

REAL ESTATE MORTGAGE

THIS INDENTURE made this 21st. day of January, A.D. 1994 between Ralph E. Sheets, Jr. and LaVonne A. Sheets, husband and wife

Mortgagors, of The County of Madison and State of Iowa, and American State Bank, Mortgagee, of the County of Clarke, and State of Iowa.

WITNESSETH: That the said Mortgagors, in consideration of Fifty Two Thousand Five Hundred and no/100 DOLLARS (\$ 52,500.00) loaned by Mortgagee, received by Mortgagors, and evidenced by the promissory note hereinafter referred to, and such additional loan or loans at the option of the Mortgagee, referred to in Paragraph 1, below, do, by these presents SELL, CONVEY AND MORTGAGE, unto the said Mortgagee the following described Real Estate situated in the County of Madison, State of Iowa, to-wit:

See Legal description attached hereto and made a part thereof

COMPUTER [checked]
RECORDED [checked]
COMPARED [checked]

FILED NO. 1963
BOOK 170 PAGE 574
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RELEASED 9-25-00 SEE
Mtg RECORD 220 PAGE 814

REC \$ 30.00
AUD \$
R.M.F. \$ 1.00

MICHELLE UTSLER
RECORDER
MADISON COUNTY, IOWA

together with all personal property that may integrally belong to, or be or hereafter become an integral part of said real estate, and whether attached or detached (such as, light fixtures, shades, rods, blinds, venetian blinds, awnings, storm windows, storm doors, screens, linoleum, water heater, water softener, automatic heating equipment and other attached fixtures), and hereby granting, conveying and mortgaging also all of the easements, servient estates appurtenant thereto, rents, issues, uses, profits and right to possession of said real estate, and all crops raised thereon from now until the debt secured thereby shall be paid in full. As to any such personal property, or fixtures, or both, a Security interest hereby attaches thereto as provided by the Uniform Commercial Code.

Said Mortgagors hereby covenant with Mortgagee, or successor in interest, that said Mortgagors hold clear title to said personal property, and title in fee simple to said real estate; that they have good and lawful authority to sell, convey and mortgage the same; that said premises are Free and Clear of all Liens and Encumbrances whatsoever except as may be above stated; and said Mortgagors Covenant to Warrant and Defend the said premises and the said personal property against the lawful claims of all persons whomsoever, except as may be above stated.

Each of the undersigned hereby relinquishes all rights of dower, homestead and distributive share in and to the above described premises and waives all rights of exemption, as to any of said property.

CONDITIONED HOWEVER, That if said Mortgagors shall pay or cause to be paid to said Mortgagee, or his successors, or assigns, said sums of money which shall be legal tender in payment of all debts and dues, public and private, at time of payment, all at the time, place, and upon the terms provided by the promissory note or notes of Mortgagors to Mortgagee, of even date herewith, and as may be supplemented by loans under Paragraph 1 below, and shall perform the other provisions hereof, then these presents will be void, otherwise to remain in full force and effect.

1. OPEN-END FEATURE. This mortgage shall stand as security for said note(s) and for any and all future and additional advances made to the Mortgagors by the holder of said note(s) in such amount or amounts so that THE TOTAL OF SUCH FUTURE ADDITIONAL ADVANCES OUTSTANDING AND UNPAID AT ANY ONE TIME SHALL NOT EXCEED \$ and Mortgagee is hereby given authority to make such future and additional advances to Mortgagors herein, upon their signed order or receipt, and secured as the original obligation herein. Such limitation upon the total amount of principal shall not be considered as limiting the amounts secured hereby if for accruing interest or for any amount for any protective disbursement advanced, or that may be taxed as costs to protect the security for loan or loans made, in accordance with the terms and provisions contained in this mortgage. THIS PARAGRAPH SHALL NOT CONSTITUTE A COMMITMENT TO MAKE ADDITIONAL LOANS IN ANY AMOUNT.

2. TAXES. Mortgagors shall pay each installment of all taxes and special assessments of every kind, now or hereafter levied against said property, or any part thereof before same become delinquent, without notice or demand; and shall procure and deliver to said Mortgagee, on or before the fifteenth day of October of each year, duplicate receipts of the proper officers for the payment of all such taxes and assessments then due.

3. INSURANCE. Mortgagors shall keep in force insurance, premiums therefor to be prepaid without notice or demand, against loss by fire, tornado and other hazards, casualties and contingencies as Mortgagee may require on personal property as herein referred to, and on all buildings and improvements, in companies to be approved by Mortgagee in an amount not less than the full insurable value of such personal property and improvements or not less than the unpaid balance herein, whichever amount is smaller, with such insurance payable to Mortgagors and Mortgagee, as their interests may appear. Mortgagors shall promptly deposit such policies with proper riders with the Mortgagee.

