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BOOK 187 PAGE 425

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MICHELLE UTSLER
RECORDER
MADISON COUNTY, IOWA

REC # 135 ¹⁰
AUD \$
R.M.F. \$

**MORTGAGE, SECURITY AGREEMENT, FIXTURE FINANCING STATEMENT
AND ASSIGNMENT OF LEASES AND RENTS
(Including Leasehold Interest)**

THIS MORTGAGE, SECURITY AGREEMENT, FIXTURE FINANCING STATEMENT AND ASSIGNMENT OF LEASES AND RENTS encumbers both real and personal property, contains an after-acquired property clause and secures present and future Loans and Advances.

NOTICE: This Mortgage secures credit in the amount of \$5,200,000.00. 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.

This Mortgage is a purchase money mortgage as defined in the Iowa Code.

This Mortgage constitutes a Construction Mortgage as defined in the Iowa Code.

This Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents (the "Mortgage"), is made as of the 1st day of March, 1997, by T.D. MARC INC., an Iowa corporation (the "Owner") and WOODMARC LIMITED COMPANY, an Iowa limited liability company (the "Lessee" and together with the Owner, each a "Mortgagor") in favor of MERCANTILE BANK OF WESTERN IOWA (the "Mortgagee").

RECITALS:

The Iowa Finance Authority, a public instrumentality and agency of the State of Iowa (the "Issuer"), is issuing its Industrial Development Revenue Bonds (T.D. Marc Inc. Project), Series 1997 (the "Bonds") in the principal amount of \$4,995,000 pursuant to an Indenture of Trust, dated as of March 1, 1997 (the "Indenture"), between the Issuer and Norwest Bank Iowa, National Association, as trustee for the purchasers of the Bonds (in such capacity, the "Trustee"). The Issuer has agreed to loan the proceeds of the Bonds to the Owner pursuant to a Loan Agreement, dated as of March 1, 1997, (the "Loan Agreement"), between the Issuer and the Owner to finance construction of improvements on and a plant expansion to the real estate owned by the Owner and the acquisition of equipment by the Owner. The Mortgagee has, at

EXTENSION AMEND 8-8-01
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the Owner's request, arranged for the issuance by Mercantile Bank National Association (the "LC Issuer") of its irrevocable standby letter of credit in the original stated amount of \$5,141,367.81 (the "Letter of Credit") pursuant to a Letter of Credit and Reimbursement Agreement, dated as of March 1, 1997 (the "Reimbursement Agreement"), between the Mortgagors and the Mortgagee, to secure payment of the Bonds. The Owner has agreed to pay amounts to the Mortgagee under the Reimbursement Agreement in connection with draws made under the Letter of Credit and to pay other amounts to the Mortgagee. The Mortgagee has required the execution and delivery hereof as a condition to the issuance of the Letter of Credit. All capitalized terms used and not otherwise defined herein shall have the same meaning when used therein as in the Reimbursement Agreement.

NOW, THEREFORE, each Mortgagor agrees with the Mortgagee as follows:

1. Grant of Mortgage and Security Interest. Each Mortgagor hereby severally sells, conveys and mortgages unto the Mortgagee and grants a security interest to the Mortgagee in the land (the "Land") described in Exhibit A attached hereto and made a part hereof, together with (a) all of the buildings, structures and other improvements now or hereafter, existing upon the Land (the "Improvements"); and (b) all lighting, heating, ventilating, air-conditioning, sprinkling and plumbing fixtures, water and power systems, engines and dynamos, transformers, electrical equipment, and all other fixtures of every description located in or on, or used, or intended to be used in connection with the Land or any building now or hereafter located thereon (the "Fixtures" and, together with the Improvements and the Land, the "Real Estate"); and (c) all building materials, equipment, machinery, apparatus, furniture, furnishings, maintenance equipment and all other personal property now or hereafter located in, or on, or used, or intended to be used in connection with the Land or any building now or hereafter located thereon and all replacements and additions thereto (the "Tangible Property"); and (d) all hereditaments, privileges, estates, easements, appurtenances, riparian rights, rents, issues, profits, condemnation awards, mineral rights and water rights now or hereafter belonging or in any way pertaining to the Real Estate or the Tangible Property and all estates, rights and interests of the Mortgagor in the Land; and (e) all leases, rents, profits and income from and of the Real Estate and the Tangible Property; and (f) all of the Owner's right, title and interest in and to all funds on deposit with the trustee under the Indenture of Trust, dated as of March 1, 1997, by and between Norwest Bank Iowa, National Association, as Trustee (in such capacity, the "Trustee"), and the Iowa Finance Authority and the Trust Estate thereunder; and (g) the Lease Agreement, dated as of March 1, 1997, between the Owner and the Lessee and all amendments and modifications thereto made in accordance with this Mortgage and all future leases and subleases of the Real Estate made with approval of the Mortgagee (together with the Lease, the "Leases"); and (h) all additions, accessions, increases, parts, fittings, accessories, products, replacements, substitutions, betterments, repairs and proceeds to any and all of the



foregoing (all of the foregoing, together with the Land, are hereinafter referred to as the "Mortgaged Property").

2. Indebtedness This Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents secures the payment of all present and future obligations and indebtedness of the Owner to the Mortgagee, including without limitation the Owner's obligations and indebtedness to the Mortgagee under the Reimbursement Agreement and the Mortgagee's obligation of reimbursement thereunder, any renewals, extensions, modifications or refinancings thereof, together with all other obligations of the Owner to the Mortgagee now existing or hereafter arising, whether direct or indirect, contingent or absolute and whether as maker or surety and including, but not limited to, future advances and amounts advanced and expenses incurred by the Mortgagee pursuant to this Mortgage ("Indebtedness").

