

Document: 2015 2190
Pages 36
Date 10/6/2015 at 11:13:53.0 AM
Fee Amount: \$182.00
Revenue Tax:
KIM ANDERSON, RECORDER
Hamilton County, Iowa

IOWA'S FIRST, INC., as Grantor

TO

REVERE HIGH YIELD FUND, LP, as Lender

**MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT
AND FIXTURE FILING**

Date: As of September 30, 2015

County: Hamilton County

**Drafted By:
Mayo Crowe LLC
City Place II
185 Asylum Street
Hartford, Connecticut 06103
Attention: Katherine F. Troy, Esq
Ph: 860-275-6802**

**MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT
AND FIXTURE FILING**

THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "*Security Instrument*"), made this 30th day of September, 2015 by and between **IOWA'S FIRST, INC.**, an Iowa corporation having an office and place of business at 1507 Capital Avenue, Suite 101, Plano, Texas 75074, as party of the first part ("*Grantor*"), for the benefit of **REVERE HIGH YIELD FUND, LP**, a Delaware limited partnership, with an address of 2000 McKinney Avenue, Suite 2125, Dallas, TX 75201, together with its successors and assigns, as party of the second part ("*Lender*").

RECITALS:

WHEREAS, Grantor and VeroBlue Farms USA, Inc., a Nevada corporation (collectively, the "*Borrower*") and Lender are parties to that certain Term Loan and Security Agreement dated the date hereof (as such agreement is amended and in effect from time to time, the "*Loan Agreement*");

WHEREAS, the Loan Agreement provided for Lender to make a loan to Borrower in the principal amount of up to **TWO MILLION FOUR HUNDRED THOUSAND AND 00/100 DOLLARS (\$2,400,000)** (the "*Loan*");

WHEREAS, the Loan is evidenced by a Term Note dated as of the date hereof (the "*Note*") in the maximum principal sum of **TWO MILLION FOUR HUNDRED THOUSAND AND 00/100 DOLLARS (\$2,400,000)**, with interest payable from the date thereof at the rates set forth in the Note, which by this reference is incorporated herein. The Note matures on January 31, 2016 (unless extended until **March 31, 2016** in accordance with the terms of the Loan Agreement).

WHEREAS, Lender on this date has fully advanced the Loan;

WHEREAS, Grantor desires to secure the payment and performance of all of its obligations under the Note and certain additional Obligations (as defined in Section 1.1).

IN CONSIDERATION of the principal sum of the Note as advanced as described above, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the Obligations, Grantor hereby:

(A) Irrevocably, unconditionally, and absolutely grants, bargains, sells, assigns, transfers, pledges, mortgages, warrants, and conveys to Lender (with power of sale to the extent provided by law) for the purposes herein set forth and grants Lender (with power of sale to the extent provided by law) a security interest in, all of Grantor's right, title, and interest in the following property (collectively, the "*Collateral*"), upon the terms and conditions hereof:

(i) Those certain tracts or parcels of land of which Grantor is now seized and in possession, situated in Hamilton County, Iowa and more fully described in **Exhibit A** attached hereto and by this reference incorporated herein ("*Premises*");

(ii) Any and all buildings, constructions, and improvements now or hereafter erected or located in or on the Premises, including, but not limited to, all fixtures, attachments, appliances, equipment, machinery, and other articles now owned by Grantor or hereafter acquired by Grantor and attached or affixed thereto or located thereon (except the personalty owned by lessees) (collectively, the "*Improvements*"), together with all appurtenances and additions thereto and betterments, renewals, substitutions, and replacements thereof, all of which shall be deemed and construed to be part of the realty;

(iii) All right, title, and interest of Grantor in and to all items incorporated as part of or attributed or affixed to any of the Premises, Improvements, or other real property included in the Collateral or any other interest of Grantor, whether now owned or hereafter acquired, in, to or relating to the Premises, Improvements, or such other real property, in such manner that such items are no longer personal property under the laws of the State of Iowa;

(iv) All easements, rights-of-way, and rights now owned or hereafter acquired by Grantor and used or usable in connection with the Premises and the Improvements, or as a means of access thereto, including, without limiting the generality of the foregoing, all rights pursuant to any trackage agreement, all rights to the non-exclusive use of common drive entries, all water and water rights, and all mineral, mining, oil, and gas rights and rights to produce or share in the production of anything related thereto, together with all tenements, hereditaments, and appurtenances thereof and thereto;

(v) All right, title, and interest now owned or hereafter acquired by Grantor in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Premises, and any and all sidewalks, alleys, and strips and gores of land adjacent to or used in connection with the Premises or the Improvements;

(vi) All of the fixtures and personal property described in Exhibit B attached hereto and by this reference incorporated herein, now owned or hereafter acquired by Grantor, and all appurtenances and additions thereto and betterments, renewals, substitutions and replacements thereof; and, all right, title, and interest of Grantor, now or hereafter arising, in and to any and all said property is hereby assigned to Lender, together with the benefits of all deposits and payments now or hereafter made thereon by or on behalf of Grantor;

(vii) All interests, estates, or other claims or demands in law and in equity which Grantor now has or may hereafter acquire in the Collateral; and

(viii) All proceeds, products, substitutions and accessions of the foregoing, of every type; and

(B) Assigns, sets over, and transfers to Lender (with power of sale to the extent provided by law):

(i) All right, title, and interest of Grantor in and to all leases, whether written or oral, covering the Premises, the Improvements, or any portion thereof, now or hereafter existing or entered into (collectively, "*Leases*"), and all right, title, and interest of Grantor

thereunder, including, without limitation, all guaranties thereof, all cash or security deposits, advance rentals, and all deposits or payments of similar nature; and

(ii) All rents, issues, profits, royalties, income, and other benefits derived from the Premises or the Improvements or any other portion of the Collateral (collectively, the "*Rents*").

