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MADISON COUNTY, IOWA

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Prepared by:

Kristine Corcoran Frye
Attorney At Law
520 - 35th Street
Des Moines, Iowa 50312-3403

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MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on AUGUST 15TH 1996

The mortgagor is

ROGER D. GORANSON & MARCIA L. GORANSON
HUSBAND AND WIFE AS JOINT TENANTS W.R.O.S.

("Borrower"). This Security Instrument is given to PRESIDENT HOMES, INC.

which is organized and existing under the laws of MINNESOTA
address is 4808 N LILAC DR MINNEAPOLIS, MN 55429

, and whose

("Lender"). Borrower owes Lender the principal sum of

ONE HUNDRED TWENTY FIVE THOUSAND TWO HUNDRED NINETY NINE AND NO/100 Dollars (U.S. \$ 125299.00).
This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on 09/01/26 . This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in County, Iowa:

Parcel A in the Southwest Fractional Quarter (1/4) of the Southwest ^{MADISON} Quarter (1/4) of Section Nineteen (19), in Township Seventy-six (76) North, Range Twenty-seven (27) West of the 5th P.M., Madison County, Iowa, more particularly described as follows: Commencing at the Southwest Corner of Section Nineteen (19), in Township Seventy-six (76) North, Range Twenty-seven (27) West of the 5th P.M., Madison County, Iowa, thence along the West line of the Southwest Fractional Quarter (1/4) of the Southwest Quarter (1/4) of Section Nineteen (19), North 00 degrees 00 minutes 22 seconds West, 450.68 feet to the point of beginning, thence continuing along said West line, North 00 degrees 00 minutes 22 seconds West 292.00 feet, thence South 89 degrees 21 minutes 59 seconds East, 447.56 feet, thence South 00 degrees 00 minutes 22 seconds East, 292.00 feet; thence; North 89 degrees 21 minutes 59 seconds West 447.56 feet to the point-of beginning.

which has the address of 2923 NORTH JOHN WAYNE DRIVE WINTERSET [Street, City],
Iowa 50273 [Zip Code] ("Property Address");

IOWA - Single Family - FNMA/FHLMC UNIFORM
INSTRUMENT Form 3016 9/90
Amended 5/91

VMP -6R(IA) (9506)
VMP MORTGAGE FORMS - (800)521-7291

Initials: ROA
mg



TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 2601 *et seq.* ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

8. Mortgage Insurance. If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve

payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

9. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

10. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

11. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

13. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

16. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

21. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

22. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower.

23. Waivers. Borrower relinquishes all right of dower and waives all right of homestead and distributive share in and to the Property. Borrower waives any right of exemption as to the Property.

24. Redemption Period. If the Property is less than 10 acres in size and Lender waives in any foreclosure proceeding any right to a deficiency judgment against Borrower, the period of redemption from judicial sale shall be reduced to 6 months. If the court finds that the Property has been abandoned by Borrower and Lender waives any right to a deficiency judgment against Borrower, the period of redemption from judicial sale shall be reduced to 60 days. The provisions of this paragraph 24 shall be construed to conform to the provisions of Sections 628.26 and 628.27 of the Code of Iowa.

25. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument.

[Check applicable box(es)]

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> 1-4 Family Rider |
| <input type="checkbox"/> Graduated Payment Rider | <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Rate Improvement Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> VA Rider | <input checked="" type="checkbox"/> Other(s) [specify] CONSTRUCTION LOAN RIDER | |

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

Witnesses:

Roger D. Goranson (Seal)
ROGER D. GORANSON -Borrower

Marcia L. Goranson (Seal)
MARCIA L. GORANSON -Borrower

(Seal)
-Borrower

(Seal)
-Borrower

STATE OF IOWA

MADISON

County ss:

On this 15th day of AUGUST, 1996, before me, a Notary Public in the State of Iowa, personally appeared ROGER D. GORANSON & MARCIA L. GORANSON HUSBAND AND WIFE AS JOINT TENANTS W.R.O.S.

, to me personally known to be the person(s) named in and who executed the foregoing instrument, and acknowledged that THEY executed the same as THEIR voluntary act and deed.