3. Representations of Mortgagor. Each Mortgagor severally represents, warrants and covenants that (a) the Mortgagor has the right, power and authority to execute this Mortgage and to mortgage, assign and grant a security interest in, the Mortgaged Property; (b) the Mortgaged Property is free from all liens, security interests and encumbrances except for real estate taxes not yet delinquent and such liens, security interests and encumbrances, if any, set forth in Exhibit B attached hereto; (c) each Mortgagor will warrant and defend title to its respective portion of the Mortgaged Property and the lien and priority of this Mortgage against all claims and demands of all persons whomsoever, whether now existing or hereafter arising; and (d) 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 of the Obligations. The Owner will pay all amounts payable in respect of the Term Loan and the Term Note in accordance with the terms thereof and all other Indebtedness, when and as due. The provisions of the Indebtedness are hereby incorporated by reference into this Mortgage as fully as if set forth at length herein.

5. Payment of Taxes, Assessments and Other Charges. Subject to paragraph 9, the Mortgagors shall pay before a penalty might attach for nonpayment thereof, all taxes and assessments and all other charges whatsoever levied upon or assessed, placed or made against the Mortgaged Property, this Mortgage or the Indebtedness secured hereby, except that assessments may be paid in installments so long as no fine or penalty is added to any installment for the nonpayment thereof. The Mortgagors shall likewise pay any and all levies, assessments, due, charges or fees, which are assessed or imposed upon the Mortgaged Property, or any part thereof, or become due and payable, which create a lien upon Mortgaged Property, or any part thereof. Each Mortgagor shall promptly furnish to the Mortgagee all notices received by Mortgagor of such amounts and, in the event any Mortgagor shall make payment

directly, such Mortgagor shall promptly furnish to the Mortgagee receipts evidencing such payments.

6. Tax Escrow. If requested by the Mortgagee, on the first day of each month Mortgagors shall pay the Mortgagee an amount equal to 1/12th of the annual real estate taxes, special assessments and other charges against the Mortgaged Property (all as reasonably estimated by the Mortgagee). Such amounts shall be held and used by the Mortgagee to pay such taxes, assessments and charges as and when due. If the amounts set aside for payments of such taxes, assessments and charges are insufficient, the Mortgagors, upon demand by the Mortgagee, will pay such additional sums as the Mortgagee determines to be necessary to make the required payments. All amounts paid by a Mortgagor to the Mortgagee pursuant to provisions of this paragraph shall be held by the Mortgagee in a non-interest bearing escrow account.

7. Liens. Neither Mortgagor shall 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 and the encumbrances and security interests set forth in Exhibit B attached hereto. The Mortgagors shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the Mortgaged Property.

8. Compliance with Laws. The 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.

9. Permitted Contests. Neither Mortgagor shall be required to (a) pay any tax, assessments or other charge referred to in paragraph 5 hereof, (b) discharge or remove any lien, encumbrance or charge referred to in paragraph 7 hereof, or (c) comply with any statute, law, rule, regulation or ordinance referred to in paragraph 8 hereof, so long as a Mortgagor shall contest, in good faith, the existence, amount or the validity thereof, the amount of damages caused thereby or the extent of its liability therefor, by appropriate proceedings which shall operate during the pendency thereof to prevent (i) the collection of, or other realization upon the tax, assessment, charge, lien or encumbrance so contested, (ii) the sale, forfeiture or loss of the Mortgaged Property or any part thereof, and (iii) any interference with the use or occupancy of Mortgaged Property or any part thereof. The Mortgagors shall give prompt written notice to the Mortgagee of the commencement of any contest referred to in this paragraph 9.

10. Insurance.

(a) Risks to be Insured. The Mortgagors, at the Mortgagors' sole cost and expense, shall maintain insurance as follows:

(i) During the period of construction, the Mortgagor 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 the Mortgagee and the Mortgagor with respect to the Mortgaged Property or a part thereof, 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. The Mortgagee's interest shall be protected in accordance with a standard mortgagee clause in favor of the Mortgagee for itself and as agent for the Banks.

(ii) During the period of construction, the Mortgagors will maintain comprehensive general public liability insurance and property damage liability insurance in amounts satisfactory to the Mortgagee to protect the 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) Upon completion of construction, the Mortgagors will maintain insurance on the buildings and other improvements now existing or hereafter erected on the Land and on the fixtures and personal property included in the Mortgaged Property against loss by fire, extended coverage perils and such other hazards as the Mortgagee may from time to time requires, such insurance to have a "Replacement Cost" endorsement attached thereto, with the amount of the insurance at least equal to the balance of the Indebtedness. At the 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. The Mortgagors will at the Mortgagors' sole cost and expense, from time to time, and at any time at the request of the Mortgagee, provide Mortgagee with evidence satisfactory to the Mortgagee of the replacement cost of the Mortgaged Property.

(iv) During the period of construction, the Mortgagor will maintain workers' compensation insurance with respect to all employees of the Mortgagor and require each contractor to maintain workers' compensation insurance with respect to all employees of such contractor; and upon completion of construction, Mortgagor will maintain workers' compensation insurance with respect to all employees of the Mortgagor.