TO HAVE AND TO HOLD HEREBY RELEASING AND WAIVING ALL RIGHTS UNDER AND BY VIRTUE OF THE HOMESTEAD EXEMPTION LAWS OF THE STATE OF IOWA the said bargained property with all and singular the rights, members, and appurtenances thereto appertaining, to the only proper use, benefit, and behoof of Lender and its successors and assigns, in fee simple, and Grantor hereby covenants that Grantor is lawfully seized and possessed of said property, and has a good right to convey it, and it is unencumbered, subject to the matters described in Section 2 of Schedule B of that certain lender's title insurance policy from First American Title Insurance Company provided to Lender in connection with the recording of this Security Instrument and by this reference incorporated herein (the "*Permitted Encumbrances*"); and Grantor does by these presents bind Grantor and Grantor's heirs, executors, administrators, successors and assigns, forever, to warrant and defend the said bargained property, unto Lender and its successors and assigns, against Grantor, and against all and every other person or persons shall and will **WARRANT AND FOREVER DEFEND**.

PROVIDED, that if Grantor shall pay or cause to be paid to Lender the Obligations in full at the time and in the manner stated in the Note and in this Security Instrument and other Loan Documents (as defined in the Loan Agreement) at any time before the sale hereinafter provided for, and shall well and truly perform, comply with and observe each and every covenant, agreement, term and condition of this Security Instrument and of the other Loan Documents, then these presents and the estate granted hereby shall cease, determine and become void, and Lender shall (at the expense of Grantor), release and discharge the lien and terminate the security interest of this Security Instrument.

IN FURTHERANCE OF THE FOREGOING, Grantor hereby warrants, represents, covenants, and agrees as follows:

ARTICLE I.

OBLIGATIONS

Section 1.1 Obligations. This Security Instrument is executed, acknowledged, and delivered by Grantor to secure and enforce the following obligations (collectively, the "*Obligations*"):

- (a) Payment and performance of all obligations of Borrower under the Note;
- (b) Performance of every obligation, covenant, and agreement of Grantor arising under or in connection with this Security Instrument, the Loan Agreement and all other Loan Documents (as defined in Section 1.2 hereof);

(c) Payment of all sums advanced pursuant to the terms of this Security Instrument to protect and preserve the Collateral and the lien and security interest hereby created therein;

(d) Payment of all sums advanced and costs and expenses incurred by Lender in connection with the Obligations, or any part thereof, any renewal, extension or change of or substitution for the Obligations or any part thereof, or the acquisition or perfection of the security therefor, whether made or incurred at the request of Grantor or Lender;

(e) Payment of all other indebtedness and liabilities and performance of all other obligations of Grantor to Lender arising pursuant to or in connection with this Security Instrument, the Loan Agreement or any other Loan Document; and

(f) All renewals, extensions, amendments, modifications, consolidations, and changes of, or substitutions or replacements for, all or any part of the items described under clauses (a) through (e) above.

ARTICLE II.

REPRESENTATIONS AND WARRANTIES

Grantor hereby represents and warrants to Lender as follows:

Section 2.1 Title. Grantor owns the Premises and Improvements in fee simple absolute, and has good and marketable title to the Collateral, free and clear of all liens, charges, encumbrances, and security interests whatsoever, except the Permitted Encumbrances. Grantor will forever warrant and defend its title to the Collateral, and the validity, enforceability, and priority of the lien and security interest created hereby, against the claims of all persons.

Section 2.2 Legal Status and Authority. Grantor is a corporation duly organized, validly existing, and in good standing under the laws of the State of Iowa and has all necessary approvals, governmental and otherwise, and full power and authority to own its properties (including the Collateral) and carry on its business as now conducted and proposed to be conducted.

Section 2.3 Validity of Loan Documents. The execution and delivery, and the performance by Grantor of the terms of the Loan Documents (i) are within the company power of Grantor; (ii) have been authorized by all requisite company action; (iii) have received all necessary approvals and consents, company, governmental, or otherwise; (iv) will not violate, conflict with, result in a breach of, or constitute (with notice or lapse of time, or both) a default under any provision of law, any order or judgment of any court or governmental authority, the articles of organization, operating agreement, or other governing instrument of Grantor, or any indenture, agreement, or other instrument to which Grantor is a party or by which it or any of its property is or may be bound or affected; (v) will not result in the creation or imposition of any lien, charge, or encumbrance whatsoever upon any of its properties or assets, except the lien and security interest created hereby; and (vi) will not require any authorization or license from, or any filing with, any governmental or other body (except for the filing or recording of this

Security Instrument and the other applicable loan documents). The Loan Documents constitute legal, valid, and binding obligations of Grantor.

Section 2.4 Litigation. There is no action, suit, or proceeding, judicial, administrative, or otherwise (including any condemnation or similar proceeding), pending or, to the best knowledge of Grantor, threatened or contemplated against, or affecting, Grantor or the Collateral.

Section 2.5 Status of Collateral.

(a) The Premises and Improvements are not located [*To be confirmed*] in an area identified by the Secretary of Housing and Urban Development, or any successor thereto, as an area having special flood, mudslide, and/or flood-related erosion hazards pursuant to the National Flood Insurance Act of 1968 or the Flood Disaster Protection Act of 1973, as amended, or any successor law.

