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AUD \$  
R.M.F. \$ 1.00

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BOOK 187 PAGE 381

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MICHELLE UTSLER  
RECORDER  
MADISON COUNTY, IOWA  
(517) 482-2400  
Phone

Preparer Information Kenneth W. Beall 232 S. Capitol Ave., #1000, Lansing (517) 482-2400  
Individual's Name Street Address City Phone



**MORTGAGE**, ASSIGNMENT OF LAND CONTRACTS AS  
(Open-End) SECURITY AND ASSIGNMENT OF MORTGAGE

SPACE ABOVE THIS LINE  
FOR RECORDER

THIS MORTGAGE ("Mortgage") encumbers both real and personal property, contains an after-acquired property clause and secures present and future loans and advances. the Notes described

NOTICE: This Mortgage secures credit in the amount of \$ below. 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.

- If this box is checked, this Mortgage also constitutes a Construction Mortgage as defined in the Iowa Code.
- If this box is checked, this Mortgage is a Purchase Money Mortgage as defined in the Iowa Code.

THIS Mortgage is made between FNAC Financial 1996-2 Limited Partnership, a Texas limited partnership; First National Acceptance Company - Midwest, L.C., a Michigan limited liability company; and First National Acceptance Company, a Michigan corporation (see attached for ("Mortgagors") and Comerica Bank, a Michigan banking corporation, 100 Renaissance Center, Detroit, Michigan 48243 addresses)

1. Grant of Mortgage and Security Interest. Mortgagors hereby sell, convey and mortgage unto Mortgagee, and grant a security interest to Mortgagee in the following described property:

- a. Land and Buildings. All of Mortgagors' right, title and interest in and to the following described real estate situated in \_\_\_\_\_ County, Iowa (the "Land");

See the real estate described on attached Schedule 1.

*Partial*  
RELEASED 4-15-99 SEE  
MTR RECORD 207 PAGE 134

*Partially*  
RELEASED 04-17-03 SEE  
BOOK 2003 PAGE 206

and all buildings, structures and improvements now standing or at any time hereafter constructed or placed upon the Land (the "Buildings"), including all hereditaments, easements, appurtenances, riparian rights, mineral rights, water rights, rights in and to the lands lying in streets, alleys and roads adjoining the land, estates and other rights and interests now or hereafter belonging to or in any way pertaining to the Land.

b. Personal Property. To the extent Mortgagors have an interest therein, All fixtures and other personal property integrally belonging to, or hereafter becoming an integral part of the Land or Buildings, whether attached or detached, including but not limited to, light fixtures, shades, rods, blinds, Venetian blinds, awnings, storm windows, screens, linoleum, water softeners, automatic heating and air-conditioning equipment and all proceeds, products, increase, issue, accessions, attachments, accessories, parts, additions, repairs, replacements and substitutes of, to, and for the foregoing (the "Personal Property").

c. Revenues and Income. All rents, issues, profits, leases, condemnation awards and insurance proceeds now or hereafter arising from the ownership, occupancy or use of the Land, Buildings and Personal Property, or any part thereof (the "Revenues and Income").

TO HAVE AND TO HOLD the Land, Buildings, Personal Property and Revenues and Income (collectively called the "Mortgaged Property"), together with all privileges, hereditaments thereunto now or hereafter belonging, or in any way appertaining and the products and proceeds thereof, unto Mortgagee, its successors and assigns.

2. Obligations. This Mortgage secures the following (hereinafter collectively referred to as the "Obligations"): two (2)

a. The payment of the loan made by Mortgagee to FNAC Financial 1996-2 LP ("Borrower") two (2) notes each note dated February 14, 1997 in the principal amount of \$ as set forth in the Notes with a due date of March 1, 2002 and September 1, 2002, respectively any renewals, extensions, modifications or refinancing thereof and any promissory notes issued in substitution therefor; and

b. All other obligations of Mortgagors to Mortgagee, now existing or hereafter arising, whether direct or indirect, contingent or absolute and whether as maker or surety, including, but not limited to, future advances and amounts advanced and expenses incurred by Mortgagee pursuant to this Mortgage, including but not limited to those obligations more particularly set forth in the Term and Revolving Credit Loan Agreement executed of even date between Borrower and Mortgagee.

