THIS MORTGAGE, Made the 23rd day of December , A. D. 1986 between

Roland Kruse a/k/a Roland Henry Kruse and Jeanne A. Kruse, husband and wife, as joint tenants with full rights of survivorship and not as tenants in common.

hereinafter (whether one or more in number) called Mortgagors, and Hawkeye Bank & Trust of Des Moines of the City of Des Moines hereinafter called Mortgagee:

WITNESSETH, That Mortgagors, in consideration of the sum of (37,954.60) Thirty seven thousand nine hundred fifty four and 60/100---------- dollars to them in hand paid by Mortgagee, the receipt whereof is hereby acknowledged, do by these presents grant, bargain, sell and convey unto Mortgagee, forever, the following described Real Estate in the County of Polk , State of Iowa, to-wit:

The East Half (½) of the Southeast Quarter (¼) of Section Twenty-eight (28) in Township Seventy-four (74) North, Range Twenty-six (26) West of the 5th P.M., Madison County, Iowa.

Co. Rec.

FILED NO. 1256
BOOK 147 PAGE 163
1986 DEC 29 AM 8:26
MARY E. WELTY
RECORDER
MADISON COUNTY, IOWA
Fee $20.00

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PAGE K

Together with Mortgagors' interest as lessors in and to all leases of said premises, or any part thereof, heretofore made and entered into, and in and to all leases hereafter made and entered into by Mortgagors during the life of this Mortgage or any extension or renewal hereof, reserving to Mortgagors their statutory equity and redemption rights therein; provided and hereby intending that in case of foreclosure sale the lessors interest in any such leases then in force shall, upon expiration of Mortgagors' right of redemption, pass to the purchaser at such sale as a part of the mortgaged premises, subject to election by said purchaser to terminate or enforce any of such leases hereafter made and together with all buildings and improvements now or hereafter erected thereon and the rents, issues and profits thereof, and all engines, boilers, elevators and machinery, and all heating apparatus, electrical equipment, air-conditioning equipment, water and gas fixtures, shades, awnings, screens, storm sash and blinds, and all fixtures of every description, belonging to said Mortgagors, which are or may be placed or used upon the premises above described, or appurtenant thereto, all of which, for the purpose of this Mortgage, shall be deemed fixtures and subject to the lien hereof, as to any such personal property, fixtures, or both, Mortgagors grant a security interest to Mortgagee, and the hereditaments and appurtenances pertaining to the property above described, all of which is referred to hereinafter as the "premises".

TO HAVE AND TO HOLD the same unto Mortgagee forever, for the purposes and upon the uses herein set forth, free from all rights and benefits accruing to a surviving spouse under the laws of the State of Iowa, homestead and any other rights of exemption, which said rights and benefits Mortgagors do hereby expressly release and waive.

CONDITIONED, HOWEVER, That if Roland Kruse and Jeanne A. Kruse Mortgagors shall pay or cause to be paid to Mortgagee, at its office in the City of Des Moines the principal sum of Thirty seven thousand nine hundred fifty-four and 60/100---------- dollars with final maturity on December 15, 1996 and with interest, according to the terms of a promissory Note of even date herewith executed by them and payable to the order of Mortgagee, which together with all extensions, renewals and modifications thereof and all other Notes given in substitution therefor is referred to herein as the "Note", and shall likewise pay or cause to be paid such additional sums, with interest thereon, as are secured by this Mortgage, and shall also fully perform all the covenants, conditions and terms of this Mortgage, then these presents shall be void, otherwise to remain in full force and effect.

IT IS MUTUALLY AGREED THAT:

1. Mortgagee shall be subrogated to the lien of any and all prior encumbrances, liens or charges paid and discharged from the proceeds of the Note hereby secured, and even though said prior liens have been released of record; the repayment of said Note shall be secured by such liens on the portions of said premises affected thereby to the extent of such payments, respectively.

2. Whenever by the terms of this instrument or of said Note, Mortgagee is given any option, such option may be exercised when the right accrues, or at any time thereafter.

3. All Mortgagors shall be jointly and severally liable for fulfillment of the covenants and agreements herein contained, and all provisions of this Mortgage shall inure to and be binding upon the heirs, executors, administrators, successors, grantees, lessees and assigns of the parties hereto, respectively.