(b) Grantor has all necessary certificates, permits, licenses, and other approvals, governmental and otherwise (including all zoning, building code, land use, environmental and similar approvals), necessary for the operation of the Premises and Improvements, all of which are in full force and effect as of the date hereof and all operations conducted thereon are in substantial compliance with such approvals.

(c) The Premises and Improvements, and the present and contemplated use and occupancy thereof, are in full compliance with all applicable zoning ordinances, building codes, land use, and other similar laws.

(d) The Premises and Improvements are served by all utilities required for the contemplated use thereof.

(e) All public roads and streets necessary to serve the Premises and Improvements for the contemplated use thereof have been completed, are serviceable in all weather, and, where required by the appropriate governmental entities, have been dedicated to and formally accepted by such governmental entities.

(f) All costs and expenses of any and all labor, materials, supplies, and equipment used in the construction of the Improvements have been paid in full.

(g) Grantor has paid in full for, and is the owner of, all furnishings, fixtures, and equipment (other than lessees' property) used in connection with the operation of the Premises, free and clear of any and all security interests, liens, or encumbrances.

(h) There is no proceeding pending for the total or partial condemnation of the Collateral.

(i) All taxes and governmental assessments, water, sewer and municipal charges, if any, that are due and owing as of the date hereof and which, if not paid, would create a lien on or affect the ownership interest of Grantor with respect to the Collateral, have been paid.

(j) Grantor has not accepted rent under the Leases or under any rental or occupancy agreement more than thirty (30) days in advance of its due date.

(k) Grantor has not entered into any management agreement concerning the Collateral, and Grantor does not have any obligation to pay any management fees in connection with management of the Collateral.

ARTICLE III.

COVENANTS AND AGREEMENTS

Grantor covenants and agrees with Lender as follows:

Section 3.1 Payment of Obligations. Grantor shall pay when due and shall perform the Obligations.

Section 3.2 Continuation of Existence. Grantor shall maintain in good standing its existence under the laws of the Iowa and shall not (i) dissolve, terminate, or otherwise dispose of, directly or indirectly or by operation of law, all or substantially all of its assets; (ii) reorganize, convert or change its legal structure without the prior written consent of Lender; or (iii) change its name, the address of its principal offices, or the name under which Grantor conducts its business without promptly notifying Lender of such change.

Section 3.3 Taxes, Liens, and Other Charges.

(a) Grantor shall provide for payments when due of all taxes, liens, assessments, dues, fines, impositions, and public charges, general and special, ordinary and extraordinary, of every character (including penalties and interest), now or hereafter levied or assessed upon or against the Collateral (collectively, the "*Assessments*"). Grantor shall also pay (i) all income, franchise, and other taxes and governmental charges levied, assessed, or imposed by the United States of America, or any state, any political subdivision thereof, or any other taxing authority upon Grantor or in respect of any of the Collateral which, if unpaid, would become a lien or charge upon the Collateral, or any part thereof; and (ii) all charges made by utility companies, public or private, for services furnished or used in connection with the Collateral (together with the Assessments, collectively, "*Impositions*").

(b) Grantor shall pay all taxes (excluding income, franchise, and doing business taxes), assessments, charges, expenses, costs, and fees (including registration and recording fees) levied on, or assessed against Lender, to the extent same are incurred in connection with any of the Loan Documents or the Loan. Grantor shall also pay all stamp and other similar taxes required to be paid in connection with the Obligations.

Section 3.4 Defense of Title and Litigation. If the lien or security interest created by this Security Instrument, or the validity, enforceability, or priority thereof or of this Security Instrument, or if title or any of the rights of Grantor or Lender in or to the Collateral, shall be endangered or questioned, or shall be attacked directly or indirectly, or if any action or proceeding is instituted against Grantor or Lender with respect thereto, Grantor will promptly notify Lender thereof and will diligently endeavor to cure any defect which may be claimed, and

will take all necessary and proper steps for the defense of such action or proceeding, including the employment of counsel, the prosecution or defense of litigation, and, subject to Lender's approval, the compromise, release, or discharge of any and all adverse claims. Lender (whether or not named as a party to such actions or proceedings) is hereby authorized and empowered (but shall not be obligated) to take such additional steps as it may deem necessary or proper for the defense of any such action or proceeding or the protection of the lien, security interest, validity, enforceability, or priority of this Security Instrument, or of such title or rights, including the employment of counsel, the prosecution or defense of litigation, the compromise, release, or discharge of such adverse claims, the purchase of any tax title, and the removal of such prior liens and security interests. Grantor shall, on demand, reimburse Lender for all expenses (including reasonable attorneys' fees and disbursements) incurred by it in connection with the foregoing matters. All such costs and expenses of Lender, until reimbursed by Grantor, shall be part of the Obligations and shall be deemed to be secured by this Security Instrument.

Section 3.5 Operation and Maintenance of Collateral.

(a) Repair and Maintenance. Grantor will operate and maintain the Premises, the Improvements, and the other Collateral in good order, repair, and operating condition; will promptly make all necessary repairs, renewals, replacements, additions, and improvements thereto, interior and exterior, structural and nonstructural, foreseen and unforeseen, or otherwise necessary to ensure that the same as part of the security under this Security Instrument shall not in any way be diminished or impaired; and will not cause or allow any of the Premises, the Improvements, or any other Collateral to be misused or wasted or to deteriorate. No part of the Improvements shall be removed, demolished, or structurally or materially altered, nor shall any new building, structure, facility, or other improvement be constructed on the Premises without Lender's prior written consent.