THIS PARAGRAPH SHALL NOT CONSTITUTE A COMMITMENT TO MAKE ADDITIONAL LOANS IN ANY AMOUNT, subject to the land contracts described in attached

3. Representations and Warranties of Mortgagors. Mortgagors represent, warrant and covenant to Mortgagee that (i) Mortgagors hold clear title to the Mortgaged Property and title in fee simple in the Land; (ii) Mortgagors have the right, power and authority to execute this Mortgage and to mortgage, and grant a security interest in the Mortgaged Property; (iii) the Mortgaged Property is free and clear of all liens and encumbrances, except for real estate taxes not yet delinquent and except as otherwise stated in subparagraph 1a. herein; (iv) Mortgagors will warrant and defend title to the Mortgaged Property and the lien and priority of this Mortgage against all claims and demands of all persons, whether now existing or hereafter arising; and (v) all buildings and improvements now or hereafter located on the Land are, or will be, located entirely within the boundaries of the Land.

4. Payment and Performance of the Obligations. Mortgagors will pay all amounts payable under the Obligations in accordance with the terms of the Obligations when and as due and will timely perform all other obligations of Mortgagors under the Obligations. The provisions of the Obligations are hereby incorporated by reference into this Mortgage as if fully set forth herein.

*Partial*  
RELEASED 2-2-03 SEE  
BOOK 2003 PAGE 812

2

5. **Taxes.** Mortgagors shall pay each installment of all taxes and special assessments of every kind, now or hereafter levied against the Mortgaged Property before the same become delinquent, without notice or demand, and shall deliver to Mortgagee proof of such payment within fifteen (15) days after the date in which such tax or assessment becomes delinquent.

6. **Liens.** Mortgagors shall not create, incur or suffer to exist any lien, encumbrance, security interest or charge on the Mortgaged Property or any part thereof which might or could be held to be equal or prior to the lien of this Mortgage, other than the lien of current real estate taxes and installments of special assessments with respect to which no penalty is yet payable. Mortgagors shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the Mortgaged Property.

7. **Compliance with Laws.** Mortgagors shall comply with all present and future statutes, laws, rules, orders, regulations and ordinances affecting the Mortgaged Property, any part thereof or the use thereof.

8. **Permitted Contests.** Mortgagors shall not be required to (i) pay any tax, assessment or other charge referred to in paragraph 5 hereof, (ii) discharge or remove any lien, encumbrance or charge referred to in paragraph 6 hereof, or (iii) comply with any statute, law, rule, regulation or ordinance referred to in paragraph 7 hereof, so long as Mortgagors shall contest, in good faith, the existence, amount or the validity thereof, the amount of damages caused thereby or the extent of Mortgagors' liability therefor, by appropriate proceedings which shall operate during the pendency thereof to prevent (A) the collection of, or other realization upon the tax, assessment, charge or lien, encumbrances or charge so contested, (B) the sale, forfeiture or loss of the Mortgaged Property or any part thereof, and (C) any interference with the use or occupancy of the Mortgaged Property or any part thereof. Mortgagors shall give prompt written notice to Mortgagee of the commencement of any contest referred to in this paragraph 8.

9. **Care of Property.** Mortgagors shall take good care of the Mortgaged Property; shall keep the Buildings and Personal Property now or later placed upon the Mortgaged Property in good and reasonable repair and shall not injure, destroy or remove either the Buildings or Personal Property during the term of this Mortgage. Mortgagors shall not make any material alteration to the Mortgaged Property without the prior written consent of Mortgagee.

10. **Insurance.**

a. **Risks to be Insured.** Mortgagors, at their sole cost and expense, shall maintain insurance as follows:

i. If this is a Construction Mortgage, during the period of construction, Mortgagors will maintain builder's risk insurance, written on the so-called "builder's risk-completed value basis", in an amount equal to 100% of the insurable value of the Mortgaged Property at the date of completion, and with coverage available on the so-called "all risk", non-reporting form of policy; provided that, to the extent that any contractor for such construction shall provide a duplicate insurance policy or builder's risk policy or certificate of insurance showing that the same coverage as is herein required is being carried by such contractor and adequately protects the interest of Mortgagee and Mortgagors with respect to the Mortgaged Property or a part thereof, Mortgagee shall not be required to maintain separate coverage. The insurance provided for by this subparagraph (i) with respect to the Mortgaged Property or such part thereof shall not be required while the Mortgaged Property or part thereof is so insured. Mortgagee's interest shall be protected in accordance with a standard mortgagee clause.

