



Document 2013 1216

Book 2013 Page 1216 Type 04 001 Pages 9

Date 5/01/2013 Time 2:24 PM

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LISA SMITH, COUNTY RECORDER
MADISON COUNTY IOWA

MORTGAGE
THE IOWA STATE BAR ASSOCIATION

Recorder's Cover Sheet

Preparer Information: (name, address and phone number)

Curtis G. McCormick, 808 13th St, West Des Moines, IA 50265, Phone: (515) 277-2200

Taxpayer Information: (name and complete address)

QHC Madison Square, LLC, 8350 Hickman Rd Ste 15, Clive, IA 50325

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✓ **Return Document To:** (name and complete address)

Jeff Schneidman, 9141 E Hidden Spur Trail, Scottsdale, AZ 85255

Grantors:

QHC Madison Square, LLC

Grantees:

Kenneth Webb Family Trust

Legal Description:

Document or instrument number of previously recorded documents:

EXHIBIT "B"

When recorded, return to:

Jeff Schneidman, Esq.
Plattner, Schneidman,
Schneider & Jeffries, P.C.
9141 E. Hidden Spur Trail
Scottsdale, Arizona 85255

MORTGAGE

THIS MORTGAGE (this "Instrument") is made this 1st day of May, 2013, between the Mortgagor/Grantor, QHC MADISON SQUARE, LLC, an Iowa limited liability company (the "Mortgagor"), and the Mortgagee, Jeff Schneidman, Trustee of the KENNETH A. WEBB FAMILY TRUST U/T/A dated November 9, 1987, as amended, whose address is c/o Plattner, Schneidman, Schneider & Jeffries, P.C., 9141 E. Hidden Spur Trail, Scottsdale, Arizona 85255 (the "Mortgagee").

WHEREAS, Mortgagor has executed and delivered to Mortgagee that certain Guaranty of even date herewith, whereby Mortgagor has guaranteed performance of each and every term, covenant, condition and obligation set forth in that certain Waiver, Forbearance and Security Agreement of even date herewith by and among QHC Facilities, LLC, an Iowa limited liability company ("QHC"); Crestridge, Inc., an Iowa corporation ("Crestridge"); Crestview Acres, Inc., an Iowa corporation ("Crestview Acres"); Jerry W. Voyna and Nancy A. Voyna, husband and wife ("Voyna") (QHC, Crestridge, Crestview Acres and Voyna collectively ("Borrower"); Mortgagee and Mortgagor, including but not limited to, Borrower's obligations under the Creditor Agreement (as defined in the Waiver, Forbearance and Security Agreement) (collectively the "Obligations").

TO SECURE TO MORTGAGEE (a) the performance of the Obligations; (b) the repayment of any future advances, with interest thereon, made by Mortgagee to Mortgagor pursuant to paragraph 8 hereof ("Future Advances") hereof; (c) the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Instrument; and (d) the performance of the covenants and agreements of Mortgagor herein contained, Mortgagor does hereby mortgage, grant, convey, and assign to Mortgagee the property located in Madison County, Iowa, described on Exhibit "A" attached hereto, which has the address of 209 W Jefferson, Winterset, Iowa 50273 ("Property Address").

TOGETHER with all buildings, improvements, hereditaments, appurtenances and tenements now or hereafter erected on the property, and all heretofore or hereafter vacated alleys and streets abutting the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits thereof herein referred to as the "Property".

Mortgagor covenants that Mortgagor is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant, convey and assign the Property that the Property is unencumbered and the Mortgagor will warrant and defend generally the title to the Property against all claims and demands, subject to any easements and restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Mortgagee's interest in the Property.

Mortgagor and Mortgagee covenant and agree as follows:

1. **PERFORMANCE OF OBLIGATIONS.** Mortgagor shall promptly pay or perform when due the Obligations and all other sums secured by this Instrument.

2. **CHARGES; LIENS.** Mortgagor shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the Property. Without Mortgagee's prior written permission, Mortgagor shall not allow any lien inferior to this Instrument to be perfected against the Property.