(b) Replacement of Collateral. Grantor will keep the Premises and the Improvements fully equipped, and will replace all worn out or obsolete Collateral with fixtures or personal property comparable thereto when new, and will not, without Lender's prior written consent, remove from the Premises or the Improvements any fixtures or personalty covered by this Security Instrument unless the same is replaced by Grantor with an article of equal suitability and value when new, owned by Grantor free and clear of any lien or security interest (other than Permitted Encumbrances).

(c) Compliance with Laws. Grantor will perform and comply promptly with, and cause the Collateral to be maintained, used, and operated in accordance with, any and all (i) present and future laws, ordinances, rules, regulations, and requirements of every duly-constituted governmental or quasi-governmental authority or agency applicable to Grantor or the Collateral; (ii) similarly applicable orders, rules, and regulations of any regulatory, licensing, accrediting, insurance underwriting or rating organization, or other body exercising similar functions; (iii) similarly applicable duties or obligations of any kind imposed under any Permitted Encumbrance or otherwise by law, covenant, condition, agreement, or easement, public or private; and (iv) policies of insurance at any time in force with respect to the Collateral. If Grantor receives any notice that Grantor or the Collateral is in default under or is not in compliance with any of the foregoing, or notice of any proceeding initiated under or with respect to any of the foregoing, Grantor will promptly furnish a copy of such notice to Lender.

(d) Zoning; Title Matters. Grantor will not, without the prior written consent of Lender, (i) initiate or support any zoning reclassification of the Premises or the Improvements, seek any variance under existing zoning ordinances applicable to the Premises or the Improvements, or use or permit the use of the Premises and Improvements in a manner which would require any variance or special use permit under applicable zoning ordinances; (ii) modify, amend, or supplement any of the Permitted Encumbrances; (iii) impose any restrictive covenants or encumbrances upon the Collateral, execute or file any subdivision plat affecting the Premises or the Improvements, or consent to the annexation of the Premises or the Improvements to any municipality; or (iv) permit or suffer the Premises and the Improvements to be used by the public or any person in such manner as might make possible a claim of adverse usage or possession, or of any implied dedication or easement.

(e) No Cooperative or Condominium. Grantor shall not operate or permit the Premises or the Improvements to be operated as a cooperative, condominium, or other form of ownership in which the lessees or other occupants thereof participate in the ownership, control, or management of the Premises, Improvements, or any part thereof, as lessees, stockholders, or otherwise.

Section 3.6 Insurance.

(a) Type of Insurance Coverage. Grantor shall keep the Premises, the Improvements, and the other Collateral insured for the benefit of Grantor and Lender by procuring and maintaining the following types of insurance:

(i) comprehensive, "All Risks" property insurance providing "special" form coverage (including, without limitation, riot and civil commotion, vandalism, malicious mischief, water, fire, burglary and theft, sinkhole collapse, windstorm, hail, smoke, aircraft or vehicles, sprinkler leakage, and damage from the weight of ice or snow, and without any exclusion for terrorism) on the Improvements and personal property contained therein and in each case (A) in an amount equal to 100% of the "Full Replacement Cost," which for the purposes of this Security Instrument shall mean actual replacement value (exclusive of costs of excavation, foundations, underground utilities and footings) with a waiver of depreciation; (B) containing an agreed amount endorsement and replacement cost endorsement with respect to the Improvements and personal property contained therein waiving all co-insurance provisions; (C) providing that the deductible not exceed Ten Thousand Dollars (\$10,000.00); and (D) containing Demolition Costs, Increased Cost of Construction and "Ordinance or Law Coverage" or "Enforcement" endorsements in amounts satisfactory to Lender if any of the Improvements or the use of the Collateral shall at any time constitute legal non-conforming structures or uses or the ability to rebuild the Improvements is restricted or prohibited. The Full Replacement Cost may be redetermined from time to time by an appraiser or contractor designated and paid by Lender or by an engineer or appraiser in the regular employ of the insurer. No omission on the part of Lender to request any such appraisals shall relieve Grantor of any obligations under this subsection;

(ii) rent or business interruption or use and occupancy insurance, on such basis and in such amounts as shall be satisfactory to Lender, and in any event not less than an amount equal to one (1) year's total income from the Premises and the Improvements, including,

but not limited to, all rent and all other income such as lessee reimbursement of operating expenses, with the amount to be determined each year based on Grantor's reasonable estimate of such income for the succeeding twelve (12) month period;

(iii) flood insurance if any portion of the Improvements is currently or at any time in the future located in an area identified by the Secretary of Housing and Urban Development, or any successor, as an area having special flood, mudslide and flood-related erosion hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 or the Flood Disaster Protection Act of 1973, as amended, modified, supplemented, or replaced from time to time plus any excess limits as required by Lender from time to time;

(iv) commercial general liability insurance on an occurrence basis covering Grantor and Lender against claims for bodily injury, death, property damage and personal injury occurring in, upon, or about or resulting from the Premises, the Improvements, or any other Collateral, or any street, drive, sidewalk, curb, or passageway adjacent thereto, in standard form and with such coverages and in such minimum amounts and with such minimum limits as may be acceptable to Lender;

(v) worker's compensation, subject to the statutory limits of the state in which the Premises is located, and employer's liability insurance with a limit of at least \$1,000,000 per accident and per disease per employee, and \$1,000,000 per disease policy limit in respect of any work or operations on or about the Premises, or in connection with the Improvements or any other Collateral or its operation (if applicable); and

(vi) such other insurance in such form and in such amounts as may from time to time be required by Lender against other insurable hazards and casualties which at the time are commonly insured against in the case of properties of similar character and location to the Premises and the Improvements.

