



BORROWER	
Richard C. Lyons Beverly A. Lyons	
ADDRESS	
RR #1 Box 111A St. Charles, IA 50240	
TELEPHONE NO.	IDENTIFICATION NO.
515-396-2611	

**RESIDENTIAL
MORTGAGE
CONSTRUCTION
LOAN AGREEMENT**

OFFICER INITIALS	INTEREST RATE	PRINCIPAL AMOUNT	FUNDING DATE	MATURITY DATE	CUSTOMER NUMBER	LOAN NUMBER
KW	8.500%	\$85,000.00	08/08/94	02/01/95		
ADDRESS OF REAL PROPERTY ("RESIDENCE"): RR #1 Box 111A St. Charles, IA 50240						

1. AMOUNT OF LOAN.

Pursuant to the application of Borrower, Lender agrees to make a loan to Borrower in a principal amount not to exceed \$ 85,000.00 (the "Loan"), the proceeds of which are to be used solely for (i) the construction of or improvements to a one to four family residential unit (the "Residence"), (ii) the payment of related costs approved by Lender, and (iii) the payment of interest on the Loan during the estimated period of construction which is scheduled to be completed on FEBRUARY 1, 1995.
The Residence will be located on the lot described as follows:
LONG SEE ATTACHED

REC \$ 20.00
AUD \$ _____
R.M.F. \$ 1.00

FILED NO. 707
BOOK 173 PAGE 759
94 SEP -7 AM 10:46

RELEASED 12-6-94 SEE
MORTGAGE RECORD 175 PAGE 33

COMPUTER
RECORDED
COMPARED

MICHELLE UTSLER
RECORDER
MADISON COUNTY, IOWA

2. NOTE AND MORTGAGE OR DEED OF TRUST.

The Loan will be evidenced by Borrower's promissory note (the "Note") in the principal amount of the Loan and secured by a Mortgage on the Residence.

3. PLANS AND CONSTRUCTION CONTRACT.

Borrower agrees to cause the Residence and all other related improvements to be built and completed in a good and workmanlike manner in accordance with all applicable zoning and land use restrictions and the plans and specifications (the "Plans") which have been approved by Lender, and pursuant to the terms of, and by the completion date specified in, the Construction Contract entered into between Borrower and Contractor, _____ (the "Construction Contract"), and free and clear of all liens, encumbrances and security interests (other than the Mortgage to Lender). The Construction Contract shall be a fixed-price contract. Borrower grants to Lender a security interest in the Construction Contract, plans and specifications, licenses or permits, consents, bonds and undertakings, and any books and records of the Borrower.

4. REQUIRED DOCUMENTS.

As conditions precedent to the initial Advance, Borrower shall give to Lender, in form and substance satisfactory to Lender: the Note, a mortgage on the Residence creating a valid first lien in favor of Lender (the "Mortgage"), Construction Contract, and a schedule for the construction of the Residence (the "Construction Schedule"), all fully completed and executed by all parties thereto; the Plans; a mortgagee title insurance policy in the amount of the Loan or an abstract and title opinion as required by Lender, insuring that the Mortgage creates a valid first priority lien in favor of Lender; a survey of the lot on which the Residence is to be constructed; policies of insurance on the Residence covering fire, flood (if applicable) and other hazards and liability in an amount, form and substance as Lender may require; evidence of proper zoning and of all other necessary government approvals and such other documents, agreements and writings as Lender may require. Borrower represents and warrants that no work will commence, nor will any material be supplied prior to Lender's recording of the Mortgage. Borrower agrees to cause Contractor to provide a list of all subcontractors who will be constructing the Residence and submit a construction budget to Lender.

5. DEPOSIT.

As a further condition precedent to such initial Advance, Borrower shall deposit with Lender funds in the amount of \$ n/a, the amount necessary, in addition to Loan Proceeds, to complete the Residence in accordance with the Plans. These funds will be applied prior to the initial Advance. If Lender shall determine that such funds will be insufficient to complete such construction together with interest on the Loan and any expenses, fees or costs, Borrower agrees to deposit such additional funds as Lender may from time to time request. Such funds will not bear interest and may set-off and be applied to the Loan if an event of default should occur on the Loan.