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

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

(c) Delivery of Policy or Certificate. If requested by the Mortgage, the Mortgagors will deliver to the Mortgagee original policies satisfactory to the Mortgagee evidencing the insurance which is required under this Mortgage, and the Mortgagors shall promptly furnish to the Mortgagee all renewal notices and, upon request of the Mortgagee, evidence of payment thereof. At least 10 days prior to the expiration date of a required policy, Mortgagors shall deliver to the Mortgagee a renewal policy in form satisfactory to the Mortgagee. If a Mortgagor has a blanket insurance policy in force providing coverage for several properties of the Mortgagors, including the Mortgaged Property, the Mortgagee will accept a certificate of insurance, together with a certified copy of such blanket insurance policy, provided, the certificate sets forth the amount of insurance and coverage (and such amounts are at least equal to the amounts required herein), the original policy or policies of insurance are written by a carrier or carriers acceptable to the Mortgagee, such policies insure the Mortgaged Property against the risks set forth herein, and such certificate provides that the policy or policies referred to therein cannot be amended, modified or cancelled without thirty (30) days' prior written notice to the Mortgagee.

(d) Assignment of Policy. If the Mortgaged Property is sold at a foreclosure sale or if the Mortgagee shall acquire title to the Mortgaged Property, the Mortgagee shall have all of the right, title and interest of the 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, the Mortgagors will, within five calendar days after the occurrence of such damage or destruction, give written notice thereof to the insurance carrier and the Mortgagee and will not adjust any damage or loss which is estimated by Mortgagors in good faith to exceed \$25,000 unless the 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 months from the date of occurrence thereof and if an Event of Default shall exist at the end of such four-month period or at any time thereafter, the 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, each Mortgagor does hereby irrevocably authorize, empower and appoint the 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 such Mortgagor.

(f) Application of Insurance Proceeds. All sums paid under any insurance policy required by this Mortgage shall be paid to the Mortgagee, which shall, at its option, apply the same to the redemption of Bonds or to the payment of the restoration, repair, replacement or rebuilding of Mortgaged Property that is damaged or destroyed in such manner as herein provided. Unless the Owner shall have exercised its options to cause the Bonds to be redeemed in whole pursuant to the provisions of Article III of the Indenture, if prior to full payment of the Bonds (or provision for payment thereof in accordance with the provisions of the indenture) (i) the Mortgaged Property or any substantial portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, or (ii) title to, or the temporary use of, the Mortgaged Property or any substantial portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Owner shall be obligated to continue to pay the amounts specified in the Loan Agreement.

So long as any of the Bonds are outstanding and unpaid, or provision for the payment thereof has not been made in accordance with the Indenture, the Mortgagee and the Mortgagor shall cause the Net Proceeds received by the Mortgagor of any insurance proceeds resulting from any event described above to be paid to the Trustee. If and only if no default or Event of Default exists under the Reimbursement Agreement, the Loan Agreement, the Indenture or this Mortgage, (a) if the Mortgaged Property cannot be substantially restored within a period of six consecutive months to the condition thereof immediately preceding such damage or destruction, such Net Proceeds may, at the option of the Mortgagor, be applied to the prepayment of installments payable under the Loan Agreement pursuant to Section 7.3(a) or (b) thereof for redemption of the Bonds pursuant to Section 301(3) of the Indenture but only if the Bonds can be redeemed in whole, and provided such Net Proceeds are deposited with the Trustee contemporaneously or prior to the giving of notice of intent to prepay and redeem, or

(b) in all other cases, such Net Proceeds shall be applied to the prompt repair, restoration or improvement of the Mortgaged Property by the Owner in the same manner and under the same conditions as provided for disbursements from the Construction Fund in the Indenture, and such disbursements shall be to (i) the Mortgagor to reimburse it for costs of repair, restoration or improvement of the Mortgaged Property paid by the Mortgagor, (ii) the general contractor with respect to any such repair, restoration or improvement, and (iii) any other person designated by the Mortgagor. Any balance of the Net Proceeds remaining after such redemption has occurred or such work has been completed shall be paid to the Owner.

If the Owner proceeds to repair, restore or improve the Mortgaged Property as provided in (b) above and the Net Proceeds are insufficient to pay in full the cost of any such repair, restoration or improvement, the Owner shall pay, prior to any disbursement of Net Proceeds by the Trustee, any cost in excess of Net Proceeds held by the Trustee in which case the work will proceed to completion. All such payments for repair, restoration or improvement shall be made in accordance with the provisions of the Indenture and the Reimbursement Agreement.

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

11. Preservation and Maintenance of Mortgaged Property. The Mortgagors (a) shall keep the buildings and other improvements now or hereafter erected on the Land in safe and good repair and condition, ordinary depreciation excepted; (b) shall, upon damage to or destruction of the Mortgaged Property or any part thereof by fire or other casualty, restore, repair, replace or rebuild the Mortgaged Property that is damaged or destroyed to the condition it was in immediately prior to such damage or destruction, whether or not any insurance proceeds are available or sufficient for such purposes; (c) shall constantly maintain the parking and landscaped areas of the Mortgaged Property; (d) shall not commit waste or permit impairment or deterioration of the Mortgaged Property; (e) shall not alter or permit the alteration of the design or structural character of any building now or hereafter erected on the Land or hereafter construct, or permit construction of, additions to existing buildings or additional buildings on the Land without the prior written consent of the Mortgagee; (f) shall not remove from the Land any of the fixtures, personal property or equipment included in the Mortgaged Property unless the same are immediately replaced with property of at least equal value and utility, and this Mortgage becomes a valid first lien on such property; (g) if the Mortgaged Property is rental income property, shall generally operate and maintain the Mortgaged Property in a manner to insure maximum rentals; and (h) shall not permit, without

the prior written consent of the Mortgagee, any use of the Mortgaged Property for any purpose other than that for which the same are now used or intended to be used.

