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MICHELLE UTSLER  
RECORDER  
MADISON COUNTY, IOWA

✓ FIRST STATE BANK, P.O. BOX 400, STUART, IOWA 52050, Rita R. Faust, 515-523-2721

## NOTE AND MORTGAGE MODIFICATION AGREEMENT

THIS AGREEMENT executed this 27th day of December 1996,  
by First State Bank hereinafter referred to as Lender, and  
RUBY M. O'BRIEN, Single  
hereinafter referred to as Borrower,

WHEREAS, on the 27th day of December 1993, Borrower  
made, executed, and delivered to the Lender, as mortgagee, certain  
promissory note for the original sum(s) of \$47,250.00 payable  
\$395.22 1/27/94 & monthly, Balloon payment due 12/27/96

and, as security for said note, Borrower executed a mortgage on the  
27th of December 1993, which is recorded in the  
office of the Recorder of Madison County, Iowa, in Book  
170 on Page 228 on real estate situated in Madison  
County, Iowa, legally described as follows: Lot Six (6) and the East  
Two feet (E 2') of Lot Five (5) in Block Eleven (11) of the West  
Addition to the Town of Winterset, Madison County, Iowa.  
and locally described as follows:  
515 W. Green Street, Winterset, Iowa.

which note and mortgage are made a part hereof by reference and,

WHEREAS, the Borrower has requested that the terms of the above-described notes and mortgage be modified; and

WHEREAS, the Lender accepts the proposed modification of terms.

NOW, THEREFORE, in consideration of the sum of \$ 0 by the Borrower to Lender, receipt of which is hereby acknowledged, as well as the mutual covenants herein contained, the parties agree:

- A) That there is an unpaid principal balance of \$ 44,076.63 plus accrued interest owing on the aforesaid note and mortgage.
- B) 1) The Borrower will pay principal and interest by making scheduled payments on the 27th day of each month beginning on January 27, 1997.
- 2) The Borrower will make these payments as scheduled until they have paid all of the principal and interest.
- 3) The scheduled payments will be applied to interest before principal. If, on December 27, 2011, the Borrower still owes amounts under the Note, they will pay those amounts in full on that date, which is called the "maturity date."
- 4) Each of the initial scheduled payments will be in the amount of U.S. \$ 421.22. This amount may change. AUTOMATIC DEBIT #82-818-1
- 5) Changes in scheduled payments will reflect changes in the unpaid principal of the loan and in the interest rate that the borrower must pay. The Lender will determine the new interest rate and the changed amount of the scheduled payment in accordance with Section D of this agreement.
- C) Interest will be charged on unpaid principal until the full amount of principal has been paid. The Borrower will pay interest at a yearly rate of 8.0%. The interest rate will change in accordance with Section D of this agreement.
- D) 1) Each date on which the interest rate could change is called a "Change Date." The interest rate the Borrower will pay may change on the 27th day of December and on that day every 36 month(s) thereafter.
- 2) Beginning with the first Change Date, the interest rate will be based on an Index. The "Index" is: First State Bank R15-3  
The most recent Index figure available as of the date 30 days before each Change Date is called the "Current Index."
- 3) If the Index is no longer available, the Lender will choose a new index which is based upon comparable information. The Lender will give the Borrower notice of this choice.

4) Before each Change Date, the Lender will calculate the new interest rate by adding Zero percentage points (0 %) to the Current Index. The result of this calculation will not be rounded off.

5) Subject to the limitations stated in Section E below, this amount will be the new interest rate until the next Change Date.

6) The Lender will then determine the amount of the scheduled payment that would be sufficient to repay the unpaid principal that the Borrower is expected to owe at the Change Date in full on the maturity date at the new interest rate in substantially equal payments. The result of this calculation will be new amount of the scheduled payment.

E) The interest rate will never be increased or decreased on any single change date by more than 3.0 percentage points from the rate of interest that the Borrower had been paying for the preceding period. The interest rate will never be greater than 14.0 % or less than 4.0 %.

F) The new interest rate will become effective on each Change Date. The Borrower will pay the amount of the new scheduled payment beginning on the first scheduled payment date after the Change Date until the amount of the scheduled payment changes again.

G) At least 25 days, but no more than 120 days, before the effective date of any payment change, the Lender will deliver or mail to the Borrower a notice of any changes in the interest rate and the amount of the scheduled payment. The notice will include the information required by law.

H) If the Lender has not received the full amount of any scheduled payment by the end of 15 calendar days after the date it is due, the Borrower will pay a late charge to the Lender. The amount of the charge will be 5% of the over due payment of principal and interest, with a minimum charge of \$10.00 and a maximum charge of \$100.00. This late charge will be paid promptly by the Borrower, but only once on each late payment.

I) All provisions of the note and mortgage except as herein modified, are unchanged and are hereby ratified and confirmed by the parties.

J) Borrower warrants that they remain the owners of the above-described property; that the mortgage remains a first lien thereon; and that it shall remain as security for the remaining principal and accrued interest thereon. Borrower hereby acknowledges that failure to comply with any conditions stated herein or in the above-described note and mortgage will subject the Borrower to the remedies provided therein.

Dated December 27, 1996.

Ruby M. O'Brien  
BORROWER Ruby M. O'Brien

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BORROWER

STATE OF IOWA )  
                  ) ss.  
COUNTY OF ~~XXXX~~ )  
                  GUTHRIE

On this 27th day of December, 1996, before me, the undersigned, A Notary Public, personally appeared Ruby M. O'Brien to me known to be the identical person named in and who executed the foregoing instrument, and acknowledged that she executed the same as her voluntary and deed.

Rita R. Faust  
Notary Public Rita R. Faust