6. DRAWS.

In addition to the requirements of paragraphs 4 and 5 above, each Advance shall be subject to the receipt and approval by Lender of a copy of the Draw Request in the form attached as Exhibit 1 executed by Borrower and Contractor, with all appropriate blanks fully and accurately completed and all exhibits completed and attached to each Draw Request. Lender shall have no obligation to make an Advance if: (a) such an Advance would cause the Loan Proceeds to exceed n/a % of the total value of labor and materials involved in the construction of the Residence, or 90.00 % of the then appraised value of the Residence and all other related improvements; (b) Mechanic's lien claims or other claims have been recorded; (c) Work is not done in a workmanlike manner; (d) Borrower assigns this Agreement without Lender's written consent; (e) Borrower is in bankruptcy or makes an assignment for the benefit of creditors; (f) Borrower refuses to allow Lender or a representative of Lender to inspect the Residence; (g) Borrower fails to comply with all laws, rules and regulations, the Plans, all zoning regulations, and with provisions of this agreement; (h) Borrower allows any lien to be placed upon the Residence; (i) Borrower fails to furnish Lender with all documents requested by Lender; (j) work is suspended under the Construction Contract for more than fifteen (15) consecutive days; (k) the work falls behind the Construction Schedule; (l) Borrower fails to deposit additional funds requested by Lender in accordance with Section 5; or (m) Borrower fails to comply with any other term of this Agreement, the Construction Contract, the Note, the Mortgage or any other agreement between Borrower and Lender.

Lender will not be obligated to make more than a total of n/a disbursements of Loan Proceeds ("Advance") during the period of construction or to make an Advance more often than once per _____. Lender may recover all costs of the Loan from the initial Advance, including but not limited to any expenses related to examination and insurance of title, abstracts or title opinions on the Residence. Lender may require Borrower to reimburse Lender for any title search examination, abstract or title opinion required prior to the distribution of an Advance. Borrower shall obtain a subordination of any party having a security interest in any personal property which is intended to be or could become a fixture. Such party shall subordinate its security interest to Lender's security interest in the Residence.

7. FINAL DISBURSEMENT.

Lender shall not be obligated to make the final Advance on account of construction items until such time as (i) in Lender's judgment, the construction is 100% completed and all latent defects identified by Lender are corrected; (ii) Lender receives an endorsement to the mortgagee title insurance policy showing that such policy insures the first lien status of the Mortgage to Lender for the full amount of the Loan without exception as to filed or unfiled mechanic's liens or other exceptions not approved in writing by Lender (or a satisfactory updated abstract or title opinion is provided to Lender at its option); (iii) Lender receives evidence that the Residence is protected by a paid hazard insurance policy and a flood insurance policy if a flood insurance policy is required by Lender; and (iv) a certificate of occupancy has been issued.

8. DEFAULT.

In the event the Construction Contract is not completed by the date shown in Section 1 and 16; upon the occurrence of any default under this Agreement, the Construction Contract, the Note, the Mortgage, or any other agreement between Borrower and Lender; if Borrower dies; if Lender has no obligation to make an Advance under paragraph 6 of this Agreement; or if a condition shall exist which with the passage of time or giving of notice, or both, would constitute a default: (i) Lender shall have no obligation to make further Advances, (ii) Lender shall have all of the rights and remedies provided for in this Agreement, the Note and Mortgage and (iii) Lender may at its option, upon ten (10) days' written notice to the general contractor, enter upon the property of Borrower and complete the construction of the Residence in accordance with the Plans or such changes therein as Lender may determine, and in such regard Lender may hire such contractors, pay such construction or related bills, discharge such liens against the Residence and incur such other costs and expenses as Lender may deem necessary, all of which shall be deemed to be part of the loan, and accrue interest at the rate stated in the Note and be secured by the Mortgage.