ii. If this is a Construction Mortgage, during the period of construction, Mortgagors will maintain comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, complete operations and contractual liability insurance) against bodily injury and property damage in amounts satisfactory to Mortgagee. If this is not a Construction Mortgage, or upon completion of construction, Mortgagors will maintain comprehensive general public liability insurance and property damage liability insurance in amounts satisfactory to Mortgagee to protect Mortgagors from claims (including all costs and expenses of defending the same) for personal injury, sickness, disease or death or for damage or injury to or destruction of property (including loss of use thereof) occurring in, on or about the Mortgaged Property.

iii. If this is not a Construction Mortgage, or upon completion of construction, Mortgagors will maintain insurance on the Buildings and other improvements now existing or hereafter erected on the Land and on the Personal Property included in the Mortgaged Property against loss by fire, extended coverage perils and such other hazards as Mortgagee may from time to time require, such insurance to have a "Replacement Cost" endorsement attached thereto, with the amount of the insurance at least equal to the balance of the Obligations. At Mortgagors' option, such policy may have a coinsurance clause of not less than 90% of replacement cost provided the policy contains an appropriate form of cost escalation endorsement. Mortgagors will at their sole cost and expense, from time to time, and at any time at the request of Mortgagee, provide Mortgagee with evidence satisfactory to Mortgagee of the replacement cost of Mortgaged Property.

iv. If this is a Construction Mortgage, during the period of construction, Mortgagors will maintain worker's compensation insurance with respect to all employees of Mortgagors and each contractor; and, if this is not a Construction Mortgage, or upon completion of construction, Mortgagors will maintain worker's compensation insurance with respect to all employees of Mortgagors.

v. At all times, Mortgagors will maintain such other insurance as Mortgagee may reasonably require.

b. **Policy Provisions.** All insurance policies and renewals thereof maintained by Mortgagors pursuant to this Mortgage shall be written by an insurance carrier satisfactory to Mortgagee, contain a mortgagee clause in favor of and in form acceptable to Mortgagee, contain an agreement of the insurer that it will not amend, modify or cancel the policy except after thirty (30) days prior written notice to Mortgagee, and be reasonably satisfactory to Mortgagee in all other respects.

c. **Delivery of Policy or Certificate.** If requested by Mortgagee, Mortgagors will deliver to Mortgagee original policies satisfactory to Mortgagee evidencing the insurance which is required under this Mortgage, and Mortgagors shall promptly furnish to Mortgagee all renewal notices and, upon request of Mortgagee, evidence of payment thereof. At least ten (10) days prior to the expiration date of a required policy, Mortgagors shall deliver to Mortgagee a renewal policy in form satisfactory to Mortgagee.

d. **Assignment of Policy.** If the Mortgaged Property is sold at a foreclosure sale or if Mortgagee shall acquire title to the Mortgaged Property, Mortgagee shall have all of the right, title and interest of Mortgagors in and to any insurance policies required hereunder, and the unearned premiums thereon, and in and to the proceeds thereof resulting from any damage to the Mortgaged Property prior to such sale or acquisition.

e. **Notice of Damage or Destruction; Adjusting Loss.** If the Mortgaged Property or any part thereof shall be damaged or destroyed by fire or other casualty, Mortgagors will, within five (5) calendar days after the occurrence of such damage or destruction, give written notice thereof to the insurance carrier and to Mortgagee and will not adjust any damage or loss which is estimated by Mortgagors in good faith to exceed \$25,000 unless Mortgagee shall have joined in or concurred with such adjustment; but if there has been no adjustment of any such damage or loss within four (4) months from the date of occurrence thereof and if an Event of Default shall exist at the end of such four (4) month period or at any time thereafter, Mortgagee may alone make proof of loss, adjust and compromise any claim under the policies, and appear in and prosecute any action arising from such policies. In connection therewith, Mortgagors do hereby irrevocably authorize, empower and appoint Mortgagee as attorney-in-fact for Mortgagor (which appointment is coupled with an interest) to do any and all of the foregoing in the name and on behalf of Mortgagors.