4. In case default shall be made in the payment of any instalment of said Note or of interest thereon when due or if there shall be failure on the part of Mortgagors to comply with any covenant, condition or provision of this Mortgage, then the said Note and the whole indebtedness secured by this Mortgage, including all payments for taxes, assessments, insurance premiums, liens, costs, expenses and attorney's fees herein specified shall, at the option of Mortgagee and without notice to Mortgagors (such notice being hereby expressly waived), become due and collectible at once by foreclosure or otherwise.

5. If the Note and Mortgage, or either of them, shall be placed in the hands of an attorney for collection or foreclosure, or other legal proceedings, Mortgagors will pay a reasonable attorney's fee for any service rendered by an attorney in connecton therewith, and all expenses incurred in procuring evidence of title for purposes of the litigation, and such attorney's fee and expenses, shall be considered as part of the indebtedness secured by this Mortgage and collectible accordingly.

6. Upon commencement of any proceeding to enforce or foreclose this Mortgage, or at any time thereafter until expiration of the period of redemption, the court having jurisdiction of the case shall, at the request of Mortgagee, appoint a receiver to take immediate possession of said premises, to rent the same, to collect all rentals and profits accruing therefrom and to apply the receipts, as the court may order, in payment of receivership and foreclosure costs, taxes, insurance premiums, property maintenance and all indebtedness hereby secured.

7. Notwithstanding anything in this Mortgage or the Note secured hereby to the contrary, neither this Mortgage nor said Note shall be deemed to impose on the Mortgagors any obligation of payment, except to the extent that the same may be legally enforceable; and any provision to the contrary shall be of no force or effect.

8. Any award of damages under condemnation for injury to, or taking of, any part of all of said property is hereby assigned to Mortgagee with authority to apply or release the moneys received, as below provided for insurance loss proceeds.

9. As additional security for the repayment of the indebtedness hereby secured and the payment of taxes, special assessments, ground rents, and other charges and fire and other hazard insurance premiums, Mortgagors, agree to deposit with Mortgagee, if requested by it, monthly or other periodic payments in amounts, which, as estimated by Mortgagee from time to time, shall be sufficient to meet, as they become due, such taxes, assessments, rents, charges and premiums. If at any time the funds so held by Mortgagee shall be insufficient to pay any tax, assessment, rent, charge or premium, Mortgagors shall, upon receipt of notice thereof, immediately deposit with Mortgagee such additional funds as may be necessary to remove the deficiency. It is agreed that all sums so deposited shall be irrevocably appropriated to Mortgagee in trust, to be applied to the payment of such taxes, assignments, rents, charges and premiums, and at the option of Mortgagee, after default, to be applied on the indebtedness hereby secured.

10. As additional security for the repayment of the indebtedness hereby secured, Mortgagors hereby assign to Mortgagees all their right, title and interest in and to all existing leases and all future leases upon or affecting the mortgaged premises, together with any extensions or renewals of such leases, and all rentals and income arising from said premises; provided that, so long as there is no default in any of the terms or conditions of this Mortgage or of the Note hereby secured, or of any extension or renewal thereof, Mortgagors shall continue to manage said premises as owners and collect all income arising therefrom, but only as it accrues, rendering such reports as may be required by Mortgagee.

In the event of any default in the performance of any agreement or covenant in said Note or this Mortgage, Mortgagors, upon demand, will immediately deliver to Mortgagee, or its appointee, all leases or agreements for occupancy of space in said premises, together with a separate and specific assignment of each of them to Mortgagee, or its appointee, in form approved by Mortgagee; and Mortgagee, with or without such specific assignment, may take possession and assume the management of said premises and collect the rentals and other income therefrom, execute all powers and authority reserved to the lessor under the lease terms, including any right or power therein to forfeit or cancel such lease, and modify the provisions of present leases and make new leases or rental contracts in the name of the owner of the property, or otherwise; and the lessees and other occupants of said premises are hereby authorized and directed, upon demand, to pay to Mortgagee, or any person designated by it for that purpose, all amounts due or to become due from them under said leases and any extensions or renewals thereof, or by reason of such occupancy; and such possession and management by Mortgagee shall not in any way affect its rights of foreclosure and the appointment of a receiver as hereinbefore provided.