4. REPAIRS TO PROPERTY. Mortgagors shall keep the buildings and other improvements on said premises in as good repair and condition as same may now be or are hereafter placed, ordinary wear and tear only excepted; and shall not suffer or commit waste on or to said security.

5. ATTORNEYS' FEES. In such cases and to the extent permitted by law, Mortgagors agree that in case of any action, or in any proceeding in any court, to collect any sums payable under or secured by this mortgage, or to protect the lien of title herein of the Mortgagee, or in any other case permitted by law in which attorney fees may be collected from Mortgagors, or charged upon the above described property, to pay Mortgagee's reasonable attorney fees.

6. CONTINUATION OF ABSTRACT. In event of any default herein by Mortgagors, Mortgagee may, at the expense of Mortgagors, procure an abstract of title, or continuation thereof, for said premises, and charge and add to the mortgage debt the cost of such abstract or continuation with interest upon such expense at the highest legal rate applicable to a natural person; or if the Mortgagor is a corporation, then at the default rate provided in the note secured hereby.

7. ADVANCES OPTIONAL WITH MORTGAGEE. It is expressly understood and agreed that if the insurance above provided for is not promptly effected, or if the taxes or special assessments assessed against said property shall become delinquent, Mortgagee (whether electing to declare the whole mortgage due and collectible or not), may (but need not) effect the insurance above provided for, and need not, but may and is hereby authorized to pay said taxes and special assessments (irregularities in the levy or assessment of said taxes being expressly waived), and all such payments with interest thereon at the highest legal rate applicable to a natural person (or if the Mortgagor is a corporation, then at the default rate provided in the note secured hereby) from time of payment shall be a lien against said premises.

8.1. ACCELERATION OF MATURITY AND RECEIVERSHIP. It is agreed that if default shall be made in the payment of said note, or any part of the interest thereon, or any other advance or obligation which may be secured hereby or any agreed protective disbursement, such as taxes, special assessments, insurance and repairs, or if Mortgagors shall suffer or commit waste on or to said security, or if there shall be a failure to comply with any and every condition of this mortgage, then, at the option of the Mortgagee, said note and the whole of the indebtedness secured by this mortgage, including all payments for taxes, assessments or insurance premiums, shall become due and shall become collectible at once by foreclosure or otherwise after such default or failure, and without notice of broken conditions; and 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 said 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 shall be liable to account to said Mortgagors only for the net profits, after application of rents, issues and profits upon the costs and expenses of the receivership and foreclosure and the indebtedness, charges and expenses hereby secured and herein mentioned. And it is hereby agreed, that after any default in the payment of either principal or interest, such sums in default secured by this mortgage shall draw interest at the highest legal rate applicable to a natural person; or if the Mortgagor is a corporation, then at the default rate provided in the note secured hereby.

8.2. SIX MONTHS' AND 60 DAY PERIOD FOR REDEMPTION: It is further agreed that if this mortgage covers less than 10 acres of land, and in the event of the foreclosure of this mortgage and sale of the property by sheriff's sale in such foreclosure proceedings, the time for redemption from said sale provided by the statutes of the State of Iowa shall be reduced to 6 months provided the Mortgagee in such action files an election to waive any deficiency judgment against the Mortgagors which may arise out of the foreclosure proceedings; all to be consistent with the provisions of Chapter 628, Code of Iowa. It is further agreed that the period of redemption after a foreclosure of this mortgage shall be reduced to 60 days if all of the three following contingencies develop: (1) the mortgaged real estate herein is less than 10 acres in size; (2) the Court finds affirmatively that said real estate has been abandoned by the owners AND those persons personally liable under this mortgage at the time of such foreclosure; and (3) the Mortgagee in such action files an election to waive any deficiency judgment against the Mortgagors or their successor in interest in such action. If the redemption period is so reduced, the Mortgagors or their successors in interest or the owner shall have the exclusive right to redeem for the first 30 days after such sale, and the time provided for redemption by creditors as provided in Section 628.5, 628.15 and 628.16 of the Code shall be reduced to 40 days. Entry of appearance by pleading or docket entry by or on behalf of the Mortgagors shall be a presumption that the property is not abandoned.