f. **Application of Insurance Proceeds.** All sums paid under any insurance policy required by this Mortgage shall be paid to Mortgagee, which shall, at its option, apply the same (after first deducting therefrom Mortgagee's expenses incurred in collecting the same including but not limited to reasonable attorney's fees) to the reduction of the Obligations or to the payment of the restoration, repair, replacement or rebuilding of Mortgaged Property that is damaged or destroyed in such manner as Mortgagee shall determine and secondly to the reduction of the Obligations. Any application of insurance proceeds to principal of the Obligations shall not extend or postpone the due date of the installments payable under the Obligations or change the amount of such installments.

g. **Reimbursement of Mortgagee's Expenses.** Mortgagors shall promptly reimburse Mortgagee upon demand for all of Mortgagee's expenses incurred in connection with the collection of the insurance proceeds, including but not limited to reasonable attorneys' fees, and all such expenses shall be additional amounts secured by this Mortgage.

11. **Inspection.** Mortgagee, and its agents, shall have the right at all reasonable times, to enter upon the Mortgaged Property for the purpose of inspecting the Mortgaged Property or any part thereof. Mortgagee shall, however, have no duty to make such inspection. Any inspection of the Mortgaged Property by Mortgagee shall be entirely for its benefit and Mortgagors shall in no way rely or claim reliance thereon.

12. **Protection of Mortgagee's Security.** Subject to the rights of Mortgagors under paragraph 8 hereof, if Mortgagors fail to perform any of the covenants and agreements contained in this Mortgage or if any action or proceeding is commenced which affects the Mortgaged Property or the interest of the Mortgagee therein, or the title thereto, then Mortgagee, at Mortgagee's option, may perform such covenants and agreements, defend against or investigate such action or proceeding, and take such other action as Mortgagee deems necessary to protect Mortgagee's interest. Any amounts or expenses disbursed or incurred by Mortgagee in good faith pursuant to this paragraph 12 with interest thereon at the rate of \_\_\_\_\_ % per annum, shall become an Obligation of Mortgagors secured by this Mortgage. Such amounts advanced or disbursed by Mortgagee hereunder shall be immediately due and payable by Mortgagors unless Mortgagors and Mortgagee agree in writing to other terms of repayment. Mortgagee shall, at its option, be subrogated to the lien of any mortgage or other lien discharged in whole or in part by the Obligations or by Mortgagee under the provisions hereof, and any such subrogation rights shall be additional and cumulative security for this Mortgage. Nothing contained in this paragraph shall require Mortgagee to incur any expense or do any act hereunder, and Mortgagee shall not be liable to Mortgagors for any damage or claims arising out of action taken by Mortgagee pursuant to this paragraph.

13. **Condemnation.** ~~Mortgagors shall give Mortgagee prompt notice of any action, actual or threatened, in condemnation or eminent domain and hereby assign, transfer and set over to Mortgagee the entire proceeds of any award or claim for damages for all or any part of the Mortgaged Property taken or damaged under the power of eminent domain or condemnation. Mortgagee is hereby authorized to intervene in any such action in the names of Mortgagors, to compromise and settle any such action or claim, and to collect and receive from the condemning authorities and give proper receipts and acquittances for such proceeds. Any expenses incurred by Mortgagee in intervening in such action or compromising and settling such action or claim, or collecting such proceeds shall be reimbursed to Mortgagee first out of the proceeds. The remaining proceeds or any part thereof shall be applied to reduction of that portion of the Obligations then most remotely to be paid, whether due or not, or to the restoration or repair of the Mortgaged Property, the choice of application to be solely at the discretion of Mortgagee.~~ <sup>to the extent Mortgagors have an interest therein</sup>

14. **Fixture Filing.** From the date of its recording, this Mortgage shall be effective as a financing statement filed as a fixture filing with respect to the Personal Property and for this purpose the name and address of the debtor is the name and address of Mortgagors as set forth in paragraph 20 herein and the name and address of the secured party is the name and address of the Mortgagee as set forth in paragraph 20 herein.