12. Inspection. The Mortgagee, or its agents, shall have the right at all reasonable times, to enter upon the Mortgaged Property for the purposes of inspecting the Mortgaged Property or any part thereof. The Mortgagee shall, however, have no duty to make such inspection. Any inspection of the Mortgaged Property by the Mortgagee shall be entirely for its benefit and neither Mortgagor shall in any way rely thereon.

13. Protection of Mortgagee's Security. Subject to the rights of the Mortgagors under paragraph 9 hereof, if the 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 the Mortgagee, at the Mortgagee's option, may perform such covenants and agreements, defend against or investigate such action or proceeding, and take such other action as the Mortgagee deems necessary to protect the Mortgagee's interest. Any amounts or expenses disbursed or incurred by the Mortgagee in good faith pursuant to this paragraph 13, with interest thereon, shall become additional Indebtedness of the Mortgagors secured by this Mortgage. Unless the Mortgagors and the Mortgagee agree in writing to other terms of repayment, such amounts shall be immediately due and payable. The Mortgagee shall, at its option, be subrogated to the lien of any mortgage or other lien discharged in whole or in part by the Indebtedness or by the 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 the Mortgagee to incur any expense or do any act hereunder, and the Mortgagee shall not be liable to Mortgagors for any damages or claims arising out of action taken by the Mortgagee pursuant to this paragraph.

14. Condemnation

(a) Each Mortgagor hereby irrevocably assigns to Mortgagee any award or payment which becomes payable by reason of any taking of the Mortgaged Property or any part thereof, whether directly or indirectly or temporarily or permanently, in or by condemnation or other eminent domain proceedings (hereinafter called "Taking"). Forthwith upon receipt by a Mortgagor of notice of the institution of any proceeding or negotiations for a Taking, such Mortgagor shall give notice thereof to the Mortgagee and shall give to the Mortgagee copies of all notices, pleadings, judgments, determinations and other papers received by the Mortgagor therein and all such papers filed or served by the Mortgagor therein. Neither Mortgagor will enter into any agreement permitting or consenting to a taking of the Mortgaged Property or any part thereof, or providing for the conveyance thereof in lieu of condemnation unless Mortgagee shall first have consented thereto in writing. All awards payable as a result of a Taking shall be

paid to the Mortgagee, which may, at its option, apply them in such manner as the Mortgagee may determine. Any application of Taking awards to principal of any Note shall not extend or postpone the due dates of the installments payable under the Notes or change the amount of such installments.

(b) If the Taking involves a taking of any building or other improvement now or hereafter located on the Land, the Mortgagors shall proceed, with reasonable diligence, to demolish and remove any ruins and completely repair or restore the Mortgaged Property as nearly as possible to the size, type and character immediately prior to the Taking whether or not the condemnation awards are available or adequate to complete such repairs or restoration. The Mortgagors shall promptly reimburse the Mortgagee upon demand for all expenses (including reasonable attorney's fees) incurred by the Mortgagee in the collection of awards and their disbursement in accordance with this paragraph, and all such expenses shall be additional amounts secured by this Mortgage.

15. Secondary, Financings and Conveyances. Each Mortgagor covenants and agrees that such Mortgagor will not, without the prior written consent of the Mortgagee, create or permit to be created or to remain any other lien on the Mortgaged Property or any part thereof (other than the lien in favor of the Trustee set forth in Exhibit B attached hereto) to secure any indebtedness for borrowed money; nor will it, without the prior written consent of the Mortgagee, sell, transfer, lease or convey the Mortgaged Property or any part thereof or any interest therein.

16. Security Interest. This Mortgage shall constitute a security agreement with respect to (and each Mortgagor hereby grants the Mortgagee a security interest in) all personal property and equipment and all fixtures included in the Mortgaged Property, and all proceeds, replacements, substitutions, attachments, parts, repairs and additions of, to or for the foregoing. The Mortgagors will from time to time, at the request of Mortgagee, execute any and all financing statements covering such personal property, equipment and fixtures which the Mortgagee shall reasonably request. The Mortgagors will not remove or allow the removal of any Mortgaged Property from the Land without the Mortgagee's prior written consent, which consent shall not be unreasonably withheld, and such consent shall not be withheld if adequate substitute collateral acceptable to the Mortgagee is granted to the Mortgagee.

17. 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 all goods constituting part of the

Mortgaged Property which are or are to become fixtures related to the real estate described herein. For this purpose, the following information is set forth:

- | | |
|--|--|
| (a) Name and Address of Debtor: | (b) Name and Address of Secured Party: |
| T.D. Marc Inc.
5035 Hubbell Avenue
Des Moines, Iowa 50317 | Mercantile Bank of Western Iowa
1660-22nd Street
West Des Moines, Iowa 50265 |
| Woodmarc Limited Company
801 North 10th Street
Winterset, Iowa 50273 | |

(c) This document covers goods which are or are to become fixtures.

18. Events of Default. Each of the following occurrences shall constitute an event of default hereunder (herein called an "Event of Default"):

(a) A Mortgagor 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 hereof.

(b) A Mortgagor shall make an assignment for the benefit of its creditors, or a petition shall be filed by or against the Mortgagor under the United States Bankruptcy Code or a Mortgagor 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 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.