9. TRANSFER OF PROPERTY; ASSUMPTION. If all or any part of the Real Estate or an interest therein is sold or transferred by Mortgagors without Mortgagee's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Mortgage, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant or (d) the grant of any leasehold interest of three years or less not containing an option to purchase, Mortgagee may, at Mortgagee's option, declare all the sums secured by this Mortgage to be immediately due and payable. Mortgagee shall have waived such option to accelerate if, prior to the sale or transfer, Mortgagee and the person to whom the Real Estate is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to Mortgagee and that the interest payable on the sums secured by this Mortgage shall be at such rate as Mortgagee shall request. If Mortgagee has waived the option to accelerate provided in this paragraph, and if successor in interest has executed a written assumption agreement accepted in writing by Mortgagee, Mortgagee shall release Mortgagor from all obligations under this Mortgage and all notes secured by it.

If Mortgagee exercises such option to accelerate, Mortgagee shall mail Mortgagor notice of acceleration in accordance with paragraph 8.1 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Mortgagor may pay the sums declared due. If Mortgagor fails to pay such sums prior to the expiration of such period, Mortgagee may, without further notice or demand on Mortgagor, invoke any remedies permitted by paragraph 8.1 hereof.

10. DEFINITION OF TERMS. Unless otherwise expressly stated the word "Mortgagors", as used here, includes successors in interest of such "Mortgagors"; the "Mortgagee", as used herein, unless otherwise expressly stated, includes the successors in interest of such "Mortgagee". All words referring to "Mortgagor" or "Mortgagee" shall be construed to be of the appropriate gender and number, according to the context. This construction shall include the acknowledgement hereof.

11. THE ADDRESS OF THE MORTGAGEE IS 1000 Jeffrey's Dr.

Osceola Iowa (Street and Number)

(City) (State) (Zip Code)
50213

12. ADDITIONAL PROVISIONS. The following additional provisions are hereby incorporated herein: (Insert date of final payment if desired). The date of the final payment of the principal obligation herein, the one promissory note above referred to is _____ (Date)

HOMESTEAD DECLARATION

I understand that homestead property is in many cases protected from the claims of creditors and exempt from judicial sale; and that by signing this contract, I voluntarily give up my right to this protection for this property with respect to claims based upon this contract.

Dated this 21st. day of January, 19 94.

X Ralph E. Sheets, Jr.
Ralph E. Sheets, Jr. **Buyers - Mortgagor**
X LaVonne A. Sheets
LaVonne A. Sheets **Buyers - Mortgagor**

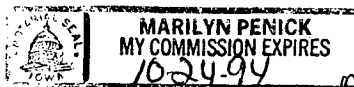
IN WITNESS WHEREOF, said Mortgagors have hereunto set their hands the day and year first above written.

X Ralph E. Sheets, Jr.
Ralph E. Sheets, Jr. **MORTGAGORS**
X LaVonne A. Sheets
LaVonne A. Sheets

STATE OF IOWA, Clarke COUNTY, ss:

On this 21st. day of January, A.D. 19 94, before me, the undersigned, a Notary Public in and for the State of Iowa personally appeared Ralph E. Sheets, Jr. and LaVonne A. Sheets

to me known to be the identical persons named in and who executed the foregoing instrument, and acknowledged that they executed the same as their voluntary act and deed.



Marilyn Penick
Notary Public in and for the State of Iowa.

The undersigned borrower(s) acknowledge(s) receipt of a copy of this instrument.

DESCRIPTION:

Parcel "A" located in the Southwest Quarter of Section 1 and in the Northwest Quarter of the Northwest Quarter of Section 12, Township 74 North, Range 27 West of the 5th Principal Meridian, Madison County, Iowa, more particularly described as follows:

Beginning at the Southeast Corner of the SW.1/4 of the SW.1/4 of Section 1, T74N, R27W of the 5th P.M., Madison County, Iowa; thence, along the South line of said Section 1, North 89°45'16" East 64.94 feet; thence North 02°04'03" East 107.89 feet; thence North 27°43'40" East 162.68 feet; thence North 34°21'37" East 132.35 feet; thence North 15°21'56" East 223.35 feet to the centerline of Clanton Creek; thence, along said centerline, North 79°30'58" West 57.45 feet; thence North 35°19'59" West 104.40 feet; thence North 62°30'27" West 98.28 feet; thence North 14°15'41" East 164.68 feet; thence North 29°27'28" West 82.39 feet; thence North 53°17'18" West 44.49 feet; thence North 86°28'30" West 80.93 feet; thence South 68°54'51" West 105.56 feet; thence South 22°47'38" West 118.69 feet; thence South 36°46'52" West 192.88 feet; thence South 07°30'14" West 182.29 feet; thence South 72°52'19" West 88.43 feet to the Junction of Clanton Creek and a small creek running Southerly; thence, along said small creek, South 09°15'16" East 81.36 feet; thence South 05°59'53" East 284.36 feet; thence South 24°01'03" West 36.66 feet; thence, departing said small creek, South 01°07'24" East 77.03 feet; thence South 02°11'43" East 331.05 feet; thence South 06°10'57" East 327.38 feet to a point in the centerline curve of county road # G-68; thence Southeasterly, 452.93 feet along said curve, concave Southwesterly, having a radius of 636.63 feet, a central angle of 40°45'50" and a chord bearing South 46°43'44" East 443.45 feet to the East line of the NW. 1/4 of the NW.1/4 of Section 12, T74N, R27W; thence, along said East line, North 00°36'09" East 961.93 feet to the Point of Beginning. Said parcel "A" contains 16.646 acres, including 1.073 acres of county road right-of-way.