3. **HAZARD INSURANCE.** Mortgagor shall keep the improvements now existing or hereafter erected on the Property insured by carriers at all times satisfactory to Mortgagee against loss by fire, hazards included within the term "extended coverage", rent loss and such other hazards, casualties, liabilities and contingencies as Mortgagee shall require and in such amounts and for such periods as Mortgagee shall require. All insurance policies and renewals thereof shall be in a form acceptable to Mortgagee and shall include a standard mortgage clause in favor of and in form acceptable to Mortgagee. Mortgagee shall have the right to hold the policies, and Mortgagor shall promptly furnish to Mortgagee all renewal notices and all receipts of paid premiums. At least thirty (30) days prior to the expiration date of a policy, Mortgagor shall deliver to Mortgagee a renewal policy in form satisfactory to Mortgagee. In the event of loss, Mortgagor shall give immediate written notice to the insurance carrier and to Mortgagee. Mortgagor hereby authorizes and empowers Mortgagee as attorney-in-fact for Mortgagor to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Mortgagee's expenses incurred in the collection of such proceeds, provided, however, that nothing contained in this Paragraph 3 shall require Mortgagee to incur any expense or take any action hereunder. In the event Mortgagor does not renew the insurance policy, then Mortgagee may obtain loss payee insurance coverage only, which cost shall be payable by Mortgagor. Failure to reimburse Mortgagee for the cost of this policy within thirty (30) calendar days after being mailed a bill for it shall constitute default under the mortgage.

4. **PRESERVATION AND MAINTENANCE OF PROPERTY.** Mortgagor (a) shall not commit waste or permit impairment or deterioration of the Property; (b) shall not abandon the Property; (c) shall restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Mortgagee may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover, in whole or in part, the costs of such restoration or repair; (d) shall keep the property, including improvements, fixtures, equipment, machinery and appliances thereon in good repair and shall replace fixtures,

equipment, machinery and appliances on the Property when necessary to keep such items in good repair; (e) shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property; and (f) shall give notice in writing to Mortgagee of and, unless otherwise directed in writing by Mortgagee, appear in and defend any actions or proceedings purporting to affect the Property, the security of this Instrument or the rights or powers of Mortgagee.

5. **USE OF PROPERTY.** The Property may be used only for purposes permitted by law.

6. **PROTECTION OF MORTGAGEE'S SECURITY.** If Mortgagor fails to perform the covenants and agreements contained in this Instrument, or if any action or proceeding is commenced which affects the Property or title thereto or the interest of Mortgagee therein including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Mortgagee at Mortgagee's option may make such appearances, disburse such sums and take such action as Mortgagee deems necessary in its sole discretion to protect Mortgagee's interest including, but not limited to, (i) disbursement of attorneys' fees, (ii) entry upon the Property to make repairs, (iii) procurement of satisfactory insurance as provided in Paragraph 3 hereof and may also (iv) declare all of the sums secured by this Instrument to be immediately due and payable without prior notice to Mortgagor, and Mortgagee may invoke any remedies permitted by this Instrument.

7. **INSPECTION.** Mortgagee may make or cause to be made reasonable entries upon and inspections of the Property.

8. **CONDEMNATION.** Mortgagor shall promptly notify Mortgagee of any actions or proceedings relating to any condemnation or other taking, whether direct or indirect, of the Property, or part thereof, and Mortgagor shall appear in and prosecute any such actions or proceedings unless otherwise directed by Mortgagee in writing. Mortgagor authorizes Mortgagee, at Mortgagee's option, as attorney-in-fact for Mortgagor, to commence, appear in and prosecute in Mortgagee's or Mortgagor's name, any actions or proceedings relating to any condemnation or other taking of the Property, whether direct or indirect, and to settle or compromise any claim in connection with such condemnation or other taking. The proceeds of any award, payment or claim for damages, direct or consequential, in connection with any condemnation or other taking, whether direct or indirect, of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned to and shall be paid to Mortgagee.

Mortgagor authorizes Mortgagee to apply such awards, payments, proceeds or damages, after the deduction of Mortgagee's expenses incurred in the collection of such amounts, to payment of the sums secured by this Instrument, whether or not then due, with the balance, if any, to Mortgagor. Mortgagor agrees to execute such further evidence of assignment of any awards, proceeds, damages or claims arising in connection with such condemnation or taking as Mortgagee may require.