(c) A judgment, writ or warrant of attachment or execution, or similar process shall be entered or become a lien on or be issued, or levied against, the Mortgaged Property or any part thereof and shall not be released, vacated or fully bonded within 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) There shall occur an event of default (however defined) under the Reimbursement Agreement or under either Mortgagor's line of credit arrangement with West Des Moines State Bank or other financial institution.

19. Acceleration: Foreclosure Upon the occurrence of any Event of Default and at any time thereafter while such Event of Default exists, the Mortgagee may declare immediately due and payable all Indebtedness secured by this Mortgage, and the same shall thereupon be immediately due and payable, without further notice or demand and thereupon the Mortgagee may exercise one or more of the following rights and remedies (and any other rights and remedies legally available):

(a) The Mortgagee shall have and may exercise with respect to all fixtures which are part of the Mortgaged Property, all the rights and remedies accorded upon default to a secured party under the Uniform Commercial Code, as in effect in the State of Iowa. If notice to a Mortgagor of intended disposition of such property is required by law in a particular instance, such notice shall be deemed commercially reasonable if given to such Mortgagor at least 10 days prior to the date of intended disposition. The Mortgagors shall pay on demand all costs and expenses incurred by Mortgagee in exercising such rights and remedies, including without limitation, reasonable attorney's fees and legal expenses.

(b) The Mortgagee may (and is hereby authorized and empowered to) foreclose this Mortgage in accordance with the law of the State of Iowa, and in connection therewith:

(i) 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 the Mortgagee appoint a receiver to take immediate possession of the Mortgaged Property and of the rents and profits 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 Indebtedness.

(ii) In the event of foreclosure of this Mortgage and sale of the property by Sheriff's sale in said foreclosure proceeding, the period of redemption after such sale shall be reduced to six months provided the Land comprises less than 10 acres the Mortgagee waives in the foreclosure action any rights to a deficiency judgment against the Mortgagors which might arise out of the foreclosure proceedings.

(iii) The court in a decree of foreclosure may find affirmatively that the Mortgaged Property has been abandoned by the owners and those persons personally

liable under this Mortgage at the time of such foreclosure. Should the court so find and if the Mortgagee shall waive any rights to a deficiency judgment against the Mortgagors or its successors in interest in the foreclosure action, then the period of redemption after foreclosure shall be reduced to sixty days.

(iv) If any Indebtedness or evidence thereof or this Mortgage shall be placed in the hands of an attorney for collection, foreclosure, or other legal proceedings, the Mortgagors will pay a reasonable attorney's fee for any service rendered by such attorney in connection therewith, and will also pay all expenses incurred by such attorney in procuring abstracts of title for purposes of any foreclosure proceeding and all other expenses reasonably incurred by such attorney in connection with such foreclosure proceeding; and such attorney's fees and expenses shall be considered part of the Indebtedness secured hereby and collectible accordingly.

20. Assignment of Rents, Leases and Profits. To further secure the Indebtedness, each Mortgagor hereby assigns unto the Mortgagee all of the rents, leases and income now or hereafter due under any leases or subleases of the Mortgaged Property (including each Lease), it being the intention hereby to establish an absolute transfer and assignment of all such leases, subleases, rents and income thereunder to the Mortgagee. Each Mortgagor hereby irrevocably appoints the Mortgagee its attorney-in-fact (this power of attorney and any other powers of attorney granted herein are powers coupled with an interest and cannot be revoked, modified or altered without the written consent of the Mortgagee) with or without taking possession of the Mortgaged Property to lease any portion of the Mortgaged Property to any party upon such terms as the Mortgagee shall determine, and to collect all rents due under each of the leases, with the same rights and powers and subject to the same immunities, exoneration of liability and rights of recourse and indemnity as the Mortgagee would have upon taking possession pursuant to the provisions of Paragraph 19 hereof. The Mortgagors represent that no rent has been or will be paid by any person in possession of any portion of the Mortgaged Property for more than one installment in advance and that the payment of none of the rents for any portion of the Mortgaged Property has been or will be waived, reduced or otherwise discharged or compromised by the Mortgagors. The Mortgagors waive any rights of set-off against any person in possession of any portion of the Mortgaged Property. Each Mortgagor agrees that it will not assign any of the rents or profits of the Mortgaged Property, except to a purchaser or grantee of the Mortgaged Property. Nothing herein contained shall be construed as constituting the Mortgagee a mortgagee in possession in the absence of the taking of actual possession of the Mortgaged Property by the Mortgagee pursuant to Paragraph 19 hereof. Each Mortgagor expressly waives all liability of the Mortgagee in the exercise of the powers herein granted the Mortgagee. Each Mortgagor shall assign to the Mortgagee all future leases and subleases upon any part of the Mortgaged Property and shall execute and deliver, at the request of the Mortgagee, all such further assurances and assignments in the Mortgaged Property as the

Mortgagee shall from time to time require. Although the assignment contained in this paragraph is a present assignment, the Mortgagee shall not exercise any of the rights or powers conferred upon it by this paragraph until an Event of Default shall exist under this Mortgage. Within thirty (30) days of the Mortgagee's written demand, Mortgagors will furnish the Mortgagee with executed copies of each of the leases and with estoppel letters from each tenant in a form satisfactory to the Mortgagee. Promptly after the request of the Mortgagee, the Mortgagors shall execute a separate collateral assignment of rents and separate assignments of any leases to the Mortgagee. If the Mortgagee requires that a Mortgagor execute and record a separate collateral assignment of rents or separate assignments of any of the leases to the Mortgagee, the terms of those assignments shall control in the event of a conflict with the terms of this Mortgage. The Mortgagors will not cancel or terminate any lease or sublease of the Mortgaged Property or make any amendments or modifications thereto without the prior written consent of the Mortgagee, which consent shall not be unreasonably withheld. Neither the grant of the lien hereunder nor the foreclosure or purchase of any Mortgaged Property by the Mortgagee is intended to effect a merger.