My Commission Expires:

PREPARED BY: BARB BESSENT
PRESIDENT HOMES, INC.
4808 NORTH LILAC DRIVE
MPLS, MN. 55429

Barb Bessett
Notary Public in and for said County and State

VMP -6R(1A) (9506)

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Form 3016 9/90

ADJUSTABLE RATE RIDER

(1 Year Treasury Index-Rate Caps-Fixed Rate Conversion Option)

THIS ADJUSTABLE RATE RIDER is made August 15, 1996, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to President Homes, Inc., 4808 N. Lilac Drive, Minneapolis, MN 55429 (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

2923 North John Wayne Dr. Winterset, IA 50273
(Property Address)

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S ADJUSTABLE INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY. THE NOTE ALSO CONTAINS THE OPTION TO CONVERT THE ADJUSTABLE RATE TO A FIXED RATE.

ADDITIONAL COVENANTS: In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. ADJUSTABLE RATE AND MONTHLY PAYMENT CHANGES

The Note provides for an initial interest rate of 7.375 %. The Note provides for changes in the adjustable interest rate and the monthly payments, as follows:

4. ADJUSTABLE INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The adjustable interest rate I will pay may change on the first day of September 1, 1997, and on that day every 12th month thereafter. Each date on which my adjustable interest rate could change is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my adjustable interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index that is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes

Before each Change Date, the Note Holder will calculate my new interest rate by adding Three and 50/100 percentage point(s) (3.50 %) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(D) Limits on Interest Rate Changes

The interest rate I am required to pay at the first Change Date will not be greater than 9.375 % or less than 5.375 %. Thereafter, my adjustable interest rate will never be increased or decreased on any single

Initials
MCG

Change Date by more than Two percentage point(s) (2.00 %) from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 13.375 %, which is called the "Maximum Rate."

(E) Effective Date of Changes

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(F) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my adjustable interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

B. FIXED INTEREST RATE OPTION

The Note provides for the Borrower's option to convert from an adjustable interest rate with interest rate limits to a fixed interest rate, as follows:

5. FIXED INTEREST RATE CONVERSION OPTION

(A) Option to Convert to Fixed Rate

I have a Conversion Option that I can exercise unless I am in default or this Section 5(A) will not permit me to do so. The "Conversion Option" is my option to convert the interest rate I am required to pay by this Note from an adjustable rate with interest rate limits to the fixed rate calculated under Section 5(B) below.

The conversion can only take place on a date(s) specified by the Note Holder during the period beginning on the first Change Date following my satisfaction of the condition described in clause (v) of the following paragraph and monthly thereafter, ending on the fifth Change Date following my satisfaction of the condition described in clause (v) of the following paragraph. Each date on which my adjustable interest rate can convert to the new fixed rate is called the "Conversion Date."


If I want to exercise the Conversion Option, I must first meet certain conditions. Those conditions are that (i) I must give the Note Holder notice that I want to do so; (ii) on the Conversion Date, I must not be in default under the Note or the Security Instrument; (iii) by a date specified by the Note Holder, I must pay the Note Holder a conversion fee of U.S. \$250.00; (iv) I must sign and give the Note Holder any documents the Note Holder requires to effect the conversion; and (v) I must have completed the Home (as defined in the Construction Loan Rider referred to below) in a workmanlike manner, on a timely basis and in accordance with my approved plans and specifications, as required in the Construction Loan Rider to the Security Instrument, and such completion shall be evidenced by a final appraisal which has been delivered to the Note Holder and which was ordered within eight (8) months after the date of the Note.

(B) Calculation of Fixed Rate

My new, fixed interest rate will be equal to the Federal National Mortgage Association's required net yield as of a date and time of day specified by the Note Holder for (i) if the original term of this Note is greater than 15 years, 30-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments, plus one percentage point (1.000%), rounded to the nearest one-eighth of one percentage point (0.125%), or (ii) if the original term of this Note is 15 years or less, 15-year fixed rate mortgages covered by applicable 60-day mandatory delivery commitments, plus one percentage point (1.000%), rounded to the nearest one-eighth of one percentage point (0.125%). If this required net yield cannot be determined because the applicable commitments are not available, the Note Holder will determine my interest rate by using comparable information. My new rate calculated under this Section 5(B) will not be greater than the Maximum Rate stated in Section 4(D) above.

(C) New Payment Amount and Effective Date

If I choose to exercise the Conversion Option, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay the unpaid principal I am expected to owe on the Conversion Date in full on the Maturity Date at my new fixed interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment. Beginning with my first monthly payment after the Conversion Date, I will pay the new amount as my monthly payment until the Maturity Date.

