



BK: 2019 PG: 1382
Recorded: 5/16/2019 at 11:28:33.0 AM
Pages 5
County Recording Fee: \$27.00
Iowa E-Filing Fee: \$3.50
Combined Fee: \$30.50
Revenue Tax:
LISA SMITH RECORDER
Madison County, Iowa

Return to after recording: Iowa Business Growth Company, 5409 NW 88th Street, Suite 100, Johnston, IA 50131

Prepared by: Wendy Young, IBGC, 5409 NW 88th Street, Suite 100, Johnston, IA 50131; (515) 421-4840

MORTGAGE

(Participation)

This mortgage made and entered into this 14th day of May, 2019
 By and between **Stepping Stones Child Care Center, Inc., 701 South 3rd Avenue, Winterset, IA 50273** (hereinafter referred to as Mortgagor)

And **Iowa Business Growth Company** (hereinafter referred to as Mortgagee),
 who maintains an office and place of business at **5409 NW 88th Street, Suite 100, Johnston, Iowa 50131.**

WITNESSETH, that for the consideration hereinafter stated, receipt of which is hereby acknowledged, the Mortgagor does hereby mortgage, sell, grant, assign, and convey unto the Mortgagee, his successors and assigns, all of the following described property situated and being in the **County of Madison, State of IOWA; Lots Three (3) and Four (4) in Block Four (4), and the South 45 feet of vacated Arnold Street lying North of said Lots, in Jenkins' Addition to the Town of Winterset, in Madison County, Iowa.**

The Real Property or its address is commonly known as: 701 South 3rd Avenue, Winterset, IA 50273

Together with and including all buildings, all fixtures including but not limited to all plumbing, heating, lighting, ventilating, refrigerating, incinerating, air conditioning apparatus, and elevators (the Mortgagor hereby declaring that it is intended that the items herein enumerated shall be deemed to have been permanently installed as part of the realty), and all improvements now or hereafter existing thereon; the hereditaments and appurtenances and all other rights thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, all rights of redemption, and the rents, issues, and profits of the above described property (provided, however, that the Mortgagor shall be entitled to the possession of said property and to collect and retain the rents, issues, and profits until default hereunder). To have and to hold the same

Unto the Mortgagee and the successors in interest of the Mortgagee forever in fee simple or such other estate, if any, as is stated herein.

Fixture Filing. From the date of its recording, this Mortgage shall be effective as a financing statement filed as a fixture filing with respect to the improvements to the Property. Mortgagor grants to Mortgagee a security interest in all fixtures related to the property that Mortgagor owns now or in the future and that are or will become fixtures related to the Property. And for this purpose the name and address of the debtor is the name and address of the Mortgagor as set forth in this Mortgage and the name and address of the secured party is the name and address of the Mortgagee as set forth in this Mortgage.

The Mortgagor covenants that he/it is lawfully seized and possessed of and has the right to sell and convey said property; that the same is free from all encumbrances except as hereinabove recited; and that he/it hereby binds himself/itself and his/its successors in interest to warrant and defend the title aforesaid thereto and every part thereof against the claims of all persons whomsoever.

This instrument is given to secure the payment of a promissory note dated May 14, 2019, in the sum of **\$186,000.00** signed by **Angela J. Kirk, President**, in behalf of **Stepping Stones Child Care Center, Inc.**

Said promissory note was given to secure a loan in which the Small Business Administration, an agency of the United States of America, has participated.