21. Forbearance Not a Waiver, Rights and Remedies Cumulative. No delay or the 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 the Mortgagee of any particular provisions of this Mortgage shall be deemed effective unless in writing signed by the Mortgagee. All such rights and remedies provided for herein or which the Mortgagee or the holder of the Indebtedness 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. Acceleration of payment of the Indebtedness, once claimed hereunder by the Mortgagee, may, at the option of the Mortgagee, be rescinded by written acknowledgment of the Mortgagee to that effect, but the tender and acceptance of partial payments alone shall not in any way affect or rescind such acceleration of maturity of the Indebtedness. In the event that the Mortgagee (a) grants any extension of time or forbearance with respect to the payment of any Indebtedness secured by this Mortgage; (b) takes other or additional security for the payment thereof; (c) waives or fails to exercise any right granted herein or under the Indebtedness secured hereby; (d) grants any release, with or without consideration, of the sole or any part of the security held for the payment of the Indebtedness secured hereby; (e) amends or modifies in any respect with the consent of Mortgagors any of the terms and provisions hereof or of the Indebtedness secured hereby; then, in any such event, such act or omission to act shall not release any Mortgagor, or any co-makers, sureties, or guarantors of this Mortgage or of the Indebtedness secured hereby, nor preclude the Mortgagee from exercising any right, power or privilege herein granted or intended to be granted in the event of any other default then made or any subsequent default and without in any wise impairing or affecting the lien or priority of this Mortgage.

22. Successors and Assigns Bound; Number; Gender; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective legal representatives, successors and assigns of the parties. Wherever used, the singular number shall include the plural, and the plural the singular, and the user of any gender shall apply to all genders. 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.

23. Notice. Any notice from the Mortgagee to the Mortgagors under this Mortgage shall be sent by first class mail, postage prepaid, to the Mortgagors at the address noted in paragraph 17 of this Mortgage or at such other address as a Mortgagor may designate in writing to the Mortgagee. The Mortgagors agree to promptly advise the Mortgagee, in writing, of any change in a mailing address.

24. Governing Law; Severability. This Mortgage shall be governed by the laws of the State of Iowa. In the event that any provision or clause of this Mortgage conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage which can be given effect without the conflicting provisions and to this end the provisions of the Mortgage are declared to be severable.

25. Production of Documents. The Mortgagors shall, while this Mortgage is in full force and effect, furnish Mortgagee with such documents, instruments and papers as the Mortgagee may reasonably request from time to time in order for the Mortgagee to effectuate a sale or a participation in any Indebtedness.

26. Waiver of Marshalling. The Mortgagors, any party who consents to this Mortgage and any party who now or hereafter acquires a lien on the Mortgaged Property and who has actual or constructive notice of this Mortgage hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

27. Further Assurances. At any time and from time to time until payment in full of the Indebtedness, the Mortgagors will, at the request of the Mortgagee, promptly execute and deliver to the 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 the Mortgagee with respect to the Mortgaged Property, including, without limitation, additional security agreements, financing statements and continuation statements. Any expenses incurred by the Mortgagee in connection with the preparation and recordation of any such instruments, including, but not limited to reasonable attorney's fees, shall become additional Indebtedness of

the Mortgagors secured by this Mortgage. Unless the Mortgagors and the Mortgagee agree in writing to other terms of repayment, such amounts shall be immediately due and payable.

28. Representations and Covenants as to Mortgaged Property. Each Mortgagor represents and agrees that:

(a) The Mortgagors will not permit any Mortgaged Property to be located in any state (and, if county filing is required, in any county) in which a financing statement covering such Mortgaged Property is required to be, but has not in fact been, filed.

(b) The Mortgagors will, at all reasonable times, permit the Mortgagee or its representatives to examine or inspect any Mortgaged Property, wherever located, and to examine, inspect and copy a Mortgagor's books and records pertaining to the Mortgaged Property and its business and financing condition.

(c) The Mortgagors will keep accurate and complete records pertaining to the Mortgaged Property and pertaining to such Mortgagor's business and financial condition on a consistent basis of accounting and submit to the Mortgagee such periodic reports concerning the Mortgaged Property and such Mortgagor's business and financial condition as the Mortgagee may from time to time reasonably request and as required under the Credit Agreement.

(d) The Mortgagors will from time to time execute such financing statements as the Mortgagee may reasonably require to be filed in order to perfect the lien and security interests in the Mortgaged Property.

(e) The Mortgagors from time to time will execute and deliver or endorse any and all instruments, documents, conveyances, assignments, security agreements, financing statements and other agreements and writings which the Mortgagee may reasonably request in order to secure, protect, perfect or enforce the liens and security interests of the Mortgaged Property or the rights of the Mortgagee under this Mortgage, but any failure to request or assure that the Mortgagors execute, deliver or endorse any such item shall not affect or impair the validity, sufficiency or enforceability of this Mortgage or the liens and security interests in the Mortgaged Property, regardless of whether any such item was or was not executed, delivered or endorsed in a similar context or on a prior occasion.