EASEMENT:

An Ingress-Egress Easement 20' wide in the SW.1/4 of Section 1, T74N, R27W of the 5th P.M., Madison County, Iowa, being 10' on both sides of the following described centerline:

Commencing at the Southeast Corner of the SW.1/4 of the SW.1/4 of Section 1, T74N, R27W of the 5th P.M., Madison County, Iowa; thence North 89°45'16" East 20.05 feet to the Point of Beginning of the centerline of a 20' wide Ingress-Egress Easement; thence North 10°10'04" East 54.97 feet; thence North 14°07'34" West 43.80 feet; thence North 64°33'40" West 53.05 feet; thence South 89°12'07" West 84.64 feet; thence South 12°58'28" West 103.21 feet; thence South 80°52'53" West 93.75 feet; thence North 01°26'45" West 265.53 feet; thence North 82°44'55" East 303.51 feet; thence North 40°13'07" East 179.21 feet; thence North 59°47'55" East 83.84 feet to the terminus of said Easement centerline.

ADJUSTABLE RATE RIDER

THIS ADJUSTABLE RATE RIDER is made this 21ST day of JANUARY, 1994 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 AMERICAN STATE BANK, ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF IOWA (the "Lender") of the same date and covering the property described in the Security Instrument and located at:

R.R.1, BOX 19, EAST PERU, IA 50222

[Property Address]

NOTICE: THE SECURITY INSTRUMENT SECURES A NOTE WHICH CONTAINS A PROVISION ALLOWING FOR CHANGES IN THE INTEREST RATE. INCREASES IN THE INTEREST RATE WILL RESULT IN HIGHER PAYMENTS. DECREASES IN THE INTEREST RATE WILL RESULT IN LOWER PAYMENTS.

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

A. INTEREST RATE AND SCHEDULED PAYMENT CHANGES

The Note provides for an initial interest rate of 7.000 %. The Note provides for changes in the interest rate and the payments, as follows:

3. PAYMENTS

(A) Scheduled Payments

All references in the Security Instrument to "monthly payments" are changed to "scheduled payments."

I will pay principal and interest by making payments when scheduled: (mark one):

I will make my scheduled payments on the first day of each month beginning on

I will make my scheduled payments as follows:

ON THE 21ST DAY OF EACH MONTH BEGINNING ON FEBRUARY 21, 1994

In addition to the payments described above, I will pay a "balloon payment" of \$ on The Note Holder will deliver or mail to me notice prior to maturity that the balloon payment is due. This notice will state the balloon payment amount and the date that it is due.

(B) Maturity Date and Place of Payments

I will make these payments as scheduled until I have paid all of the principal and interest and any other charges described in the Note.

My scheduled payments will be applied to interest before principal. If, on JANUARY 21, 2009, I still owe amounts under the Note, I will pay those amounts in full on that date, which is called the "maturity date."

I will make my scheduled payments at 1000 JEFFREYS DRIVE, BOX 463, OSCEOLA, IA 50213 or at a different place if required by the Note Holder.

(C) Amount of My Initial Scheduled Payments

Each of my initial scheduled payments will be in the amount of U.S. \$ 471.95. This amount may change.

(D) Scheduled Payment Changes

Changes in my scheduled payment will reflect changes in the unpaid principal of my loan and in the interest rate that I must pay. The Note Holder will determine my new interest rate and the changed amount of my scheduled payment in accordance with Section 4 of the Note.



4. INTEREST RATE AND SCHEDULED PAYMENT CHANGES

(A) Change Dates

Each date on which my interest rate could change is called a "Change Date." (Mark one)

- Interest rate change options: first day of month, on the 21st day of January, 1997, and on every 21st day of each 36th month thereafter.