MORTGAGORS COVENANT AND AGREE:

1. That at the time of the execution and delivery of this Mortgage, Mortgagors are well seized of said premises in fee simple, have good right and authority to mortgage the same as herein provided, that said premises are free from all incumbrances and charges whatever, and that Mortgagors will forever warrant and defend the same against all lawful claims whatsoever.

2. To keep said premises insured for the protection of Mortgagee in such manner, in such amounts and in such companies as Mortgagee may from time to time approve, and to keep the policies therefor, properly endorsed, on deposit with Mortgagee; and that loss proceeds (less expenses of collection) shall, at Mortgagee's option, be applied on said indebtedness whether due or not, or to the restoration of said improvements.

3. To pay all taxes and special assessments of any kind that have been or may be levied or assessed within the State of Iowa upon said premises, or any part thereof, or upon the Note or debt secured hereby, or upon the interest of Mortgagee in said premises or in said Note or said debt, and procure and deliver to Mortgagee, at its home office, ten days before the day fixed by law for the first interest or penalty to accrue thereon, the official receipt of the proper officer showing payment of all such taxes and assessments.

4. To keep said premises free from all prior liens and upon demand of Mortgagee to pay and procure release of any lien which in any way may impair the security of this Mortgage.

5. In the event of default by Mortgagors under paragraphs 2, 3, or 4 above, Mortgagee, at its option (whether electing to declare the whole indebtedness hereby secured due and collectible or not), may (a) effect the insurance above provided for and pay the reasonable premiums and charges therefor; (b) pay all said taxes and assessments without determining the validity thereof (unless Mortgagors have instituted proper legal proceedings to test the validity of such taxes or assessments and have deposited with Mortgagee security therefor acceptable to it); and (c) pay such liens, and all costs, expenses and attorney's fees herein covenanted to be paid by Mortgagors; and all such payments, with interest thereon from the time of payment at the rate equal to the Default Rate (as defined in the Note) shown in the Note, shall be deemed a part of the indebtedness secured by this Mortgage and shall be immediately due and payable by Mortgagors to Mortgagee.

6. That there is no assignment or pledge of any leases of, rentals or income from, said premises now in effect, and that, until such indebtedness is fully paid, they will not make any such assignment or pledge to anyone other than Mortgagee and will not, without the prior written approval of Mortgagee, consent to a cancellation of any of said leases having at the time an unexpired term of more than two years, or to a release or reduction of the liability of any lessee under such a lease.

7. To keep the buildings and other improvements now or hereafter erected in good condition and repair, not to commit or suffer any waste or any use of said premises contrary to restrictions of record or contrary to laws, ordinances or regulations of proper public authority and to permit Mortgagee to enter at all reasonable times for the purpose of inspecting the premises.

8. That they will pay the indebtedness hereby secured promptly and in full compliance with the terms of said Note and this Mortgage.

9. Without affecting the liability of Mortgagors or any other person (except any person expressly released in writing) for payment of any indebtedness secured hereby or for the performance of any obligation contained herein, and without affecting the rights of Mortgagee with respect to any security not expressly released in writing, Mortgagee may, at any time and from time to time, either before or after the maturity of said Note, and without notice or consent: (a) release any person liable for payment of all or any part of the indebtedness or for performance of any obligation; (b) make any agreement extending the time or otherwise altering the terms of payment of all or any part of the indebtedness, or modifying or waiving any obligation, or subordinating, modifying or otherwise dealing with the lien or charge hereof; (c) exercise or refrain from exercising or waive any right Mortgagee may have; (d) accept additional security of any kind; and, (e) release or otherwise deal with any property, real or personal, securing the indebtedness, including all or any part of the property mortgaged hereby.

10. Mortgagors covenant and agree that if the loan secured hereby is obtained to assist in financing building construction or remodeling, or any other improvements to the property: (a) if such improvements shall not, in accordance with plans and specifications approved by Mortgagee, be completed prior to the expiration date of the loan commitment, or (b) if work on such improvements shall cease before completion and remain abandoned for a period of fifteen consecutive days, the existence of either circumstance shall constitute an event of default under the terms of this instrument, and at any time thereafter, the said Note and the whole indebtedness secured hereby shall, at the option of the Mortgagee and without notice to Mortgagors (such notice being hereby expressly waived), become due and collectible at once by foreclosure or otherwise. In the event of such cessation or abandonment of work as aforesaid, Mortgagee may, at its option, also enter upon the property and complete the improvements and Mortgagors hereby give to Mortgagee full power and authority to make such entry and to enter into such contracts or arrangements as it may consider necessary to complete the same. All moneys expended by Mortgagee in connection with completion of said improvements shall be included in the indebtedness hereby secured and shall be payable by Mortgagors immediately and without demand, with interest at the rate equal to the Default Rate (as defined in the Note) shown in the Note. Until the loan shall have been fully disbursed, the agents of the Mortgagee shall have the right to enter upon the property at any and all times to inspect the improvement project that is under way.