(f) After default by a Mortgagor hereunder or under the Credit Agreement the duty of care of Mortgagee with respect to the Mortgaged Property in its possession (as imposed by law) shall be deemed fulfilled if the Mortgagee exercises reasonable care in physically safekeeping such Mortgaged Property, and the Mortgagee need not forbearance preserve,

protect, insure or care for any Mortgaged Property. The Mortgagee shall not be obligated to preserve any rights the Mortgagors may have against prior parties, to realize on the Mortgaged Property at all or in any particular manner or order or to apply any cash proceeds of the Mortgaged Property in any particular order of application.

29. Environmental Matters.

(a) Mortgagors' Representations and Warranties. Except as otherwise previously disclosed in writing to the Mortgagee, each Mortgagor severally represents and warrants to the Mortgagee as follows:

(i) Violation. (1) The Mortgagors have not used Hazardous Materials (as hereinafter defined) on, from or affecting the Mortgaged Property in any manner which violates any Governmental Regulation governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials and, to the best of such Mortgagor's knowledge, no prior owner of the Mortgaged Property or any existing or prior tenant or occupant has used Hazardous Materials on, from or affecting the Mortgaged Property in any manner which violates any Government Regulation governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials; (2) such Mortgagor has never received any notice of any violations of any Governmental Regulation governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials at the Mortgaged Property and, to the best of such Mortgagor's knowledge, there have been no actions commenced or threatened by any party for noncompliance which affects the Mortgaged Property.

(ii) Facilities. The Mortgaged Property has adequate water supply, sewage and waste disposal facilities.

(iii) Clean-up. The Mortgaged Property does not appear on the National Priority List (as defined under federal law) or any state listing which identifies sites for remedial clean-up or investigatory actions. To the best of such Mortgagor's knowledge, information and belief, the Mortgaged Property has not been contaminated with substances which would give rise to a clean-up obligation under any Governmental Regulation or under common law.

(iv) Licenses. All federal, state and local permits, licenses and authorizations required for present or past use of the Mortgaged Property or

activities of such Mortgagor have been obtained and are presently in effect. There is and has been full compliance with all such permits, licenses or authorizations.

(b) Audit, Remedial Action. The Mortgagors shall conduct and complete all investigations, including a comprehensive environmental audit, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials on, under, from or affecting the Mortgaged Property, as required by all applicable Governmental Regulations, to the satisfaction of the Mortgagee, and in accordance with the orders and directives of all federal, state and local governmental authorities. Such testing, remedial, removal and other actions shall include those required by federal and state regulations governing underground storage tank systems. The Mortgagors shall, upon request of the Mortgagee at any time after the occurrence of any Event of Default hereunder, obtain at its expense and furnish to the Mortgagee a comprehensive environmental audit of the Mortgaged Property by an independent environmental investigation firm of recognized standing approved by the Mortgagee. If the Mortgagors fail for longer than 10 days after the Mortgagee's request therefor to engage an approved environmental investigation firm to conduct such audit, the Mortgagee may itself engage such a firm. The Mortgagors shall be obligated immediately to reimburse Mortgagee for the cost of the audit and such cost shall constitute a part of the Indebtedness secured by this Mortgage.

Any such audit conducted at the request of or on behalf of the Mortgagee shall be conducted for the benefit of and to protect the interests of the Mortgagee and shall not be relied upon by the Mortgagors or any third party for any purpose whatsoever, including, but not limited to, the Mortgagors' or any third party's obligation, if any, to conduct an independent environmental investigation of its own. By obtaining or requesting any such audit, the Mortgagee assumes no control over any environmental affairs or operations of the Mortgagors and assumes no obligation or liability to the Mortgagors or any third party.

(c) Contamination and Pollution. The Mortgagors shall keep or cause the Mortgaged Property to be kept free of Hazardous Materials except to the extent that such Hazardous Materials are stored and/or used in compliance with all applicable Governmental Regulations; and, without limiting the foregoing, the Mortgagors shall not cause or permit the Mortgaged Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose of, transfer, produce or process Hazardous Materials, except in compliance with all applicable Governmental Regulations; nor shall the Mortgagors cause or permit, as a result of any intentional or unintentional act or omission on the part of the Mortgagors or any tenant, subtenant or occupant, a release, spill, leak or emission of Hazardous Materials onto the Mortgaged Property or onto any other contiguous property.

(d) Affirmative Covenants. The Mortgagors shall:

(i) Do all things necessary to assure that the representations, warranties and covenants set forth herein are met and continue to be accurate and correct.

(ii) Assure that all entities acting on behalf of such Mortgagor are aware of and comply with the obligations of such Mortgagor under this paragraph 29.

(iii) Conduct periodic reviews of the use of the Mortgaged property and the activities of such Mortgagor to assure compliance with the obligations of such Mortgagor under this paragraph 29.

(iv) Promptly (A) notify the Mortgagee in writing of any occurrence or development or claim filed by it or against it which would cause any representation, warranty or covenant set forth in this paragraph 29 to be incorrect, and (B) take steps necessary to mitigate the effect of such noncompliance.

(e) Negative Covenant. The Mortgagors shall not take any action or allow the Mortgaged Property to be used in such a manner that any representation, warranty or covenant set forth in this paragraph 29 becomes incorrect or is not complied with.