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is: NATIONAL AVERAGE CONTRACT RATE

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 which 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 ZERO AND 500/1000 percentage points (0.500%) to the Current Index. The result of this calculation:

- Options for rounding: will not be rounded off, rounded off to nearest %, rounded off up to nearest %, rounded off down to nearest %.

Subject to the limitations stated in Section 4(D) below, this amount will be my new interest rate until the next change date.

The Note Holder will then determine the amount of the scheduled 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.

(D) Limits on Interest Rate Changes

* TWO AND NO/1000

- Limitations on interest rate changes: never increased or decreased by more than * percentage points, never greater than 13.000% or less than 5.000%.

(E) Effective Date of Changes

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

(F) Notice of Changes

At least 25 days, but no more than 120 days, before the effective date of any payment change, the Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my scheduled payment.

B. FUNDS FOR TAXES AND INSURANCE

[Mark one]

- Options for Uniform Covenant 2: waived by the Lender, or amended to read as follows:

2. SCHEDULED PAYMENTS FOR TAXES AND INSURANCE

(A) Borrower's Obligations

I will pay to Lender all amounts necessary to pay for taxes, assessments, leasehold payments or ground rents (if any), and hazard insurance on the Property and mortgage insurance (if any). I will pay those amounts to Lender unless Lender tells me, in writing, that I do not have to do so, or unless the law requires otherwise.

Each of my payments under this Paragraph 2 will be the sum of the following:

- (i) The estimated yearly taxes and assessments on the Property which under the law may be superior to this Security Instrument, divided by the number of scheduled payments in a year; plus,
(ii) The estimated yearly leasehold payments or ground rents on the Property, if any, divided by the number of scheduled payments in a year; plus

- (iii) The estimated yearly premium for hazard insurance covering the Property, divided by the number of scheduled payments in a year; plus
- (iv) The estimated yearly premium for mortgage insurance (if any), divided by the number of scheduled payments in a year.

Lender will estimate from time to time my yearly taxes, assessments, leasehold payments or ground rents and insurance premiums, which will be called the "escrow items." Lender will use existing assessments and bills and reasonable estimates of future assessments and bills. The amounts that I pay to Lender for escrow items under this Paragraph 2 will be called the "Funds".

(B) Lender's Obligations

Lender will keep the Funds in a savings or banking institution which has its deposits or accounts insured or guaranteed by a federal or state agency. If Lender is such an institution, Lender may hold the Funds. Except as described in this Paragraph 2, Lender will use the Funds to pay the escrow items. Lender will give to me, without charge, an annual accounting of the Funds. That accounting must show all additions to and deductions from the Funds and the reason for each deduction.

Lender may not charge me for holding or keeping the Funds, for using the Funds to pay escrow items, for analyzing my payments of Funds, or for receiving, verifying and totaling assessments and bills. However, Lender may charge me for these services if Lender pays me interest on the Funds and if the law permits Lender to make such a charge. Lender will not be required to pay me any interest or earnings on the Funds unless either (i) Lender and I agree in writing, at the time I sign this Security Instrument, that Lender will pay interest on the Funds; or (ii) the law requires Lender to pay interest on the Funds.

(C) Adjustments to the Funds

If Lender's estimates are too high or if taxes and insurance rates go down, the amounts that I pay under this Paragraph 2 will be too large. If this happens at a time when I am keeping all of my promises and agreements made in this Security Instrument, I will have the right to have the excess amount either promptly repaid to me as a direct refund or credited to my future scheduled payments of Funds. There will be excess amounts if, at any time, the sum of (i) the amount of Funds which Lender is holding or keeping, plus (ii) the amount of the scheduled payments of Funds which I still must pay between that time and the due dates of escrow items is greater than the amount necessary to pay the escrow items when they are due.

If, when payments of escrow items are due, Lender has not received enough Funds to make those payments, I will pay to Lender whatever additional amount is necessary to pay the escrow items in full. I must pay that additional amount in one or more payments as Lender may require.

When I have paid all of the sums secured, Lender will promptly refund to me any Funds that are then being held by Lender. If, as a result of the exercise by Lender of any of its rights under this Security Instrument, either Lender acquires the Property or the Property is sold, then immediately before the acquisition or sale, Lender will use any Funds which Lender is holding at the time to reduce the sums secured.

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

X *Ralph E. Sheets, Jr.* (Seal)
 RALPH E. SHEETS, JR. -Borrower
 X *Lavonne A. Sheets* (Seal)
 LAVONNE A. SHEETS -Borrower