1. The Mortgagor covenants and agrees as follows:

- a. Mortgagor will promptly pay the indebtedness evidenced by said promissory note at the times and in the manner therein provided.
- b. Mortgagor will pay all taxes, assessments, water rates, and other governmental or municipal charges, fines, or impositions, for which provision has not been made hereinbefore, and will promptly deliver the official receipts therefore to the said Mortgagee.
- c. Mortgagor will pay such expenses and fees as may be incurred in the protection and maintenance of said property, including the fees of any attorney employed by the Mortgagee for the collection of any or all of the indebtedness hereby secured, or foreclosure by Mortgagee's sale, or court proceedings, or in any other litigation or proceeding affecting said property. Attorney's fees reasonably incurred in any other way shall be paid by the Mortgagor.
- d. For better security of the indebtedness hereby secured, upon the request of the Mortgagee, its successors or assigns, Mortgagor shall execute and deliver a supplemental Mortgage or Mortgages covering any additions, improvements, or betterments made to the property hereinabove described and all property acquired by it after the date hereof (all in form satisfactory to Mortgagee). Furthermore, should Mortgagor fail to cure any default in the payment of a prior or inferior encumbrance on the property described by this instrument, Mortgagor hereby agrees to permit Mortgagee to cure such default, but Mortgagee is not obligated to do so; and such advances shall become part of the indebtedness secured by this instrument, subject to the same terms and conditions.
- e. The rights created by this conveyance shall remain in full force and effect during any postponement or extension of the time of the payment of the indebtedness evidenced by said promissory note or any part thereof secured hereby.
- f. Mortgagor will continuously maintain hazard insurance, of such type or types and in such amounts as the Mortgagee may from time to time require on the improvements now or hereafter on said property, and will pay promptly when due any premiums thereof. All insurance shall be carried in companies acceptable to Mortgagee and the policies and renewals thereof shall be held by Mortgagee and have attached thereto loss payable clauses in favor of and in form acceptable to the Mortgagee, in event of loss, Mortgagor will give immediate notice in writing to Mortgagee, and Mortgagee may make proof of loss if not made promptly by Mortgagor, and each insurance company concerned is hereby authorized and directed to make payment for such loss, directly to Mortgagee instead of to Mortgagor and Mortgagee jointly, and the insurance proceeds, or any part thereof, may be applied by Mortgagee at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged or destroyed. In event of foreclosure of this Mortgage, or other transfer of title to said property in extinguishment of the indebtedness secured hereby, all right, title, and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser or Mortgagee or, at the option of the Mortgagee, may be surrendered for a refund.
- g. Mortgagor will keep all buildings and other improvements on said property in good repair and condition; will permit, commit, or suffer no waste, impairment, deterioration of said property or any part thereof; in the event of failure of the Mortgagor to keep the buildings on said premises and those erected on said premises, or improvements therein, in good repair, the Mortgagee may make such repairs as in its discretion it may deem necessary for the proper preservation thereof; and the full amount of each and every such payment shall be immediately due and payable; and shall be secured by the lien of this Mortgage.
- h. Mortgagor will not voluntarily create or permit to be created against the property subject to this Mortgage any lien or liens inferior or superior to the lien of this Mortgage without the written consent of the Mortgagee; and further, that Mortgagor will keep and maintain the same free from the claim of all persons supplying labor or materials for construction of any and all buildings or improvements now being erected or to be erected on said premises.
- i. Mortgagor will not rent or assign any part of the rent of said mortgaged property or demolish, or remove, or substantially alter any building without the written consent of the Mortgagee.
- j. All awards of damages in connection with any condemnation for public use of or injury to any of the property subject to this Mortgage are hereby assigned and shall be paid to Mortgagee, who may apply the same to payment of the installments last due under said note, and Mortgagee is hereby authorized, in the name of the Mortgagor, to execute and deliver valid acquittances thereof and to appeal from any such award.
- k. Mortgagee shall have the right to inspect the Mortgaged premises at any reasonable time.

2. Default in any of the covenants or conditions of this instrument or of the note or loan agreement secured hereby shall terminate the Mortgagor's right to possession, use, and enjoyment of the property, at the option of the Mortgagee or his assigns (it being agreed that

the Mortgagor shall have such right until default). Upon any such default, the Mortgagee shall become the owner of all of the rents and profits accruing after default as security for the indebtedness secured hereby, with the right to enter upon said property for the purpose of collecting such rents and profits. This instrument shall operate as an assignment of any rentals on said property to that extent.