15. **Events of Default.** Each of the following occurrences shall constitute an event of default hereunder ("Event of Default"):

a. Mortgagors shall default in the due observance or performance of or breach its agreement contained in paragraph 4 hereof ; or shall default in the due observance or performance of or breach any other covenant, condition or agreement on its part to be observed or performed pursuant to the terms of this Mortgage. <sup>for seven (7) days after receiving notice of</sup>

b. Mortgagors shall make an assignment for the benefits of its creditors, or a petition shall be filed by or against Mortgagors such under the United States Bankruptcy Code or Mortgagors shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of a material part of its properties or of the Mortgaged Property or shall not, within thirty (30) days after the appointment of a trustee, receiver or liquidator of any material part of its properties or of the Mortgaged Property, have such appointment vacated. <sup>default</sup>

c. A judgment, writ or warrant of attachment or execution, or similar process shall be entered and become a lien on or be issued or levied against <sup>Mortgagor's interest in</sup> the Mortgaged Property or any part thereof which is not released, vacated or fully bonded within thirty (30) days after its entry, issue or levy.

d. An event of default, however defined, shall occur under any other mortgage, assignment or other security document constituting a lien on the Mortgaged Property or any part thereof.

e. <sup>Mortgagor's interest in</sup>

16. **Acceleration; Foreclosure.** Upon the occurrence of any Event of Default and at any time thereafter while such Event of Default exists, Mortgagee may, at its option, after such notice as may be required by law, exercise one or more of the following rights and remedies (and any other rights and remedies available to it):

a. Mortgagee may declare immediately due and payable all Obligations secured by this Mortgage, and the same shall thereupon be immediately due and payable, without further notice or demand.

b. Mortgagee shall have and may exercise with respect to the Personal Property, all the rights and remedies accorded upon default to a secured party under the Iowa Uniform Commercial Code. If notice to Mortgagors of intended disposition of such property is required by law in a particular instance, such notice shall be deemed commercially reasonable if given to Mortgagors at least ten (10) days prior to the date of intended disposition.

c. <sup>Subject to the land contracts described in Attached Schedule 1,</sup> Mortgagee may (and is hereby authorized and empowered to) foreclose this Mortgage in accordance with the law of the State of Iowa, and at any time after the commencement of an action in foreclosure, or during the period of redemption, the court having jurisdiction of the case shall at the request of Mortgagee appoint a receiver to take immediate possession of the Mortgaged Property and of the Revenues and Income accruing therefrom, and to rent or cultivate the same as he may deem best for the interest of all parties concerned, and such receiver shall be liable to account to Mortgagors only for the net profits, after application of rents, issues and profits upon the costs and expenses of the receivership and foreclosure and upon the Obligations.

17. **Redemption.** It is agreed that if this Mortgage covers less than ten (10) acres of land, and in the event of the foreclosure of this Mortgage and sale of the property by sheriff's sale in such foreclosure proceedings, the time of one year for redemption from said sale provided by the statutes of the State of Iowa shall be reduced to six (6) months provided the Mortgagee, in such action files an election to waive any deficiency judgment against Mortgagors which may arise out of the foreclosure proceedings; all to be consistent with the provisions of Chapter 628 of the Iowa Code. If the redemption period is so reduced, for the first three (3) months after sale such right of redemption shall be exclusive to the Mortgagor, and the time periods in Sections 628.5, 628.15 and 628.16 of the Iowa Code shall be reduced to four (4) months.

It is further agreed that the period of redemption after a foreclosure of this Mortgage shall be reduced to sixty (60) days if all of the three following contingencies develop: (1) The real estate is less than ten (10) acres in size; (2) the Court finds affirmatively that the said real estate has been abandoned by the owners and those persons personally liable under this Mortgage at the time of such foreclosure; and (3) Mortgagee in such action files an election to waive any deficiency judgment against Mortgagors or their successors in interest in such action. If the redemption period is so reduced, Mortgagors or their successors in interest or the owner shall have the exclusive right to redeem for the first thirty (30) days after such sale, and the time provided for redemption by creditors as provided in Sections 628.5, 628.15 and 628.16 of the Iowa Code shall be reduced to forty (40) days. Entry of appearance by pleading or docket entry by or on behalf of Mortgagors shall be a presumption that the property is not abandoned. Any such redemption period shall be consistent with all of the provisions of Chapter 628 of the Iowa Code. This paragraph shall not be construed to limit or otherwise affect any other redemption provisions contained in Chapter 628 of the Iowa Code.

18. **Attorneys' Fees.** Mortgagors shall pay on demand all costs and expenses incurred by Mortgagee in enforcing or protecting its rights and remedies hereunder, including, but not limited to, reasonable attorneys' fees and legal expenses.