(f) Indemnification. Subject to the limitations set forth below, the Mortgagors shall defend, indemnify and hold harmless the Mortgagee and its employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses, including, without limitation, attorney's and consultant's fees, investigation and laboratory fees, court costs and litigation expenses, known or unknown, contingent or otherwise, arising out of or in any way related to (i) the presence, disposal, release or threatened release of any Hazardous Materials on, over, under, from or affecting the Mortgaged Property or the soil, water, vegetation, buildings, personal property, persons or animals; (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials on the Mortgaged Property; (iii) any lawsuit brought or threatened, settlement reached or government order relating to such Hazardous Materials with respect to the Mortgaged Property; and/or (iv) any violation of laws, orders, regulations, requirements or demands of government authorities, or any policies or requirements of the Mortgagee which are based upon or in any way related to such Hazardous Materials used on the Mortgaged Property. The indemnity obligations under this paragraph are specifically limited as follows:

(i) the Mortgagors shall have no indemnity obligations with respect to Hazardous Materials that are first introduced to the Mortgaged Property or

any part of the Mortgaged Property subsequent to the date that such Mortgagor's interests in and possession of the Mortgaged Property or any part of the Mortgaged property shall have ended or have been fully terminated by foreclosure of any mortgage held by Mortgagee or acceptance by Mortgagee of a deed in lieu of foreclosure or other collateral liquidation procedure;

(ii) the Mortgagors shall have no indemnity obligations with respect to Hazardous Materials that are first introduced to the Mortgaged property by the Mortgagee or its successors or assigns.

The Mortgagors agree that in the event this Mortgage is foreclosed or a Mortgagor tenders a deed in lieu of foreclosure, the Mortgagors shall deliver the Mortgaged Property to the Mortgagee free of any and all Hazardous Materials which are then required to be removed (whether over time or immediately) pursuant to applicable Governmental Regulations affecting the Mortgaged Property.

The provisions of this paragraph 29(f) shall be in addition to any and all other obligations and liabilities Mortgagors may have to the Mortgagee in respect of the Indebtedness, any loan document, and in common law, and shall survive (i) the repayment of all sums due for the Indebtedness, (ii) the satisfaction of all of the other obligations of the Mortgagors under any loan document, including, without limitation, the Credit Agreement, (iii) the discharge of this Mortgage and (iv) the foreclosure of this Mortgage or acceptance of a deed in lieu of foreclosure. It is the intention of the Mortgagors and the Mortgagee that the indemnity provisions of this paragraph 29(f) shall only apply to an action commenced against any owner or operator of the Mortgaged Property in which any interest of the Mortgagee is threatened or any claim is made against the Mortgagee for the payment of money.

(g) Definitions

"Governmental Regulations" means any law, regulation, rule, policy, ordinance or similar requirement of the United States, any state, and any country, city or other agency or subdivisions of the United States or any state.

"Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9501, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.) and in the regulations adopted

and publications promulgated pursuant thereto, or any other federal, state or local government law, ordinance, rule or regulation.

30. Flood Plain. The Mortgaged Property is not located in an area (a "Flood Plain") identified as having flood, mud slide (i.e., mud flow) or flood-related erosion hazards on the effective Flood Hazard Boundary Map or Flood Insurance Rate Map issued by the Federal Insurance Administration and no flood insurance with respect to the Mortgaged Property is required or if the Mortgaged Property is located in a Flood Plain, flood insurance is being maintained and will continue to be maintained which satisfies all applicable laws and the Mortgagee.

31. Acknowledgment Each Mortgagor acknowledges receipt of a copy of this document as of the date above written.

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

IN WITNESS WHEREOF, each Mortgagor has executed this document as of the date above written.

T. D. MARC INC.

By: *Alan C. Merschman*
Name: Alan Merschman
Title: President

By: *Teresa Merschman*
Name: TERESA MERSCHMAN
Title: Secretary - Treasurer

WOODMARC LIMITED COMPANY

By: *Roger Merschman*
Name: Roger Merschman
Title: President

STATE OF Iowa)
) SS:
COUNTY OF Polk)

On this 18th day of March, 1997, A.D., before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Alan C. Merschman and Teresa Merschman, to me personally known, who, being by me duly sworn, did say that they are the President and Secretary-Treasurer, respectively, of T.D. Marc Inc. the said corporation executing the within and foregoing instrument to which this is attached, (that the corporation has no seal/~~that the seal affixed thereto is the seal of said corporation~~); that said instrument was signed [~~and sealed~~] on behalf of said corporation by authority of its Board of Directors; and that the said Alan C. Merschman and Teresa Merschman as such officers acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by it and by them voluntarily executed.



Karen L Biegler
Notary Public in and for the State of Iowa

STATE OF Iowa)
) SS.
COUNTY OF Polk)

On this 18th day of March, A.D. 1997, before me, a Notary Public in and for the State of Iowa, personally appeared Roger Merschman and _____, and to me personally known, who being by me duly (sworn or affirmed) did say that ~~they~~ ^{he} ~~is~~ ^{is} the President and _____, respectively, of Woodmarc Limited Company, a limited liability company, that ~~(the seal affixed to said instrument is the seal of said/~~ or no seal has been procured by the said) limited liability company and that said instrument was signed ~~and sealed~~ on behalf of the said limited liability company by authority of its managers and the said President and _____ acknowledged the execution of said instrument to be the voluntary act and deed of said limited liability company by it voluntarily executed.



Karen L Biegler
Notary Public - State of Iowa

DSMS140008245.04

EXHIBIT A

Legal Description

Lots Two (2) and Three (3) in Bellamy Addition to the City of Winterset, Plat No. 1,
Madison County, Iowa

EXHIBIT B

Mortgage and Security Agreement and Fixture Financing Statement, dated March 1, 1997, securing the Bonds and the indebtedness in the principal amount of \$4,995,000.00 due and payable pursuant to a Loan Agreement, dated as of March 1, 1997, by and between the Owner and the Iowa Finance Authority.

DSMS1:40008245.04