3. In the event of the sale or transfer of all or any part of the property, or any interest therein or beneficial interest to the Mortgagor, the entire then existing balance of the indebtedness secured hereby shall, at the option of the Mortgagee, become due and payable in full immediately.

4. Mortgagor covenants and agrees that if he/it shall fail to pay said indebtedness or any part thereof when due, or shall fail to perform any covenant or agreement of this instrument or the promissory note secured hereby, the entire indebtedness hereby secured shall immediately become due, payable, and collectible without notice, at the option of the Mortgagee or assigns, regardless of maturity, and the Mortgagee or his assigns may:

(I) At its option, after such notice as may be required by law, exercise one or more of the following rights and remedies (and any other rights and remedies available to it):

a. Mortgagee may declare immediately due and payable all Obligations secured by this Mortgage, and the same shall thereupon be immediately due and payable, without further notice or demand.

b. Mortgagee shall have and may exercise with respect to the Personal Property, all the rights and remedies accorded upon default to a secured party under the Iowa Uniform Commercial Code. If notice to Mortgagors of intended disposition of such property is required by law in a particular instance, such notice shall be deemed commercially reasonable if given to Mortgagors at least ten (10) days prior to the date of intended disposition.

c. Mortgagee may (and is hereby authorized and empowered to) foreclose this Mortgage in accordance with the law of the State of Iowa, 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 Mortgagee appoint a receiver to take immediate possession of the Mortgaged Property and of the Revenues and Income accruing therefrom, and to rent or cultivate the same as he may deem best for the interest of all parties concerned, and such receiver shall be liable to account to Mortgagors only for the net profits, after application of rents, issues and profits upon the costs and expenses of the receivership and foreclosure and upon the Obligations.

(II) Take any other appropriate action pursuant to state or Federal statute either in a state or Federal court or otherwise for the disposition of the property.

In the event of a sale as hereinbefore provided, the Mortgagor or any persons in possession under the Mortgage shall then become and be tenants holding over and shall forthwith deliver possession to the purchaser at such sale or be summarily dispossessed, in accordance with the provisions of law applicable to tenants holding over. The power and agency hereby granted are coupled with an interest and are irrevocable by death or otherwise, and are granted as cumulative to the remedies for collection of said indebtedness provided by law.

5. The proceeds of any sale of said property in accordance with the preceding paragraphs shall be applied first to pay the costs and expenses of said sale, the expenses incurred by the Mortgagee for the purpose of protecting or maintaining said property, and reasonable attorney's fees; secondly, to pay the indebtedness secured hereby; and thirdly, to pay any surplus or excess to the person or persons legally entitled thereto.

6. In the event said property is sold at a judicial foreclosure sale or pursuant to the power of sale hereinabove granted, and the proceeds are not sufficient to pay the total indebtedness secured by this instrument and evidenced by said promissory note, the Mortgagee will be entitled to a deficiency judgment for the amount of the deficiency without regard to appraisal subject to the limitations above.

7. In the event the Mortgagor fails to pay any Federal, state, or local tax assessment, income tax or other tax, lien, charge, fee, or other expense charged against the property the Mortgagee is hereby authorized at his/its option to pay the same. Any sums so paid by the Mortgagee shall be added to and become part of the principal amount of the indebtedness evidenced by said note, subject to the same terms and conditions. If the Mortgagor shall pay and discharge the indebtedness evidenced by said promissory note, and shall pay such sums and shall discharge all taxes and liens and the costs, fees, and expenses of making, enforcing, and executing this Mortgage, then this Mortgage shall be canceled and surrendered.

8. The covenants herein contained shall bind and the benefits and advantages shall inure to the respective successors and assigns of the

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

9. No waiver of any covenant herein or of the obligation secured hereby shall at any time thereafter be held to be a waiver of the terms hereof or of the note secured hereby.