9. EXTRA WORK OR CHANGES TO PLANS.

Borrower shall not order or authorize any extra work or changes in the Plans or Construction Schedule without the written consent of Lender. Even if Lender approves of such changes, Lender may require Borrower to pay the cost of such extra work or changes from Borrower's own funds and may withhold an Advance until Borrower pays such additional costs to Contractor.

10. INSURANCE.

Borrower shall maintain policies of insurance on the Residence covering fire, flood (if applicable) and other hazards and liability in an amount, form and substance as Lender may require until the Note is paid in full.

11. GOVERNMENT PERMITS.

Borrower shall obtain all governmental permits, including building permits, zoning and set back variances.

12. RIGHT TO INSPECT.

Lender shall have the right to inspect the work performed at the Residence from time to time in its discretion and Borrower shall cooperate in all respects regarding such inspection.

13. REPORTS OR SERVICES REQUESTED BY LENDER.

Borrower understands that (i) Lender may engage appraisers, construction inspectors, surveyors, attorneys and other consultants with respect to the Loan and the construction of the Residence, (ii) such persons will be employed by and are acting solely in the interest of Lender, (iii) any reports prepared or services performed by such persons may not be relied upon by Borrower and (iv) Lender shall have no responsibility or liability to Borrower in regard to such reports or services. Borrower shall not deem that Lender's approval of an Advance to be an approval by Lender of the construction completed at the time of the Advance. Borrower and Lender agree that they do not intend to benefit any third parties by executing this Agreement. Notwithstanding any other provision set forth herein, Lender shall have absolutely no obligation, duty or liability to the Architect, the Contractor, or any subcontractor, supplier or other third party with respect to payment of any advances or any other matter whatsoever.

14. REIMBURSEMENT OF AMOUNTS SPENT BY LENDER.

Borrower shall reimburse Lender for all amounts (including, to the extent permitted by law, reasonable attorney's fees and legal expenses) spent by Lender to exercise any right or remedy belonging to Lender under this Agreement.

15. INDEMNIFICATION.

It is the responsibility of Borrower and not Lender to assure that all persons providing material or labor with respect to the construction of the Residence are paid in full and Borrower understands that the failure to pay for such materials or labor may result in mechanic's liens being filed against the Residence, for which Borrower will be responsible. Borrower hereby agrees to indemnify and hold Lender harmless from any loss, damage or expenses incurred by or claimed against Lender relating to or growing out of the construction of the Residence.

16. ESSENCE OF TIME.

Borrower agrees that work under the Construction Contract is to be completed by no later than FEBRUARY 1, 1995.

17. TERMINATION.

This Agreement shall survive the making of the final Advance and shall remain in full force and effect until Lender provides Borrower with written notice of termination of this Agreement.

18. WAIVER.

The waiver of any of Borrower's obligations or Lender's rights under this Agreement or the Note, Construction Contract or other agreements must be contained in a writing signed by Lender. Lender may perform any of Borrower's obligations or delay or fail to exercise any of its rights without causing a waiver of those obligations or rights. A waiver on one occasion shall not constitute a waiver on any other occasion. Borrower's obligations under this Agreement and the Note, Construction Contract, or any other agreements shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases any of the obligations belonging to any Borrower or guarantor or any of its rights against any Borrower, guarantor or collateral.

19. NOTICE.

Any notice or other communication to be provided under this Agreement shall be in writing and sent to the parties at the addresses described in this Agreement or such other address as the parties may designate in writing from time to time.

20. SEVERABILITY.

If any provision of this Agreement violates the law or is unenforceable, the rest of the Agreement shall remain valid.

21. APPLICABLE LAW.

This Agreement shall be governed by the laws of the state of Iowa.

22. AMENDMENT OR ASSIGNMENT.

This Agreement may be amended only by writing signed by all parties hereto. This Agreement shall be binding upon and inure to the benefit of the Borrower and Lender, their successors, assigns, heirs and personal representatives. This Agreement is not assignable by Borrower unless consented to in writing by Lender. Lender may withhold or give consent to such an assignment in its sole discretion. Lender may assign all of its rights under this Agreement, including the obligation to make advances under this Agreement, without Borrower's consent.