19. **Forbearance not a Waiver, Rights and Remedies Cumulative.** No delay by Mortgagee in exercising any right or remedy provided herein or otherwise afforded by law or equity shall be deemed a waiver of or preclude the exercise of such right or remedy, and no waiver by Mortgagee of any particular provisions of this Mortgage shall be deemed effective unless in writing signed by Mortgagee. All such rights and remedies provided for herein or which Mortgagee or the holder of the Obligations may have otherwise, at law or in equity, shall be distinct, separate and cumulative and may be exercised concurrently, independently or successively in any order whatsoever, and as often as the occasion therefor arises.

All notices required to be given hereunder shall be in writing and deemed given when personally delivered or deposited States mail, postage prepaid, sent certified or registered, addressed as follows:

- a. If to Mortgagors, to:
  - 241 East Saginaw, Ste. 500
  - P. O. Box 4010
  - East Lansing, MI 48826
- b. If to Mortgagee, to:
  - 101 North Washington Square
  - Lansing, MI 48933

or to such other address or person as hereafter designated in writing by the applicable party in the manner provided in this paragraph for the giving of notices.

21. Severability. In the event any portion of this Mortgage shall, for any reason, be held to be invalid, illegal or unenforceable in whole or in part, the remaining provisions shall not be affected thereby and shall continue to be valid and enforceable and if, for any reason, a court finds that any provision of this Mortgage is invalid, illegal, or unenforceable as written, but that by limiting such provision it would become valid, legal and enforceable then such provision shall be deemed to be written, construed and enforced as so limited.

22. Further Assurances. At any time and from time to time until payment in full of the Obligations, Mortgagors will, at the request of Mortgagee, promptly execute and deliver to Mortgagee such additional instruments as may be reasonably required to further evidence the lien of this Mortgage and to further protect the security interest of Mortgagee with respect to the Mortgaged Property, including, but not limited to, additional security agreements, financing statements and continuation statements. Any expenses incurred by Mortgagee in connection with the recordation of any such instruments shall become additional Obligations of Mortgagors secured by this Mortgage. Such amounts shall be immediately due and payable by Mortgagors to Mortgagee.

23. Successors and Assigns bound; Number; Gender; Agents; Captions. The rights, covenants and agreements contained herein shall be binding upon and inure to the benefit of the respective legal representatives, successors and assigns of the parties. Words and phrases contained herein, including acknowledgment hereof, shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender according to the contexts. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

24. Governing Law. This Mortgage shall be governed by and construed in accordance with the laws of the State of Iowa.

25. Release of Rights of Dower, Homestead and Distributive Share. Each of the undersigned hereby relinquishes all rights of dower, homestead and distributive share in and to the Mortgaged Property and waives all rights of exemption as to any of the Mortgaged Property.

26. Acknowledgment of Receipt of Copies of Debt Instrument. Mortgagors hereby acknowledge the receipt of a copy of this Mortgage together with a copy of each promissory note secured hereby.

27. Additional Provisions. ~~Add Addendum Page.~~

See Addendum for Paragraphs 27-34.

Dated: February 14, 19 97.

See attached signature pages

\_\_\_\_\_  
Mortgagors

**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 MORTGAGE, I VOLUNTARILY GIVE UP MY RIGHT TO THIS PROTECTION FOR THIS MORTGAGED PROPERTY WITH RESPECT TO CLAIMS BASED UPON THIS MORTGAGE.**

Dated: \_\_\_\_\_, 19 \_\_\_\_\_

Dated: \_\_\_\_\_, 19 \_\_\_\_\_

STATE OF IOWA

COUNTY OF \_\_\_\_\_

}  
SS:

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me, the undersigned, a Notary Public, personally appeared

\_\_\_\_\_ to me known to be the identical persons named in and who executed the foregoing instrument, and acknowledged that they executed the same as their voluntary act and deed.

\_\_\_\_\_  
Notary Public

6

**ADDENDUM TO MORTGAGE, ASSIGNMENT OF  
LAND CONTRACTS AND ASSIGNMENT OF MORTGAGE**

27. As further security for the obligations more particularly described in Paragraph 2 above, Mortgagors hereby assign, transfer and set over unto Mortgagee the Vendor's interest in those certain land contracts more particularly described on Schedule 1 hereto concerning the real estate described thereon. Borrower is the assignee of the Vendor's interests on each of said land contracts. The remaining Mortgagors have held Vendor's interests in certain of the land contracts from time to time, but hereby warrant that all their right, title and interest therein has been conveyed and now rests in Borrower.