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C. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER

1. Until Borrower exercises the Conversion Option under the conditions stated in Section B of this Adjustable Rate Rider, Uniform Covenant 17 of the Security Instrument is amended to read as follows:

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender also may require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

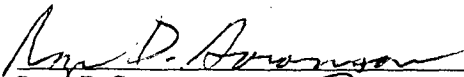
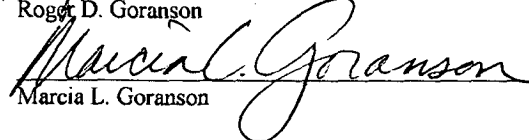
If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

2. If Borrower exercises the Conversion Option under the conditions stated in Section B of this Adjustable Rate Rider, the amendment to Uniform Covenant 17 of the Security Instrument contained in Section C 1 above shall then cease to be in effect, and the provisions of Uniform Covenant 17 of the Security Instrument shall instead be in effect, as follows:

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.


 Roger D. Goranson 8/15/96

 Marcia L. Goranson 8/15/96

CONSTRUCTION LOAN RIDER

This Construction Loan Rider is made this August 15, 1996 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or, as appropriate, Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure the Borrower's Adjustable Rate Note (the "Note") to President Homes, Inc., a Minnesota corporation (the "Lender") of the same date and covering the property legally described in the Security Instrument (the "Property").

In addition to the covenants and agreements made in the Security Instrument, the Borrower and the Lender further covenant and agree as follows:

1. Definitions as used herein:
 - "Completion Date" means April 15, 1997. This is the date by which construction of the Home must be completed.
 - "Default" means any default of the Borrower under or breach by the Borrower of any term of the Note, the Security Instrument or this Rider.
 - "Home" means the residence to be built on the Property in accordance with the Plans.
 - "Plans" means the plans and specifications dated June 12, 1996 and delivered by the Borrower to the Lender.
2. Representations of the Borrower. The Borrower represents and warrants to the Lender as follows:
 - All building permits required for the construction of the Home have been obtained by the Borrower.
 - All utility services necessary for the use of the Home are available and will be installed and fully operational upon completion of the Home. These include water supply, storm and sanitary sewer facilities and gas, electricity and telephone facilities.
 - The property fronts on a publicly maintained road or street, or has access to such a road or street by an easement previously approved by the Lender.
 - The amount of the Note, together with other assets of the Borrower, is sufficient to fund the Borrower's total land acquisition and construction costs in connection with the Property and the Home. The Borrower has made this determination without any assistance from or reliance upon the Lender.
3. Construction of Home. The Borrower will begin construction of the Home on or about August 15, 1996 and will complete construction of the Home pursuant to the Plans no later than the Completion Date. The Borrower will not make any material change in the Plans without the Lender's prior written consent. Completion of construction and completion of all improvements in accordance with the Plans must be evidenced by delivery to the Lender of a certificate of completion or occupancy issued by the municipality in which the Property is located. The Completion Date may be extended to the extent that construction is delayed due to labor disputes, unavailability of materials, unusually inclement weather, or other causes beyond the control of the Borrower; however, in that event the Completion Date shall be extended only with written approval of the Lender.

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MG

4. Borrower's Obligations Before Starting Construction. Prior to commencing construction, the Borrower shall provide the Lender with each of the following:

- A Soil Report with respect to the Property if required by applicable law, or by President Homes, Inc.
- A Sworn Construction Statement listing the names and addresses of all persons who shall provide labor or materials for the construction of the Home, together with the anticipated contract payments to be paid to such providers of labor and material.

Each of these must be acceptable to the Lender in its sole discretion.

5. Advance of Loan Proceeds. On the date of the Note, the Lender will advance an amount equal to the unadvanced portion of the Loan by depositing that amount in a deposit account maintained by the Lender at a commercial bank, savings bank or savings and loan association (the "Disbursement Account"). Upon satisfaction of the conditions set forth in Paragraph 6, the Lender shall authorize withdrawals from the Disbursement Account from time to time through the Completion Date upon request of the Borrower in the amount necessary to pay costs actually incurred by the Borrower for the completion of the Home in accordance with this Construction Loan Rider. The Disbursement Account shall not bear interest. Funds on deposit in the Disbursement Account shall be deemed to be the property of the Borrower, but the Borrower may not withdraw funds from the Disbursement Account except as provided in this Construction Loan Rider. To secure payment of the Note and any other amounts secured by the Security Instrument, the Borrower hereby grants the Lender a security interest in the Disbursement Account and all funds now or hereafter on deposit in the Disbursement Account. At any time following the occurrence of a Default, the Lender may withdraw all funds on deposit in the Disbursement Account and apply such funds either to the partial payment of the Note or the construction of the Home in such manner as the Lender deems appropriate. If any principal remains in the Disbursement Account following completion of the Home or the Completion Date, whichever comes first, the Lender shall apply such funds to the prepayment of the principal balance of the Note. Any such prepayment shall be applied as specified in the Note for prepayments generally.

