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BOOK 184 PAGE 511  
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REC 10.00  
AUD 1.00  
R.M.F. \$ 1.00

MICHELLE UTSLER  
RECORDER  
MADISON COUNTY, IOWA

FIRST STATE BANK, P.O. BOX 400, STUART, IOWA 50250, RITA R. FAUST, 515-523-2721  
NOTE AND MORTGAGE MODIFICATION AGREEMENT

THIS AGREEMENT executed this 29th day of July 1996,  
by FIRST STATE BANK hereinafter referred to as Lender, and  
RUBY M. O'BRIEN, SINGLE  
hereinafter referred to as Borrower,

WHEREAS, on the 29th day of July 1993, Borrower  
made, executed, and delivered to the Lender, as mortgagee, certain  
promissory note for the original sum(s) of \$ 33,000.00 payable  
\$276.03 due 8/29/93 & monthly, balloon due 7/29/96

and, as security for said note, Borrower executed a mortgage on the  
29th of July 1993, which is recorded in the  
Office of the Recorder of MADISON County, Iowa, in Book  
168 on Page 267 on real estate situated in MADISON  
County, Iowa, legally described as follows: Lot 4 in Block 1 Gaff &  
Bevington's Addition T.O. Winterset, Iowa,

and locally described as follows:  
123 S. 5th 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 \$ 30,743.69 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 29th day of each month beginning  
on August 29, 1996.
- 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 July 29, 2013, 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. \$ 283.54. This amount may change.  
AUTOMATIC DEBIT TO ACCOUNT #
- 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 8.4%. 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 29th day of July 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 R20-3

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 0 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 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 14.4 % 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 July 29, 1996.

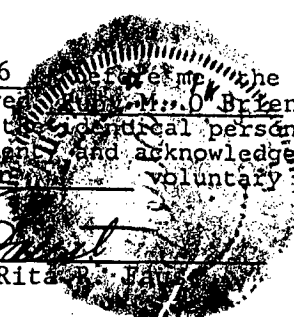
Ruby M. O'Brien  
BORROWER Ruby M. O'Brien

\_\_\_\_\_  
BORROWER

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

On this 29th day of July 1996, I, the undersigned, A Notary Public, personally appeared Ruby M. O'Brien, Single 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 act and deed.

Rita P. Smith  
Notary Public Rita P. Smith



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