28. A demand on any land contract vendee by Mortgagee for the payment of the land contract payment shall be sufficient warrant to said vendee to make future land contract payments to said Mortgagee without the necessity for further consent by Mortgagors.

29. Mortgagors hereby covenant and warrant to said Mortgagee that Mortgagors have not executed any prior assignment of said payments nor have they performed any act or executed any other instruments which might prevent Mortgagee from operating under any of the terms and conditions of this Assignment or which would limit Mortgagee in such operation; and said Mortgagors further covenant and warrant to Mortgagee that they have not executed or granted any modification whatsoever of said land contracts, except as herein indicated, and that said land contracts are in full force and effect, and that there are no defaults now existing under said land contracts.

30. Mortgagors hereby agree that so long as the aforesaid indebtedness or any part thereof shall remain unpaid they will make no other assignment, pledge or other disposition of said land contracts or payments, nor will they cancel said land contracts, accept a surrender thereof, reduce the payments required thereunder, modify, alter or amend said land contracts or consent to an assignment of any vendee's interest thereunder, without notice of same to Mortgagee.

31. Mortgagors do hereby agree to perform and discharge each and every obligation, covenant and agreement required to be performed by the Mortgagors in the said land contracts and to require the vendee thereunder to discharge each and every obligation, covenant and agreement which said vendee is required to perform under said land contracts, and in default thereof, Mortgagee shall have the right, but without obligation to do so, and without releasing Mortgagors from any obligation hereof, to correct such default or to enforce compliance with any land contract by the vendee in such manner and to such extent as the Mortgagee may deem necessary to protect the security hereof. Any expense incurred by the Mortgagee hereunder, and any monies advanced by the Mortgagee, shall be added to the secured debt and shall be payable at the time for the payment of the next regular installment of principal and interest under the note above referred to. Nothing herein contained shall be construed to bind the

Mortgagee to perform any of the terms and provisions contained in said land contracts or otherwise to impose any obligation upon the Mortgagee.

32. Assignment of Mortgages. As further security for the obligations more particularly described in Paragraph 2 above, Mortgagors assign to Mortgagee all their right, title and interest in and to those mortgages more particularly described on Schedule 2 hereto, together with the notes therein described or referred to, the money due or to become due thereon, with interest, and all rights accrued or to accrue under said mortgages.

33. THE MORTGAGORS AND THE MORTGAGEE ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS MORTGAGE OR THE INDEBTEDNESS.

34. First National Acceptance Company - Midwest, L.C.; ("Investor"); and First National Acceptance Company ("FNAC") join in the execution of this Instrument and are referred to as Mortgagors herein solely for the purposes of subordinating and subjecting all of their right, title and interest in the mortgaged premises and in and under the land contracts and mortgages more particularly described on the attached Schedule 1 to the lien and terms of this Instrument and to be bound by the terms, conditions, warranties and covenants contained herein, granting Mortgagee a first and prior security interest in the mortgaged premises subject only to the rights set forth in the attached Schedule 1, without creating any personal liability whatsoever hereunder on the part of FNAC or the Investor for the payment of any indebtedness or payment obligations of any kind to Mortgagee, except if FNAC or Investor breach or cause Borrower to breach the terms of this Instrument or the Loan Agreement of even date herewith. FNAC and Investor acknowledge that the Mortgagee may exercise any of the remedies set forth in this Instrument with respect to any and all of its right, title and interest in the mortgaged premises, and in and under the land contracts or the mortgages.

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**SUPPLEMENTAL SIGNATURE PAGE FOR MORTGAGE  
ASSIGNMENT OF LAND CONTRACTS AS SECURITY  
AND ASSIGNMENT OF MORTGAGE**

Address: **FNAC Financial 1996-2 Limited Partnership,  
a Texas limited partnership**

350 St. Paul Street  
Dallas, TX 75201

By: **Five Square Management, Inc.,  
a Michigan Corporation  
Its: General Manager**

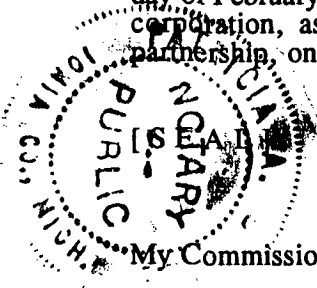
Christopher S. Bingham  
Christopher S. Bingham

By: David R. Foote  
David R. Foote, President

Patricia A. Brazee  
Patricia A. Brazee

STATE OF MICHIGAN     §  
  §  
COUNTY OF INGHAM     §

The foregoing instrument was ACKNOWLEDGED before me this 14th day of February, 1997, by David R. Foote, as President of Five Square Management, Inc., a Michigan corporation, as General Partner of FNAC Financial 1996-2 Limited Partnership, a Texas limited partnership, on behalf of said limited partnership.



