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MARY E. WELTY
RECORDER
MADISON COUNTY, IOWA
Fee # 18 50

9 pgs.

LEASE AGREEMENT

THIS AGREEMENT made and entered into this 13 day of December, 1974, by and between Clifton W. Smith and Alden C. Smith, trustees U/W Daisie Connoran Smith, deceased, hereinafter called Lessor, and R. M. Harrison Company, a corporation organized and existing under the laws of the state of Iowa, hereinafter called Lessee, WITNESSETH:

1. Lessor, in consideration of the covenants of Lessee hereinafter contained, leases unto Lessee the following described premises, to-wit:

The basement and first floor of the building located on the described real estate, to-wit:

The east 42 feet of Lot Three (3) in Block Twenty-four (24) of the original town of Winterset, Madison County, Iowa, except the second floor of the brick building now situated on the East One-third (E 1/3) of said Lot Three (3) with the right of ingress and egress by way of a stairway in the building adjoining the East One-third (E 1/3) of said Lot Three (3) on the West Side.

and,

Commencing at a point 6½ feet East of the Northwest corner of Lot Six (6) in Block Twenty-four (24) of the original town of Winterset, Madison County Iowa, running thence East 80 feet, thence South 8 feet, thence West 80 feet, thence North 8 feet to the place of beginning.

2. Lessee agrees to rent said premises for the term of 120 months commencing on the first day of January, 1975, and ending on the last day of December, 1984.

3. Lessee hereby agrees to pay as rental the following sums:

a. A monthly payment in the sum of $400 commencing January 1, 1975, and continuing on the first day of each month thereafter for the term of this lease, which payments shall be made to Clifton W. Smith at Winterset, Iowa. On January 1, 1980, the monthly rental shall in no case be lowered, but may be raised so that it shall reflect an amount equal to the $400 per month rent due and payable on January 1, 1975, based upon the increase to the Cost of Living index published by the United States Department of Commerce or such other federal governmental agency as may be publishing the same on January 1, 1980, and the monthly rental shall be increased by the amount of increase in the

Cost of Living index as occurs between January 1, 1975, and January 1, 1980.

b. Lessee shall pay all of the taxes on the real estate described in paragraph one hereof. Lessee shall reimburse Lessor for the taxes due and payable in the first half of 1975, which Lessor has previously paid.

c. Lessee shall pay all insurance premiums upon all of the improvements located on the real estate described in paragraph one hereof and shall keep said premises insured against loss by fire, tornado, and extended coverage for a sum not less than $36,000 and, in addition, shall provide insurance for loss of rents in a sum of not less than $6,000, which amounts may be increased from year to year by Lessor notifying the Lessee in writing not later than December 15, of each year of the amount of insurance Lessor shall require. Such amount shall be reasonable, but shall in all cases be based upon the replacement value of the improvements.

4. Lessor shall not be liable for any damages occasioned by the failure on the part of Lessee to keep the premises insured, and Lessee agrees to hold Lessor harmless from any and all claims for damages arising out of or resulting from Lessees' operation of their business on said premises, and Lessee shall further hold Lessor harmless from any and all claims or other demands caused by failure of the Lessee to keep the premises adequately insured.

5. Lessor shall not be liable for any damages occasioned by failure on the part of the Lessee to keep the leased premises in repair and shall not be liable for any damage done or occasioned by malfunction of plumbing, electrical wiring, electrical fixtures, gas water, steam or other pipes, or sewage, or the bursting or leaking thereof or flooding caused thereby.

6. Lessee shall keep all sidewalks, driveways, and unloading areas free from snow and ice; and shall hold Lessor harmless from any failure to remove snow and ice.

7. Lessee shall be responsible for the repair and replacement of all windows and glass located on said premises and Lessor is specifically exempt from carrying insurance coverage for windows and glass.

8. Lessor shall maintain the roof on said building in proper repair to prevent damage to Lessees' property located within the leased premises.

9. Lessee agrees to conduct a retail variety store in the leased premises and not to engage in any illegal business or activity on said premises.

10. Lessee may, at its own expense, make such alterations, repairs, and redecorating of the leased premises as may be required for the purposes of its business, provided, that any change in the present floor plan hereafter made by Lessee shall, at the option of the Lessor, be promptly restored by the Lessee to the condition existing at the beginning of this lease, which restoration shall be made at Lessees' expense; said option of the Lessor to be exercised by written notice not later than 30 days after the expiration of this lease or any renewal thereof.

11. The Lessee shall have the right to remove from the premises all fixtures, apparatus and equipment installed therein by the Lessee with the exception of any of said fixtures, equipment, or apparatus paid for in whole or in part by Lessor, provided that all of said equipment and etc. shall be removed at the date of the termination of this lease or any extension thereof and provided that the Lessee shall restore and repair any damage to the premises caused by said removal.

12. The Lessee further agrees to keep said premises free from debris and materials, including the prompt removal of any and all paper and combustible material which would in any way create a fire hazard, and Lessee further agrees to observe all of the Ordinances of the city of Winterset, Iowa, which in any way affect the premises and will keep the sidewalks adjoining said property free from ice and snow and will, upon the termination of this Lease, surrender up possession of said premises in as good a condition as the same were at the commencement of the term of this Lease excepting only ordinary wear and tear and injury due to loss or fire not caused by negligence of Lessee.

13. Lessee agrees to pay in addition to the rentals above referred to, all water rents, gas and electric bills charged against said leased premises during the term of this lease.

14. The Lessor, their agents or assigns shall have free access to the premises for the purpose of examining the same or exhibiting the same to prospective tenants or purchasers.