6. Conditions to Advances and Disbursements. Each advance (other than the advance into the Disbursement Account under Paragraph 5) and each withdrawal from the Disbursement Account shall be made or permitted only upon delivery to the Lender of such evidence as the Lender may require that (i) the work to which the advance or disbursement request relates has been completed in a manner satisfactory to the Lender, (ii) the remaining funds to be advanced or in the Disbursement Account are sufficient to pay for the completion of the Home in accordance with this Rider, (iii) all work completed through the date of the immediately preceding advance or disbursement has been fully paid for, and (iv) no Default has occurred and is continuing.

7. Payments During the Construction Period. All advances and disbursements under this Construction Loan Rider shall be evidenced by and repayable in accordance with the Note. Notwithstanding the terms of the Note, the first four monthly payments due under the Note shall be in the following amounts:

<u>PAYMENT DUE DATE</u>	<u>ONE HALF INTEREST AMOUNT</u>	<u>PRINCIPAL AMOUNT</u>	<u>TOTAL</u>
<u>October 1, 1996</u>	<u>\$385.03</u>	<u>\$95.34</u>	<u>\$480.37</u>
<u>November 1, 1996</u>	<u>\$384.74</u>	<u>\$95.93</u>	<u>\$480.67</u>
<u>December 1, 1996</u>	<u>\$384.44</u>	<u>\$96.52</u>	<u>\$480.96</u>
<u>January 1, 1997</u>	<u>\$384.15</u>	<u>\$97.11</u>	<u>\$481.26</u>

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MLG

At Borrower's request the interest portion of these payments may be made from the Borrower's Disbursement Account established by the Lender pursuant to Paragraph 5 above.

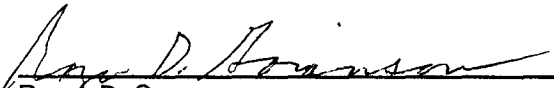
8. Completion of Construction. Upon completion of construction, the Borrower shall deliver to the Lender each of the following:
 - A Certificate of Occupancy or Completion with respect to the Home.
 - An appraisal of the Property showing that construction is fully completed and that the outstanding balance of the Note is equal to or less than eighty percent (80%) of the appraised value of the Property.
 - A revised Sworn Construction Statement and final lien waivers from all persons who have supplied labor or materials for the construction of the Home.
 - Any other documents that the Lender requires to evidence that all other actions required to be taken by the Completion Date have been performed.
9. Events of Default. An "Event of Default" shall occur if any of the following occurs:
 - The Borrower defaults under the Security Instrument, the Note, the loan commitment for the loan issued by the Lender, or this Construction Loan Rider.
 - Any lien for labor, material, taxes or otherwise is filed against the Property and not immediately removed or bonded over.
 - The Borrower abandons the Property or delays or ceases work on the construction of the Home for 15 days or more, or delays construction for any length of time such that the Home cannot be completed by the Completion Date (in the reasonable judgment of the Lender).
 - Any part of the Home is materially damaged or destroyed and the loss is not adequately covered by insurance actually collected or in the process of collection.
 - The Borrower fails to complete construction in accordance with the Plans.
 - The Lender at any time determines that the Borrower is not creditworthy.
 - Borrower occupies the Home prior to Substantial Completion. For the purposes of this provision, "Substantial Completion" shall mean that: (a) all mechanical systems have been completely installed and are in working order; (b) all sheetrock or drywall has been installed, taped and sanded; (c) all permanent interior stairs have been installed; (d) all cabinets and vanities, including tops, have been installed; (e) all hard floor, including wood, linoleum, tile and other hard floor surfaces, have been installed; (f) the balance of the interior finish work, including the trim, doors and bases, has been completed, including stain and varnish; (g) Borrower has obtained an occupancy permit or certificate of completion issued by the municipality in which the Property is located; and (h) **BORROWER HAS PRODUCED TO LENDER EVIDENCE OF ALL OF THE FOREGOING AND OBTAINED FROM LENDER WRITTEN PERMISSION, IN THE FORM OF AN OCCUPANCY CERTIFICATE, ALLOWING BORROWER TO OCCUPY THE HOME.**