Patricia A. Brazee  
Notary Public, Ionia acting in Ingham County, Michigan

My Commission Expires:

July 30, 1999

Patricia A. Brazee  
(Printed Name of Notary Public)

Address: **First National Acceptance Company - Midwest, L.C.  
a Michigan limited liability company**

241 East Saginaw, Ste 500  
P. O. Box 4010  
East Lansing, MI 48826

By: **Washington Financial Corp.,  
a Michigan corporation  
Its: Manager**

Christopher S. Bingham  
Christopher S. Bingham

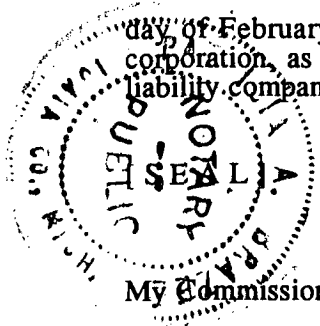
By: David R. Foote  
David R. Foote, President

Patricia A. Brazee  
Patricia A. Brazee

STATE OF MICHIGAN  
COUNTY OF INGHAM

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The foregoing instrument was ACKNOWLEDGED before me this 14th day of February, 1997, by David R. Foote, as President of Washington Financial Corp., a Michigan corporation, as Manager of First National Acceptance Company - Midwest, L.C., a Michigan limited liability company.



Patricia A. Brazee  
Notary Public, Ionia County acting in Ingham

My Commission Expires:  
July 30, 1999

Patricia A. Brazee  
(Printed Name of Notary Public)

Address:  
241 East Saginaw, Ste 500  
P. O. Box 4010  
East Lansing, MI 48826

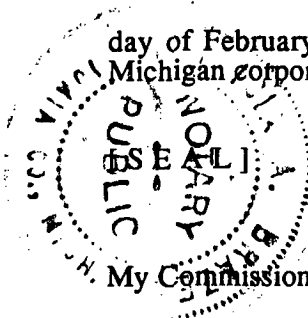
First National Acceptance Company,  
a Michigan corporation  
By: David R. Foote  
David R. Foote, President

Christopher S. Bingham  
Christopher S. Bingham  
Patricia A. Brazee  
Patricia A. Brazee

STATE OF MICHIGAN  
COUNTY OF INGHAM

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The foregoing instrument was ACKNOWLEDGED before me this 14th day of February, 1997, by David R. Foote, as President of First National Acceptance Company, a Michigan corporation.



Patricia A. Brazee  
Notary Public, Ionia acting in Ingham County, Michigan

My Commission Expires:  
July 30, 1999

Patricia A. Brazee  
(Printed Name of Notary Public)



SCHEDULE 1

County Of: Madison

**Property in the:**           **State Of:** IA  
                                  **County Of:** Madison  
                                  **Township Of:** Winterset  
                                  **City Of:**

**Referencing:**           **Borrower:** Bruce E. White  
                                  **Sales Price:** \$37,900  
                                  **Account Number:** 15994

**Described as follows:**

Lots 3 and 4 in Block 2 of Hornback & Bevington's Addition to the City of Winterset, Madison County, Iowa.

**Property in the:**           **State Of:** IA  
                                  **County Of:** Madison  
                                  **Township Of:** St Charles  
                                  **City Of:**

**Referencing:**           **Borrower:** Curt Smith  
                                  **Sales Price:** \$37,500  
                                  **Account Number:** 17259

**Described as follows:**

Lots three (3) and four (4) in block seven (7), of Hartman and Young's addition to the town of St. Charles, Iowa.

**Property in the:**           **State Of:** IA  
                                  **County Of:** Madison  
                                  **Township Of:** Patterson  
                                  **City Of:**

**Referencing:**           **Borrower:** Paul W. Oglesbee  
                                  **Sales Price:** \$39,500  
                                  **Account Number:** 17286

**Described as follows:**

Lot five (5) in block one (1) of the town of Patterson, Madison County, Iowa.