Mortgagee may from time to time waive its right hereunder to collect rents and other income but any such waiver shall not prejudice Mortgagee's right to make such collections thereafter so long as and whenever a default exists under this Mortgage or the Note hereby secured. Mortgagee shall have the right, but shall not be required, to sue for collection of rents, possession of premises or other remedy, but shall not be liable for failure to collect rents or other income and shall be held accountable for only such amounts as are actually received. Funds received by the Mortgagee shall be applied at its discretion to expenses of collection, including reasonable attorneys' fees, necessary repairs, taxes and insurance on the mortgaged premises, and on account of the indebtedness hereby secured.

No change or modification of a lease or rental contract covering premises herein described shall be binding on the Mortgagee unless consented to in writing by the Mortgagee.

11. It is understood and agreed that this Mortgage shall also secure any other indebtedness owing to Mortgagee by Mortgagors, or any of them, including any additional or future advances made by Mortgagee to Mortgagors, or any of them.

12. It is expressly agreed that if this tract consists of less than ten (10) acres in size:

(a) That if the Mortgagee in event of foreclosure hereon, in the foreclosure action waives any rights to deficiency judgment against the Mortgagor which might arise out of the proceedings, the period of redemption after sale on foreclosure shall be reduced to six (6) months.

(b) If at the time of any foreclosure hereof, the property has been abandoned by the owners and those persons personally liable under the Mortgage, and if the Mortgagee shall waive any rights to a deficiency judgment against the Mortgagor or his successor in interest, in the foreclosure action, then the period of redemption after sale on foreclosure shall be reduced to sixty (60) days.

Subparagraph (a) shall be interpreted as applying in circumstances where Section 628.26, Code of Iowa 1975, is applicable, and subparagraph (b) shall be interpreted as applying in circumstances where Section 628.27, Code of Iowa 1975, is applicable. The meaning of the term "abandoned" as used herein shall be identical with that used in the statute.

13. It is expressly agreed by the parties hereto that the entire balance owing under this Mortgage and the indebtedness it secures shall become due and payable immediately: (a) upon any sale or conveyance of the above real estate; or, (b) if Mortgagor is a corporation, partnership or trust, upon any sale or transfer of a beneficial interest in Mortgagor, unless the Mortgagor or Mortgagor's successor in interest, shall first have obtained the written consent from the Mortgagee to said sale or conveyance.

14. Whenever used, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

Dated this 23rd day of December , A. D., 1986

Roland Kruse
Roland Kruse

Jeanne A. Kruse
Jeanne A. Kruse

STATE OF IOWA, } ss.
County of

On this day of , A.D., 19 , before me, a Notary Public in and for the county of , and State of , personally appeared and to me personally known, who, being by me duly sworn, did say that said is the President, and said is the Secretary of , the Mortgagor in the foregoing instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of ; and said and acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

Notary Public in and for
County, Iowa.

STATE OF IOWA, } ss.
County of Polk

On this 23rd day of December , A.D., 19 86 , before me, Joyce E. Mosher , a Notary Public in and for the County and State aforesaid, personally appeared.
Roland Kruse and Jeanne A. Kruse

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

JOYCE E. MOSHER
MY COMMISSION EXPIRES
11-7-88

Joyce E. Mosher
Notary Public in and for
Polk County, Iowa.

No.

TO

MORTGAGE

Dated the day of

STATE OF IOWA, } ss.
County of Madison

Received for record on the 29 day of December A.D. 19 86, at 8:26 o'clock M., and recorded in Volume 147 of Mortgages, on pages 163

Mary E. Duffy
Recorder

When Recorded Return To:

Mail -

HAWKEYE BANK AND TRUST
OF DES MOINES
2401 UNIVERSITY
DES MOINES, IOWA 50311