(b) Form of Policy. All insurance required under this Section shall be continuously maintained in full force and effect, and be nonassessable, and the policies therefor shall contain such clauses and endorsements as Lender shall from time to time request, in its reasonable discretion, including but not limited to clauses or endorsements to the effect that such policies shall not be canceled, terminated or coverage thereunder reduced without the insurer thereunder giving at least thirty (30) days prior written notice to Lender, and shall be in such form and amounts and be issued by such insurance companies doing business in the jurisdiction in which the Premises are located as shall be approved by Lender. All such policies shall have a minimum term of not less than one year. All such policies shall be issued by insurance companies qualified under the laws of the State of Iowa and duly authorized and licensed to transact business in such State and reflecting a claims paying ability rating of "A" or better and a financial class of "IX" or better as determined by A.M. Best Company, Inc. Without limiting the foregoing, the insurance policies provided for in Sections 3.6(a)(i), (ii), and (iii) above shall be first payable in case of loss to Lender, and shall contain standard mortgagee clauses and lender's loss payable endorsements in form and substance acceptable to Lender, and shall also contain a waiver of subrogation clause. The insurance policies provided for in Section 3.6(a) above shall name Lender as an additional insured.

(c) Original Policies. Grantor shall deliver to Lender original or certified copies of policies evidencing the insurance required under Sections 3.6(a)(i), (ii), (iii), (iv) and (v) above. Grantor shall also deliver to Lender originals or certified copies of any and all renewal policies at least thirty (30) days prior to the expiration of each such policy. If original policies and renewal policies are unavailable or if such coverage is under a blanket policy, Grantor shall deliver to Lender duplicate originals of such policies or, if unavailable, original certificates from the issuing insurance companies evidencing that such policies are in full force and effect, together with certified copies of the original policies.

(d) Transfer of Title. In the event of foreclosure of this Security Instrument or other transfer of title or assignment of the Premises and the other Collateral in extinguishment, in whole or in part, of the Obligations, all right, title, and interest of Grantor in and to all policies of insurance required under this Section or otherwise then in force with respect thereto, and all proceeds payable thereunder and unearned premiums thereon, shall immediately vest in the purchaser or other transferee of the Premises and the other Collateral.

(e) Approval Not Warranty. No approval by Lender of any insurer shall be construed to be a representation, certification, or warranty of its solvency, and no approval by Lender as to the amount, type, and/or form of any insurance shall be construed to be a representation, certification, or warranty of its sufficiency.

Section 3.7 Damage and Destruction of Collateral.

(a) Grantor's Obligations. In the event of any damage to or loss or destruction of the Collateral, (i) Grantor shall promptly notify Lender of such event and take such steps as shall be necessary to preserve any undamaged portion of the Collateral and (ii) if, pursuant to Section 3.7(b), the insurance proceeds are applied to the restoration, replacement, or rebuilding of such Collateral (but regardless whether such insurance proceeds, if any, shall be sufficient for the purpose), Grantor shall promptly (and, in any event, prior to the date on which any lessee under any Lease shall be entitled to cancel or terminate said Lease because of any such damage, loss or destruction) commence and diligently pursue to completion the restoration, replacement, and rebuilding of the Collateral as nearly as possible to its value, condition, and character immediately prior to such damage, loss, or destruction and in accordance with plans and specifications approved, and with other provisions for the preservation of the security hereunder established, by Lender.

(b) Lender's Rights; Application of Proceeds. In the event that any portion of the Collateral is so damaged, destroyed, or lost, and such damage, destruction, or loss is covered, in whole or in part, by insurance described in Section 3.6, then (i) Lender may, but shall not be obligated to, make proof of loss if not made promptly by Grantor and is hereby authorized and empowered by Grantor to settle, adjust, or compromise any claims for damage, destruction, or loss thereunder; (ii) each insurance company concerned is hereby authorized and directed to make payment therefor directly to Lender; and (iii) Lender shall have the right to apply the insurance proceeds, first, to reimburse Lender for all costs and expenses, including adjustors' and attorneys' fees and disbursements, incurred in connection with the collection of such proceeds and, second, the remainder of such proceeds shall be applied, at Lender's option, either (A) in payment of all or any part of the Obligations, whether or not then due and payable, in the order

and manner determined by Lender (provided that to the extent that any Obligation shall remain outstanding after such application, such unpaid Obligation shall continue in full force and effect and Grantor shall not be excused in the payment thereof), or to the cure of any then current default hereunder; or (B) to the restoration, replacement, or rebuilding, in whole or in part, of the portion of the Collateral so damaged, destroyed, or lost, *provided* that any insurance proceeds held by Lender to be applied to the restoration, replacement, or rebuilding of the Premises shall be so held without payment or allowance of interest thereon and shall be paid out from time to time upon compliance by Grantor with such provisions and requirements as may be imposed by Lender. In the event that Grantor shall have received all or any portion of such insurance proceeds, or any other proceeds in respect of such damage or destruction, Grantor, upon demand from Lender, shall pay to Lender an amount equal to the amount so received by Grantor, to be applied as Lender shall have the right pursuant to clause (iii) of the immediately-preceding sentence. Notwithstanding anything herein or at law or in equity to the contrary, none of the insurance proceeds or payments in lieu thereof paid to Lender as herein provided shall be deemed trust funds, and Lender shall be entitled to dispose of such proceeds as provided in this Section. Grantor expressly assumes all risk of loss, including a decrease in the use, enjoyment, or value of the Collateral, from any casualty whatsoever, whether or not insurable or insured against.