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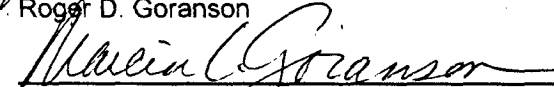

10. Remedies of the Lender. If an Event of Default occurs, the Lender may accelerate payment of the full amount of the Note and exercise any of the other remedies provided in the Security Instrument, the Note or this Construction Loan Rider, together with all other remedies provided by law. In addition, the Lender may require the Borrower to vacate the Property and permit the Lender (whether prior to a foreclosure sale or during any period of redemption after foreclosure sale) to enter into possession of the Property; perform or cause to be performed any work necessary to complete the Home pursuant to the Plans; disburse additional funds to complete construction and cure the Borrower's default under any of the loan documents, all of which funds shall be deemed to have been disbursed to the Borrower, shall be secured by the Security Instrument and shall accrue interest at the rate provided in the Note from the date of disbursement by the Lender. For this purpose, the Borrower hereby constitutes and appoints the Lender its true and lawful attorney-in-fact with full power of substitution to complete construction of the Home in the name of the Borrower, and to take all actions necessary in connection therewith, including the making of any changes to any construction contracts that are necessary or desirable to complete the Home; to employ contractors, agents and others to design, construct and inspect the Home; to pay, settle or compromise all existing and future bills as may be necessary or desirable for completion of the Home; and to execute any application or certificates in the name of the Borrower required for completion of the Home. This Power of Attorney shall be deemed to be a power coupled with an interest which cannot be revoked by death or otherwise. The Borrower hereby assigns to the Lender all of its right, title and interest to any construction contracts concerning the Home to be built; provided, however, that the foregoing shall not obligate the Lender to perform any of the Borrower's obligations under such contracts
11. Miscellaneous. No right or remedy provided by this Construction Loan Rider or the Security Instrument or Note shall be exclusive of any other right or remedy, and each shall be cumulative in addition to any other right or remedy arising at law or in equity. No waiver by the Lender of any breach or default by the Borrower shall be deemed to be a waiver of any subsequent breach, nor shall the Lender's failure to seek a remedy for any breach be deemed a waiver of its rights and remedies with respect to that breach or any subsequent breach. The Borrower agrees to hold the Lender harmless from any costs and expenses incurred by the Lender in connection with this loan transaction or the performance or endorsement by the Lender of its obligation and rights, including reasonable attorneys' fees, all of which costs and expenses the Borrower agrees to pay.
12. Termination of Construction Loan Rider. The terms of this Construction Loan Rider shall be of no force and effect at such time as all of the following conditions have been satisfied.
- All of the conditions and obligations of this Construction Loan Rider and the loan commitment issued by the Lender for this loan have been performed by the Borrower and evidenced to the Lender.
 - The Borrower is not then in default under the Note, Security Instrument or this Construction Loan Rider.
 - Construction according to the Plans has been fully completed by the Completion Date.

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MCJ

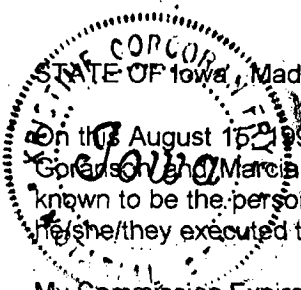
By signing below, the Borrower accepts and agrees to the terms and covenants contained in this Construction Loan Rider.



Roger D. Goranson 8/15/96



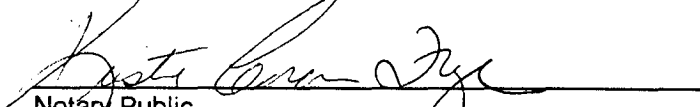
Marcia L. Goranson 8/15/96



Madison COUNTY SS:

On this August 15th 1996 before me, a Notary Public in the State of Iowa personally appeared Roger D. Goranson and Marcia L. Goranson, Husband and Wife as Joint Tenants, W.R.O.S. to me personally known to be the person(s) named in and who executed the foregoing instrument, and acknowledged that he/she/they executed the same as his/her/their voluntary act and deed.

My Commission Expires: _____



Notary Public

This document prepared by:
(B. Bessent)
PRESIDENT HOMES, INC.
4808 North Lilac Drive
Minneapolis, MN 55429
1/800-451-3329 or 612-537-3622

constrdr.doc