10. A judicial decree, order, or judgment holding any provision or portion of this instrument invalid or unenforceable shall not in any way impair or preclude the enforcement of the remaining provisions of this instrument.

11. Any written notice to be issued to the Mortgagor pursuant to the provisions of this instrument shall be addressed to the Mortgagor at **701 South 3rd Avenue, Winterset, Iowa 50273** and any written notice to be issued to the Mortgagee shall be addressed to the mortgagee at **5409 NW 88th Street, Suite 100, Johnston, Iowa 50131**.

12. **Redemption.** It is agreed that if this Mortgage covers less than ten (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 of one year for redemption from said sale provided by the statutes of the State of Iowa shall be reduced to six (6) months provided the Mortgagee, in such action files an election to waive any deficiency judgment against Mortgagors which may arise out of the foreclosure proceedings; all to be consistent with the provisions of Chapter 628 of the Iowa Code. If the redemption period is so reduced, for the first three (3) months after sale such right of redemption shall be exclusive to the Mortgagor, and the time periods in Sections 628.5, 628.15 and 628.16 of the Iowa Code shall be reduced to four (4) months.

It is further agreed that the period of redemption after a foreclosure of this Mortgage shall be reduced to sixty (60) days if all of the three following contingencies develop: (1) The real estate is less than ten (10) acres in size; (2) the Court finds affirmatively that the 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) Mortgagee in such action files an election to waive any deficiency judgment against Mortgagors or their successors in interest in such action. If the redemption period is so reduced, Mortgagors or their successors in interest or the owner shall have the exclusive right to redeem for the first thirty (30) days after such sale, and the time provided for redemption by creditors as provided in Sections 628.5, 628.15 and 628.16 of the Iowa Code shall be reduced to forty (40) days. Entry of appearance by pleading or docket entry by or on behalf of Mortgagors shall be a presumption that the property is not abandoned. Any such redemption period shall be consistent with all of the provisions of Chapter 628 of the Iowa Code. This paragraph shall not be construed to limit or otherwise affect any other redemption provisions contained in Chapter 628 of the Iowa Code.

13. The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations:

a. When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law.

b. Lender or SBA may use local or state procedures for purposes such as filing paper, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan.

Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.

14. RELEASE OF RIGHTS OF DOWER, HOMESTEAD AND DISTRIBUTIVE SHARE. EACH OF THE UNDERSIGNED HEREBY RELINQUISHES ALL RIGHTS OF DOWER, HOMESTEAD AND DISTRIBUTIVE SHARE IN AND TO THE PROPERTY AND WAIVES ALL RIGHTS OF EXEMPTION AS TO ANY OF THE PROPERTY. IF A GRANTOR IS NOT AN OWNER OF THE PROPERTY, THAT GRANTOR EXECUTES THIS MORTGAGE FOR THE SOLE PURPOSE OF RELINQUISHING AND WAIVING SUCH RIGHTS.

ORAL AGREEMENT DISCLAIMER. IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS SECURITY INSTRUMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. THE TERMS OF THIS SECURITY INSTRUMENT MAY BE CHANGED ONLY BY ANOTHER WRITTEN SECURITY INSTRUMENT.

By signing this Security Instrument, each Mortgagor acknowledges that all provisions have been read and understood. Signed and sealed by Mortgagor(s):

IN WITNESS WHEREOF, the Mortgagor has executed this instrument and the Mortgagee has accepted delivery of this instrument as of the day and year aforesaid.

Stepping Stones Child Care Center, Inc.

By: Angela J. Kirk
Angela J. Kirk, President

State of **Iowa**, County of Madison, SS:

On this 14th day of May, 2019 before me, the undersigned Notary Public, personally appeared Angela J. Kirk, who acknowledged herself to be President, of Stepping Stones Child Care Center, Inc., (an Iowa corporation), and that she, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation as President.

(Official Seal)



Wendy Young
Notary Public
My commission expires: 8/24/21
Commission Number 791708