Section 3.8 Condemnation.

(a) Grantor's Obligations; Proceedings. Promptly upon obtaining knowledge of any pending or threatened institution of any proceedings for the condemnation of the Collateral, or any part or interest therein, or of any right of eminent domain, or of any other proceedings arising out of injury or damage to or decrease in the value of the Collateral (including any change in any street, whether as to grade, access, or otherwise), or any part thereof or interest therein, Grantor will notify Lender of the threat or pendency thereof. Lender may participate in any such proceedings (but shall not be obligated to do so), and Grantor from time to time will execute and deliver to Lender all instruments requested by Lender or as may be required to permit such participation. Grantor shall, at its expense, diligently prosecute any such proceedings, shall deliver to Lender copies of all papers served in connection therewith, and shall consult and cooperate with Lender, its attorneys and agents, in the carrying on and defense of any such proceedings; *provided* that no settlement of any such proceeding shall be made by Grantor without Lender's prior written consent.

(b) Lender's Rights to Proceeds. All proceeds of condemnation awards or proceeds of sale in lieu of condemnation, and all judgments, decrees, and awards for injury or damage to the Collateral are hereby assigned and shall be paid to Lender. Grantor agrees to execute and deliver such further assignments thereof as Lender may request, and authorizes Lender to collect and receive the same, to give receipts and releases therefor, and to appeal from any such judgment, decree, or award. Lender shall in no event be liable or responsible for failure to collect, or exercise diligence in the collection of, any of the same.

(c) Application of Proceeds. Lender shall have the right to apply any proceeds, judgments, decrees, or awards referred to in subsection (b) of this Section, first, to reimburse Lender for all costs and expenses, including attorneys' fees and disbursements, incurred in connection with the proceeding in question, and any appeal therefrom, or in the

collection of such amounts and, second, the remainder of such proceeds, judgments, decrees, or awards shall be applied or paid, at Lender's option but subject to Section 3.8(d), either (A) in payment of all or any part of the Obligations, whether or not then due and payable, in the order and manner determined by Lender, or to the cure of any then current default hereunder; or (B) first, to the repair and restoration of the Collateral, if any is deemed necessary by Lender as a result of the condemnation and, second, to Grantor for its own use. In the event that Grantor shall have received all or any portion of such proceeds, judgments, decrees, or awards, Grantor, upon demand from Lender, shall pay to Lender an amount equal to the amount so received by Grantor, to be applied as Lender shall have the right pursuant to this subsection.

(d) Effect on the Obligations. Notwithstanding any condemnation, taking, or other proceeding referred to in this Section causing injury to or decrease in value of the Collateral (including a change in any street, whether as to grade, access, or otherwise), or any interest therein, Grantor shall continue to pay and perform the Obligations as provided herein. Any reduction in the Obligations resulting from such application shall be deemed to take effect only on the date of receipt by Lender of such proceeds, judgments, decrees or awards and application against the Obligations, *provided* that if prior to the receipt by Lender of such proceeds, judgments, decrees, or awards, the Collateral shall have been sold on foreclosure of this Security Instrument, or shall have been transferred by deed-in-lieu of foreclosure, Lender shall have the right to receive the same to the extent of any deficiency found to be due upon such sale, with legal fees and disbursements incurred by Lender in connection with the collection thereof.

Section 3.9 Liens and Liabilities.

(a) Discharge of Liens. Grantor shall pay, bond, or otherwise discharge, from time to time when the same shall become due, all claims and demands of mechanics, materialmen, laborers, and others which, if unpaid, might result in, or permit the creation of, a lien or encumbrance on the Collateral, or on the revenues, rents, issues, income, or profits arising therefrom and, in general, Grantor shall do, or cause to be done, at Grantor's sole cost and expense, everything necessary to fully preserve the lien and security interest created by this Security Instrument and the priority thereof.

(b) Creation of Liens. Grantor shall not, without Lender's prior written consent, create, place, or permit to be created or placed, or through any act or failure to act, acquiesce in the placing of, or allow to remain, any deed of trust, mortgage, deed to secure debt, voluntary or involuntary lien, whether statutory, constitutional, or contractual (except for Impositions which are not yet due and payable), security interest, encumbrance or charge, or conditional sale or other title retention document, against or covering the Collateral; prior to, on a parity with, or subordinate to the lien of this Security Instrument, other than Permitted Encumbrances.

Section 3.10 Transfer of Collateral/Due on Sale. Grantor acknowledges that Lender has relied upon the principals of Grantor and their experience in owning, constructing, developing and operating the Collateral and properties similar to the Collateral in connection with the closing of the loan evidenced by the Note. Accordingly, in the event that the Collateral or any part thereof or direct or indirect interest therein or any interest in Grantor shall be sold,