23. ADDITIONAL TERMS.

24. WAIVER OF JURY TRIAL. LENDER AND BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONJUNCTION WITH THE PROMISSORY NOTE, THIS AGREEMENT AND ANY OTHER AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith OR THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER MAKING THE LOAN EVIDENCED BY THE PROMISSORY NOTE.

25. IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE CAREFULLY READ 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. THIS NOTICE ALSO APPLIES TO ANY OTHER CREDIT AGREEMENTS (EXCEPT EXEMPT TRANSACTIONS) NOW IN EFFECT BETWEEN YOU AND THIS LENDER.

THE PARTIES HAVE EXECUTED THIS AGREEMENT ON THE DATE SHOWN BELOW. BORROWER ACKNOWLEDGES A RECEIPT OF A COMPLETED COPY OF THIS AGREEMENT.

Date: AUGUST 8, 1994

LENDER: Hawkeye Bank of Des Moines

By: Kelly Wyckoff
Kelly Wyckoff
AVP

BORROWER: Richard C. Lyons

Richard C. Lyons
Richard C. Lyons

BORROWER: Beverly A. Lyons

Beverly A. Lyons
Beverly A. Lyons

BORROWER:

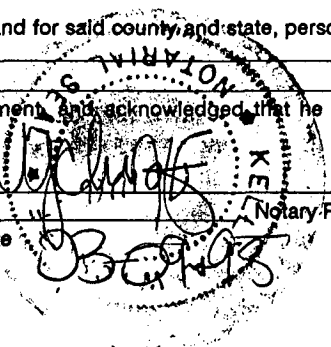
BORROWER:

STATE OF IOWA)
COUNTY OF POLK) SS:

On this 8th day of August 1994 before me, the undersigned, a Notary Public in and for said county and state, personally appeared Richard C. Lyons & Beverly A. Lyons, husband & wife.

to me personally known to be the identical person named in and who executed the within and foregoing instrument, and acknowledged that he [she] executed the same as his [her] voluntary act and deed.

Kelly Wyckoff
Notary Public
in and for said County and State



STATE OF)
COUNTY OF) SS:

On this _____ day of _____, before me, the undersigned, a Notary Public in and for said county and state, personally appeared _____

to me personally known to be the identical person named in and who executed the within and foregoing instrument, and acknowledged that he [she] executed the same as his [her] voluntary act and deed.

_____, Notary Public
in and for said County and State

STATE OF)
COUNTY OF) SS:

On this _____ day of _____, before me, the undersigned, a Notary Public in and for said county and state, personally appeared _____

to me personally known, who being by me duly sworn, did say that they are the _____

respectively, of said corporation executing the within and foregoing instrument, that (no seal has been procured by the said) (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

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.

_____, Notary Public
in and for said County and State

Legal Description:

A parcel of land described as beginning at the West Quarter Corner of Section Sixteen (16), Township Seventy-five (75) North, Range Twenty-six (26) West of the 5th P.M., Madison County, Iowa; thence North 85°38'02" East 209.01 feet along the North line of the Southwest Quarter (¼) of said Section Sixteen (16); thence South 01°33'02" West 195.97 feet; thence South 47°18'41" East 361.06 feet; thence South 37°33'47" East 338.01 feet; thence South 62°59'58" East 195.61 feet; thence South 13°37'35" East 499.03 feet; thence South 42°36'38" East 514.64 feet; thence South 02°46'57" East 54.92 feet; thence South 54°31'27" West 483.81 feet; thence North 29°16'28" West 731.80 feet; thence North 83°15'17" West 402.34 feet; thence North 00°08'02" East 269.43 feet; thence North 77°56'53" West 170.50 feet to the West line of the Southwest Quarter (¼) of said Section Sixteen (16); thence North 00°00'00" 990.25 feet to the Point of Beginning containing 24.3399 acres including 0.1454 acres of county road right-of-way.