Form RLF-3
Application Number _____
Date 12-10-85

IOWA FINANCIAL INCENTIVE PROGRAM FOR SOIL EROSION CONTROL
NOTE AND SECURITY AGREEMENT

NAME Larry & Laura Watts AMOUNT $8,097.00

PURPOSE Soil & water conservation work

1. PARTIES-SECURITY - The undersigned Debtor (hereinafter collectively with Co-Debtor, if any, called "Debtor"), jointly and severally, for value received hereby grants to The State of Iowa (hereinafter called "State") a security interest in the following described property:

SEE ATTACHED MARKED EXHIBIT "A"

Madison County, Iowa.

2. FOR VALUE RECEIVED - Debtor, jointly and severally, as principals, promises to pay to the Order of State at Farmers & Merchants State Bank, Winterset, Ia. (Name and Address of Financial Institution), the principal sum of Eight thousand ninety-seven & no/l Dollars ($ 8,097.00) with no interest except as may be charged in the paragraph providing for interest on delinquent loans. The principal to be paid in equal installments of $809.70 each payable on the first day of March beginning on March 1, 1986.

3. DELINQUENT LOAN CHARGE - If any annual installment is not paid on the due date, in addition to the installment, the Debtor shall pay an amount equal to the maximum annual interest rate established by Iowa Code, Section 535.2(3)(a) as applied to the entire amount of principal remaining unpaid, prorated for the period the payment is delinquent.

4. BALANCE DUE ON SALE - If the Debtor sells the property described in paragraph 1, the entire principal amount remaining unpaid shall be due and payable no later than the date of the sale. If the remaining balance is not paid within ten days of the date of sale, a delinquent loan charge shall be applied in the manner described in paragraph 3.

NOTICE TO DEBTOR - Do not sign this paper before you read it. You are entitled to a copy of this paper. You may prepay the unpaid balance at any time without penalty.

R.R. 2, Box 13			Larry Watts	
(Debtor's Address)		(Number and Street)	(Debtor's Signature)	
Winterset,	Iowa	50273	Larry Watts	
(City)	(State)	(Zip Code)	(Type Name)	(Soc. Sec. No.)
R.R. 2, Box 13			Laura Watts	
(Co-Debtor's Address)		(Number and Street)	(Co-Debtor's Signature)	
Winterset,	Iowa	50273	Laura Watts	
(City)	(State)	(Zip Code)	(Type Name)	(Soc. Sec. No.)

ACKNOWLEDGMENT

STATE OF Iowa)
COUNTY OF Madison) SS.:

On this 10th day of December, A.D., 19 85, before me a Notary Public in and of the Said County, personally appeared Larry & Laura Watts, to me known to be the identical person(s) named in and who executed the foregoing instrument, and acknowledged that (he/she/they) executed th same as (his/her/their) voluntary act and deed.

Notary Public in the State of Iowa
Kimberly A. Townsend

Notary Seal

FILED NO 1193
BOOK 144 PAGE 479
1985 DEC 13 AM 11:16
MARY E. WELTY
RECORDER
MADISON COUNTY, IOWA

Compared

Fee $10.00

M/D.
REC
I of

Distribution:
Applicant
Financial Institution
SCD Case File
DSC

EXHIBIT A

A parcel of land in the South Half of the Southwest Quarter of Section 15, and in the Northeast Quarter of the Northwest Quarter of Section 22, all in Township 76 North, Range 27 West of the 5th Principal Meridian, Madison County, Iowa, more particularly described as:
Beginning at the northwest corner of the Southwest Quarter of the Southwest Quarter of Section 15, Township 76 North, Range 27 West of the 5th Principal Meridian, Madison County, Iowa; thence along the west line of said Southwest Quarter of the Southwest Quarter, South 00°00' 00" East 517.24 feet; thence South 90°00'00" East 1490.85 feet; thence South 01°38'07" East 346.78 feet; thence South 16°02'25" West 151.75 feet; thence South 07°25'51" West 114.36 feet; thence South 17°45'42" East 92.84 feet; thence South 40°11'52" East 120.87 feet; thence South 46°33'29" East 304.79 feet; thence South 23°40'11" East 224.98 feet; thence South 59°25'54" East 140.87 feet; thence South 29°45'41" East 121.12 feet; thence South 05°08'06" East 269.00 feet; thence South 90° 00'00" East 628.20 feet to the east line of the Northeast Quarter of the Northwest Quarter of Section 22, Township 76 North, Range 27 West; thence along said east line, North 00°12'45" West 859.61 feet to the South Quarter corner of Section 15, Township 76 North, Range 27 West; thence North 00°06' 49" East 1311.31 feet to the northeast corner of the Southeast Quarter of the Southwest Quarter of said Section 15; thence along the north line of the South Half of the Southwest Quarter of said section, South 89°51'25" West 2695.09 feet to the Point of Beginning, containing 70.00 acres, more or less including public road, and 69.61 acres, more or less excluding public road. Bearings are based on the west line of the Southwest Quarter of Section 15, T76N, R27W, which is assumed to bear South.