conveyed, disposed of, alienated, hypothecated, leased (except to tenants of space in the Improvements under Leases permitted by this Security Instrument), assigned, pledged, mortgaged, further encumbered or otherwise transferred or Grantor shall be divested of its title to the Collateral or any interest therein, in any manner or way, whether voluntarily or involuntarily, without the prior written consent of Lender being first obtained, which consent may be withheld in Lender's sole discretion, then the same shall constitute an Event of Default and Lender shall have the right, at its option, to declare any or all of the Obligations, irrespective of any maturity date specified in the Note, immediately due and payable and to otherwise exercise any of its other rights and remedies contained in Article VI hereof. For the purposes of this Section, each of the following shall be deemed to be a transfer of an interest in the Collateral: (i) in the event Grantor or any partner or member of Grantor is an individual or an entity other than a corporation or trust, a direct or indirect change in the ownership interests in Grantor or any partner, any joint venturer or any member, either voluntarily, involuntarily or otherwise, or the direct or indirect sale, conveyance, transfer, disposition, alienation, hypothecation or encumbering of all or any portion of the interests of Grantor or of any such partner, joint venturer or member in Grantor or of such partner or member (whether in the form of a beneficial or partnership interest or in the form of a power of direction, control or management, or otherwise); (ii) in the event either Grantor or any of its shareholders, partners or members is a corporation or trust, the direct or indirect sale, conveyance, transfer, disposition, alienation, hypothecation or encumbering of the issued and outstanding capital stock of Grantor or any of its shareholders, partners or members or of the beneficial interest of such trust (or the issuance of new shares of capital stock of any of them (in one or a series of transactions) such that, after giving effect to such issuance and any prior issuance, more than forty-nine percent (49%) in the aggregate of the outstanding capital stock of Grantor or any of its shareholders, partners or members is owned by any person or entity and their affiliates unless such person or entity and their affiliates owned more than forty-nine percent (49%) of the outstanding capital stock of Grantor or such shareholder, partner or member as of the date hereof); and (iii) any change in the management or decision making control over Grantor or the Collateral.

Section 3.11 Tax and Insurance Deposits.

(a) Monthly Deposits. Upon Lender's request, Grantor shall deposit with Lender in a non-interest bearing account, or at Lender's request, with its servicing agent, on the first day of each and every month, commencing with the date the next payment of interest and/or principal and interest shall become due under the Note, a deposit to pay the Assessments (as defined in Section 3.3 hereof) and insurance premiums which will next become due on the insurance policies required by this Security Instrument (hereinafter collectively referred to as the "Charges") in an amount equal to:

(i) One-twelfth (1/12th) of the annual Assessments next to become due upon the Collateral; provided that, with the first such deposit, there shall be deposited in addition an amount as estimated by Lender which, when added to monthly deposits to be made thereafter as provided for herein, shall assure to Lender's satisfaction that there will be sufficient funds on deposit to pay the Impositions as they come due; plus

(ii) One-twelfth (1/12th) of the annual premiums on each policy of insurance required to be maintained by this Security Instrument; provided that with the first such

deposit there shall be deposited, in addition, an amount equal to one-twelfth (1/12th) of such annual insurance premiums multiplied by the number of months elapsed between the date premiums on each policy were last paid to and including the date of deposit, provided that the amount of such deposits shall be based upon Lender's estimate as to the amount of Assessments and insurance premiums next to be payable and may require that the full amount of such payment will be available to Lender at least one month in advance of the due date. Prior to the payment due dates, Grantor shall obtain the original Assessments and insurance premiums bills and forward them immediately to Lender upon Grantor's receipt thereof. Lender will, upon timely presentation to Lender by the Grantor of the bills therefor, pay the Charges from such deposits directly to the taxing authority or the insurance carrier as the case may be, or return such amount to the Grantor so it can make such payments. In the event the deposits on hand shall not be sufficient to pay all of the estimated Charges when the same shall become due from time to time, or the prior deposits shall be less than the currently estimated monthly amounts, then the Grantor shall immediately pay to Lender on demand any amount necessary to make up the deficiency. The excess of any such deposits shall be credited towards subsequent Charges.

(b) Use of Deposits. Except to the extent required by applicable law, all funds so deposited shall, until so applied, constitute additional security for the Obligations, shall be held by Lender without interest, may be commingled with other funds of Lender, and, provided that no Event of Default (as defined in Section 6.1) shall have occurred and be continuing hereunder, shall be applied in payment of the aforesaid amounts prior to their becoming delinquent, but only to the extent that Lender shall have such funds on hand, *provided* that Lender shall not have any obligation to use said funds to pay (i) any installment of Assessments prior to the last day on which payment thereof may be made without penalty or interest, or to pay any insurance premium prior to the due date thereof; or (ii) any of the aforesaid amounts unless Lender shall have been furnished with the bills or invoices therefor in sufficient time to pay the same before any penalty or interest attaches and before said policies of insurance lapse, as the case may be. If an Event of Default shall have occurred and be continuing hereunder, or if the Obligations shall be accelerated as herein provided, all funds so deposited may, at Lender's option, be applied to the Obligations in the order determined by Lender or to cure said Event of Default or as provided in this Section. In no event shall Grantor claim any credit against the principal and interest due hereunder for any payment or deposit for taxes or insurance. Neither Lender nor its servicing agent shall be liable for any act or omission made or taken in good faith. In making any payments, Lender or its servicing agent may rely on any statement, bill or estimate procured from or issued by the payee without inquiry into the validity or accuracy of the same. If the taxes shown in the tax statement shall be levied on property more extensive than the Collateral, Lender shall be under no duty to seek a tax division or apportionment of the tax bill, and any payment of taxes based on a larger parcel shall be paid by the Grantor, the deposits to be made hereunder shall be based on the larger tax parcel and the Grantor shall expeditiously cause a tax subdivision to be made.