9. **MORTGAGOR AND LIEN NOT RELEASED.** From time to time, Mortgagee may, at Mortgagee's option, without giving notice to or obtaining the consent of Mortgagor, Mortgagor's successors or assigns or any junior lienholder or guarantors, without liability on Mortgagee's part and notwithstanding Mortgagor's breach of any covenant or agreement of Mortgagor in this Instrument, extend the time for the performance of the Obligations or any part thereof, reduce the payments thereon, release anyone liable on any of the Obligations, modify the terms and time of payment of the Obligations, release from the lien of this Instrument any part of the Property, take or release other or additional security, reconvey any part of the Property, consent to any map or plan of the Property, consent to the granting of any easement, join in any extension or subordination agreement. Any actions taken by Mortgagee pursuant to the terms of this Paragraph 9 shall not affect the obligation of Mortgagor or Mortgagor's successors or assigns to pay the sums secured by this Instrument and to observe the covenants of Mortgagor contained herein, shall not affect the guaranty of any person, corporation, partnership or other entity for the performance of the Obligations secured hereby, and shall not affect the lien or priority of lien hereof on the Property. Mortgagor shall pay Mortgagee a reasonable service charge, together with such title insurance premiums and attorney's fees as may be incurred at Mortgagee's option, for any such action if taken at Mortgagor's request.

10. **FORBEARANCE BY MORTGAGEE NOT A WAIVER.** Any forbearance by Mortgagee in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Mortgagee shall not be a waiver of Mortgagee's right to accelerate the maturity of the indebtedness secured by this Instrument.

11. **REMEDIES CUMULATIVE.** Each remedy provided in this Instrument is distinct and cumulative to all other rights or remedies under this Instrument, or afforded by law or equity and may be exercised concurrently, independently, or successively, in any order whatsoever.

12. **ACCELERATION IN CASE OF MORTGAGOR'S INSOLVENCY.** If Mortgagor shall voluntarily file a petition under the Federal Bankruptcy Act, as such Act may from time to time be amended, or under any similar or successor Federal statute relating to bankruptcy, insolvency, arrangements or reorganizations, or under any state bankruptcy or insolvency act, or file an answer in an involuntary proceeding admitting insolvency or inability to pay debts, or if Mortgagor shall fail to obtain a vacation of stay of involuntary proceedings brought for the reorganization, dissolution or liquidation of Mortgagor, or if Mortgagor shall be adjudged a bankrupt, or if a trustee or receiver shall be appointed for Mortgagor or Mortgagor's property, or if the Property shall become subject to the jurisdiction of a Federal bankruptcy court or similar state court, or if Mortgagor shall make an assignment for the benefit of Mortgagor's creditors, or if there is an attachment, execution or other judicial seizure of any portion of the Mortgagor's assets and such seizure is not discharged within ten (10) days, then Mortgagee may, at Mortgagee's option, declare all of the sums secured by this Instrument to be immediately due and payable without prior notice to Mortgagor, and Mortgagee may invoke any remedies permitted by Paragraph 19 of this Instrument. Any attorney's fees and other expenses incurred

by Mortgagee in connection with Mortgagor's bankruptcy or any of the other aforesaid events shall be an additional indebtedness of Mortgagor secured by this Instrument.

13. TRANSFERS OF THE PROPERTY OR BENEFICIAL INTERESTS IN MORTGAGOR; ASSUMPTION. On sale or transfer of (i) all or any part of the Property, or any interest therein, or (ii) beneficial interests in Mortgagor (if Mortgagor is not a natural person or persons but is a corporation, partnership, trust or other legal entity), Mortgagee may, at Mortgagee's option, declare all of the sums secured by this Instrument to be immediately due and payable, and Mortgagee may invoke any remedies permitted under this Instrument.

14. NOTICE. Except for any notice required under applicable law to be given in another manner, (a) any notice to Mortgagor provided for in this Instrument shall be given by mailing such notice by first class mail addressed to Mortgagor at Mortgagor's address stated below or at such other address as Mortgagor may designate by notice to Mortgagee as provided herein, and (b) any notice to Mortgagee shall be given by certified mail, return receipt requested, to Mortgagee's address stated herein or to such other address as Mortgagee may designate by notice to Mortgagor as provided herein. Any notice provided for in this Instrument shall be deemed to have been given to Mortgagor or Mortgagee when given in the manner designated herein.

15. SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; AGENTS, CAPTIONS. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to the respective successors and assigns of, Mortgagee and Mortgagor, subject to the provisions of Paragraph 13 hereof. All covenants and agreements of Mortgagor shall be joint and several. In exercising any rights hereunder or taking any actions provided for herein, Mortgagee may act through its employees, agents or independent contractors as authorized by Mortgagee. The captions and headings of the paragraphs of this Instrument are for convenience only and are not to be used to interpret or define the provisions hereof.

16. GOVERNING LAW; SEVERABILITY. This Instrument shall be governed by the law of the jurisdiction in which the Property is located. In the event that any provision of this Instrument conflicts with applicable law, such conflict shall not affect other provisions of this Instrument which can be given effect without the conflicting provisions, and to this end the provisions of this Instrument are declared to be severable.

17. ACCELERATION; REMEDIES. Upon Mortgagor's breach of any covenant or agreement of Mortgagor in this Instrument including, but not limited to, the covenants to pay when due any sums secured by this Instrument, Mortgagee at Mortgagee's option may declare all of the sums secured by this Instrument to be immediately due and payable without further demand, may foreclose this Instrument by judicial proceeding, and may invoke any other remedies permitted by applicable law or provided herein. Mortgagee shall be entitled to collect all costs and expenses incurred in pursuing such remedies including, but not limited to, attorneys' fees, costs of documentary evidence, abstracts and title reports.

18. **RELEASE.** Upon payment of all sums secured by this Instrument, Mortgagee shall release this Instrument. Mortgagor shall pay Mortgagee's reasonable costs incurred in releasing this Instrument.

19. **RIDERS TO THIS INSTRUMENT.** If one or more riders are executed by Mortgagor and recorded together with this Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Instrument as if such rider(s) were a part of this Instrument.

20. **HAZARDOUS SUBSTANCES.** Mortgagor shall not cause or permit the presence, use, disposal, storage or release of any Hazardous Substances on or in the Property. Mortgagor shall not do, or 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.

Mortgagor shall immediately give Mortgagee 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 Mortgagor has actual knowledge. If Mortgagor 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, Mortgagor 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, material 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 and environmental protection.

21. **SUBORDINATION.** All liens in the Property evidenced by this Instrument are expressly subordinate and junior to all liens in favor of ACCESS BANK, a Nebraska banking corporation, pursuant to that certain Subordination of Indebtedness and Liens and Standstill Agreement of even date herewith.

[Signature on Following Page]

IN WITNESS WHEREOF, Mortgagor has executed this Instrument or has caused the same to be executed by its representatives thereunto duly authorized.

QHC MADISON SQUARE, LLC, an Iowa limited liability company

By: *Jerry W. Voyna*
Jerry W. Voyna, Member

Address: 8350 Hickman Road, Suite 15
Des Moines, Iowa 50325

STATE OF IOWA)
) ss.
County of Polk)

This instrument was acknowledged before me on April 24, 2013, by Jerry W. Voyna as Member of QHC MADISON SQUARE, LLC, an Iowa limited liability company, on behalf of the limited liability company.

Angela Hidlebaugh
Notary Public

My Commission Expires:
May 15, 2016

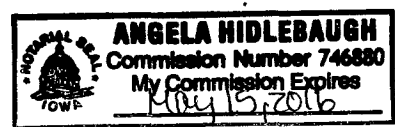


EXHIBIT "A"

LEGAL DESCRIPTION

Unit #101, #102, #103, #104, #106, #107, #108, #201, #202, #203, #204, #205 #206, #208, #301, #302, #303, #304, #305, #306, #307, and #308 of Jefferson Place in the City of Winterset, Madison County, Iowa, and an undivided 22/23rd interest in the common elements and areas of Jefferson Place as shown in the Declaration of Condominium of Jefferson Place filed for record on April 14, 1995 in Town Lot Deed Record 60 at page 159 in the Madison County Recorder's Office.