that said instrument was signed and sealed on behalf of the said corporation by authority of its board of directors and the said _____ acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

JOYCE E. BERNE
 MY COMMISSION EXPIRES
 8-10-92

Joyce E. Berne
 Notary Public in the State of Iowa

FOR RELEASE OF ANNEXED MORTGAGES SEE MORTGAGE RECORD PAGE 26

1. Payments. I agree to make all payments on the secured debt when due. Unless we agree otherwise, any payments you receive from me or for my benefit will be applied first to any amounts I owe you on the secured debt (exclusive of interest or principal), second, to interest and then to principal. If partial prepayment of the secured debt occurs for any reason, it will not reduce or excuse any subsequently scheduled payment until the secured debt is paid in full.

2. Claims against Title. I will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, and other charges relating to the property when due. You may require me to provide to you copies of all notices that such amounts are due and the receipts evidencing my payments. I will defend title to the property against any claims that would impair the lien of this mortgage. You may require me to assign any rights, claims or defenses which I may have against parties who supply labor or materials to improve or maintain the property.

3. Insurance. I will keep the property insured under terms acceptable to you at my expense and for your benefit. This insurance will include a standard mortgage clause in your favor. You will be named as loss payee or as the insured on any such insurance policy. Any insurance proceeds may be applied, within your discretion, to either the restoration or repair of the damaged property or to the secured debt. If you require mortgage insurance, I agree to maintain such insurance for as long as you require.

4. Property. I will keep the property in good condition and make all repairs reasonably necessary. I will give you prompt notice of any loss or damage to the property.

5. Expenses. Except when prohibited by law, I agree to pay all your expenses, including reasonable attorneys' fees, if I breach any covenants in this mortgage or in any obligation secured by this mortgage. I will pay these amounts to you as provided in Covenant 10 of this mortgage.

6. Default and Acceleration. If I fail to make any payment when due or breach any covenants under this mortgage, any prior mortgage or any obligation secured by this mortgage, you may either accelerate the maturity of the secured debt and demand immediate payment or exercise any other remedy available to you. You may foreclose this mortgage in the manner provided by law.

7. Assignment of Rents and Profits. I assign to you the rents and profits of the property. Unless we have agreed otherwise in writing, I may collect and retain the rents as long as I am not in default. If I default, you may, as provided by law, have the court appoint a receiver and the receiver may take possession and manage the property and collect the rents, income and profits. Any amounts so collected shall be applied first to the costs of managing the property, including, but not limited to, all taxes, assessments, insurance premiums, repairs, court costs and attorneys' fees, commissions to rental agents, and any other necessary related expenses. The remaining amounts will then apply to payments on the secured debt as provided in Covenant 1.

8. Prior Security Interests. I will make payments when due and perform all other covenants under any mortgage, deed of trust, or other security agreement that has priority over this mortgage. I will not make or permit any modification or extension of any mortgage, deed of trust or other security interest that has priority over this mortgage or any note or agreement secured thereby without your written consent. I will promptly deliver to you any notices I receive from any person whose rights in the property have priority over your rights.

9. Leaseholds; Condominiums; Planned Unit Developments. I agree to comply with the provisions of any lease if this mortgage is on a leasehold. If this mortgage is on a unit in a condominium or a planned unit development, I will perform all of my duties under the covenants, by-laws, or regulations of the condominium or planned unit development.

10. Authority of Mortgagee to Perform for Mortgagor. If I fail to perform any of my duties under this mortgage, or any other mortgage, deed of trust, lien or other security interest that has priority over this mortgage, you may perform the duties or cause them to be performed. You may sign my name or pay any amount if necessary for performance. If any construction on the property is discontinued or not carried on in a reasonable manner, you may do whatever is necessary to protect your security interest in the property. This may include completing the construction.

Your failure to perform will not preclude you from exercising any of your other rights under the law or this mortgage.

Any amounts paid by you to protect your security interest will be secured by this mortgage. Such amounts will be due on demand and will bear interest from the date of the payment until paid in full at the interest rate in effect from time to time on the secured debt.

11. Inspection. You may enter the property to inspect if you give me notice beforehand. The notice must state the reasonable cause for your inspection.

12. Condemnation. I assign to you the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the property. Such proceeds will be applied as provided in Covenant 1. This assignment is subject to the terms of any prior security agreement.

13. Waiver. By exercising any remedy available to you, you do not give up your rights to later use any other remedy. By not exercising any remedy, if I default, you do not waive your right to later consider the event a default if it happens again.

14. Joint and Several Liability; Co-signers; Successors and Assigns Bound. All duties under this mortgage are joint and several. If I sign this mortgage but do not sign the secured debt I do so only to mortgage my interest in the property to secure payment of the secured debt and by doing so, I do not agree to be personally liable on the secured debt. I also agree that you and any party to this mortgage may extend, modify or make any other changes in the terms of this mortgage or the secured debt without my consent. Such a change will not release me from the terms of this mortgage.

The duties and benefits of this mortgage shall bind and benefit the successors and assigns of either or both of us.

15. Notice. Unless otherwise required by law, any notice to me shall be given by delivering it or by mailing it by certified mail addressed to me at the Property Address or any other address that I tell you. I will give any notice to you by certified mail to your address on the front side of this mortgage, or to any other address which you have designated.

Any notice shall be deemed to have been given to either of us when given in the manner stated above.

16. Transfer of the Property or a Beneficial Interest in the Mortgagor. If all or any part of the property or any interest in it is sold or transferred without your prior written consent, you may demand immediate payment of the secured debt. You may also demand immediate payment if the mortgagor is not a natural person and a beneficial interest in the mortgagor is sold or transferred. However, you may not demand payment in the above situations if it is prohibited by federal law as of the date of this mortgage.

17. Release. When I have paid the secured debt, you will release this mortgage without charge to me. I agree to pay all costs to record this mortgage.

18. Waiver of Dower, Distributive Share and Homestead. I hereby waive and relinquish all rights of dower and distributive share in and to the property. I also waive all rights of homestead exemption as to the property.

19. Redemption. If the property is less than ten acres in size and if you waive in any foreclosure action any rights to a deficiency judgment against me, then the period of redemption after sale on foreclosure shall be reduced to six months. If the property is less than ten acres in size and the court finds that the property has been abandoned by me (which finding I agree the court may make) and if you waive any rights to a deficiency judgment against me in the foreclosure action, then the period of redemption after sale on foreclosure shall be reduced to sixty days. The provisions of this paragraph will be construed to conform to the provisions of Iowa Code Sections 628.26 and 628.27.