15. If the Lessee shall abandon or vacate said premises or be removed or expelled therefrom by the Lessor for any defaults under this lease, said premises may be relet by the Lessor for such rent and upon such terms as the Lessor may see fit, and if a sufficient sum shall not be thus realized after paying the expenses of such reletting, to satisfy the rent herein provided, the Lessee agrees to pay any and all deficiencies.

16. If default is made in the payment of rent as hereinbefore provided, and if the Lessee shall break any of the covenants and agreements herein contained, or shall willfully or maliciously do injury to the premises, or shall file a petition in bankruptcy or have an involuntary petition in bankruptcy filed against it, or made an assignment for the benefit of creditors, the Lessors or its legal representatives shall have the right at any time thereafter, without notice, to declare this lease void and the term herein contained ended, and may reenter the premises and expel the Lessee, using such force as may be necessary, without prejudice to any remedies which the Lessor may have to collect arrears of rent, and it is agreed that upon the occurrence of any default by the Lessee under the lease, the Lessor shall have the right to distrain for rent, and shall have a valid and first lien upon all the personal property of the Lessee, whether located upon said premises or not, whether exempt by law or not, as security for the payment of the rent and other obligations herein provided for. The Lessee agrees not to remove from the premises any of its equipment, books of account, or fixtures until the accounts of the Lessor and Lessee under this lease have been finally and completely settled; and agrees not to remove any stock after any default by it hereunder until such accounts have been settled.

17. In the event the premises are totally destroyed by fire or other casualty either or both of the parties hereto may, at their option, terminate this lease. In the event the premises are partially destroyed and and Lessee is able to continue business on a partial basis during the repairs, then said rental shall proportionately abate during the time of said partial destruction and repair, said rental to be apportioned in the same ratio.

18. The Lessee shall not sub-let the premises or any part thereof or assign this lease or any part thereof without the written consent of the Lessor.

19. The covenants, conditions and terms of this lease shall be binding upon the respective parties, and their successors and assigns.

20. Lessee shall hold Lessor free from any liability for injury to property or persons arising out of the conduct of its business and shall hold Lessor free from liability for any injuries to Lessees' customers or anyone else legally on said premises arising from any act or acts of negligence of Lessee, its agents or employees.

21. Lessor shall have a lien on all of Lessees' property kept or maintained in said leased premises in addition to the landlord's lien provided by law to secure the payment of all amounts due under the terms of this lease, including attorney's fees and costs occasioned by any action instituted to collect any rentals due hereunder.

22. It is further agreed that in the event the Lessor, their successors or assigns, should at any time during the term of this lease desire to sell said premises, then in that event the Lessee herein shall have an option to purchase the real estate hereinbefore described at a price equal to the highest offer received by the Lessor, said option to be binding on the Lessor for a period of 30 days from the date Lessee is given a written notice as the amount of the offer and the identity of the offerer.

23. Lessee shall have the option to renew this lease for an additional period of ten years beginning January 1, 1985, and ending December 31, 1994, for the same rental as set forth in paragraph three hereof except

that the $400 monthly rental shall in no case be lowered but may be raised so that it shall reflect an amount equal to the $400 per month rent due and payable on January 1, 1975, based upon the increase to the Cost of Living Index published by the United States Department of Commerce or such other federal governmental agency as may be publishing the same on January 1, 1985, and the monthly rental shall be increased by the amount of increase in said Cost of Living Index as occurs between January 1, 1975, and January 1, 1985. In the event the lease is renewed, the rent shall be adjusted at the end of the first five year period in the same manner as sit forth in Paragraph 3a hereof.

DAISIE CONNORAN SMITH TRUST

by _____
Clifton W. Smith
Trustee

_____
Alden C. Smith
Trustee

LESSOR

R. M. HARRISON COMPANY

by _____

LESSEE

State of Iowa :
ss
Madison County:

On this 23 day of December, 1974, before me, the undersigned a Notary Public in and for said County and State, personally appeared Clifton W. Smith and Alden C. Smith, 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.

_____
Notary Public in and for the
State of Iowa

State of Iowa :
ss
Franklin County:

On this 17th day of March, 1975, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Donald G. Sargent, to me personally known, who, being by me duly sworn on oath, did say that he is the President of said corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and that the said President as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by it and by him voluntarily executed.

Notary Public in and for the
State of Iowa

PHYLLIS R. CARD
Iowa
NOTARIAL SEAL

ADDENDUM TO LEASE

DATED DECEMBER 23, 1974

It is agreed by and between the parties hereto that Lessee may at some future time desire to build an addition to the present existing building located on the premises described in said lease, and in the event Lessee notifies Lessor of such intent to build an addition; a new lease shall be negotiated between the parties hereto which may give the Lessee a longer term and which may vary other conditions of the existing lease, but shall in no event lower the rent payable to the Lessor.

Dated at Winterset, Iowa, this 14 day of January, 1975.

DAISIE CONNORAN SMITH TRUST

Clifton W. Smith, Trustee

LESSOR

R.M. HARISON COMPANY

LESSEE

State of Iowa :
ss
Madison County:

On this 14 day of January, 1975, before me the undersigned, a Notary Public in and for said county and state, personally appeared Clifton W. Smith, to me known to be the identical person named in and who executed the foregoing instrument and who acknowledges that he had authority to execute said Addendum to Lease on behalf of the Daisie Connoran Smith Trust and that he executed the same as the voluntary act and deed of said trust.

Notary Public in and for
the State of Iowa

State of Iowa :
ss
Franklin County:

On this 17th day of March 1975, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Donald G. Sargent, to me personally known, who, being by me duly sworn did say that he is the President of said corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and that the said President as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation, by it and by him voluntarily executed.

Notary Public in and for the
State of Iowa

PHYLLIS R. CA
Iowa