(c) Transfer of Security Instrument. Upon an assignment or other transfer of this Security Instrument, Lender shall have the right to pay over the balance of such deposits in its possession to the assignee or other successor, and Lender shall thereupon be completely

released from all liability with respect to such deposits, and Grantor or the owner of the Collateral shall look solely to the assignee or transferee with respect thereto.

Section 3.12 Inspection. Grantor shall allow Lender and its authorized representatives, or agents, including third-party property appraisers, environmental engineers, architects, engineers, and Lender's employees, to enter upon the Collateral and conduct tests and to enter upon and inspect the Collateral, or any part thereof, at all reasonable times and upon reasonable prior notice, except in the event of an emergency when no notice shall be required and subject to the rights of tenants, and shall assist Lender and such representatives or agents in effecting said inspection.

Section 3.13 Records, Reports, and Audits.

(a) **Maintenance of Records.** Grantor shall keep and maintain at all times complete and accurate books of accounts and records in sufficient detail to correctly reflect the results of the operation of the Premises and copies of all written contracts, Leases and other instrument which affect the Premises (including but not limited to all bills, invoices and contracts for electrical service, gas service, water and sewer service, waste management service, telephone service and management services). Grantor shall allow Lender or its authorized representatives at all reasonable times, at Grantor's expense, to examine and make copies of all such books and records and all supporting data therefor at Grantor's principal place of business, at the Premises or at such other place where such books, records, and data may be located. Grantor shall assist Lender or such representative in effecting such examination.

(b) **Financial Reports.** Grantor shall furnish or cause to be furnished to Lender the financial reports as required pursuant to the Loan Agreement.

Section 3.14 Intentionally Omitted.

Section 3.15 Intentionally Omitted.

Section 3.16 Intentionally Omitted.

Section 3.17 Subordination of Fees. The terms and conditions of all arrangements whereby Grantor, any guarantor, or any person, partnership, corporation, limited liability company or other entity related to or controlled by or under common control with Grantor or any guarantor or in which Grantor, any guarantor, or any member or manager of Grantor has a substantial interest, is or may be entitled to fees or commissions with respect to the Collateral or sales or leases of the Collateral shall be disclosed to Lender, and no payment of any fees or compensation may be made by or on behalf of Grantor to any of such persons or entities without Lender's prior written consent, until the Loan is fully satisfied.

Section 3.18 Leases of Space. Grantor will, at its own cost and expense, perform, comply with and discharge all of the obligations of Grantor under any leases and use its best efforts to enforce or secure the performance of each obligation and undertaking of the respective tenants under any such leases and will appear in and defend, at its own cost and expense, any action or proceeding arising out of or in any manner connected with the Grantor's interest in any leases of the Premises. The Grantor will not borrow against, pledge or assign any of Grantor's

rights under the leases or any rentals due thereunder or consent to a subordination or assignment of the interest of the tenants thereunder to any party other than Lender, nor anticipate the rents thereunder for more than one (1) month in advance or reduce the amount of rents and other payments thereunder, nor waive, excuse, condone or in any manner release or discharge the tenants of or from their obligations, covenants, conditions and agreements to be performed, nor to incur any indebtedness to the tenants, nor enter into any additional leases of all or any part of the Premises without the prior written consent of Lender.

Section 3.19 Alterations and Renovations. Grantor agrees that, without the prior written consent of Lender, Grantor will not remove or expand any improvements on the Premises, erect any new improvements or make any material alterations in any improvements which will alter the basic structure, adversely affect the market value or change the existing architectural character of the Premises. Grantor agrees that buildings, structures and improvements now or hereafter constructed on or in the Premises or repairs made to the Premises shall be completed in a good and workmanlike manner, in accordance with all applicable governmental laws, regulations, requirements and permits. Grantor agrees not to acquiesce in any rezoning classification, modification or restriction affecting the Premises without the written consent of Lender.

Section 3.20 Property Management.

(a) Without the prior written consent of the Lender, Grantor shall not (i) enter into a management agreement, (ii) surrender any management agreement, (iii) consent to the assignment by any property manager of its rights, duties or obligations under any management agreement, (iv) terminate or cancel any management agreement, or (v) modify, change, supplement, alter or amend any management agreement, in any material respect, either orally or in writing. Upon entering into any management agreement, Grantor shall execute and deliver an Assignment of Management Agreement in form and substance reasonably satisfactory to the Lender, which shall be consented to and acknowledged by such newly appointed property manager.

(b) Upon the occurrence of an Event of Default, the Lender may require, upon ten (10) Business Days prior written notice to Grantor, that Grantor retain a property manager, or select a new property manager if a property manager then exists, not affiliated with Grantor to manage the Collateral. If such a property manager is so required by the Lender, Grantor shall immediately seek to appoint a property manager acceptable to the Lender. Such newly appointed property manager shall enter into a property management agreement with Grantor satisfactory to the Lender. Grantor shall execute and deliver an Assignment of Management Agreement in form and substance reasonably satisfactory to the Lender, which shall be consented to and acknowledged by such newly appointed property manager.

Section 3.21 Further Acts. Grantor shall do and perform all acts necessary to keep valid and effective the charges and lien hereof, to carry into effect its objective and purposes, and to protect the lawful owner of the Note and the other Obligations. Promptly upon request by Lender, and at Grantor's expense, Grantor shall execute, acknowledge, and deliver to Lender such other and further instruments and do such other acts as in the reasonable opinion of Lender may be necessary or desirable to (a) grant to Lender the highest available perfected lien on all of

the Collateral; (b) correct any defect, error, or omission which may be discovered in the contents of this Security Instrument or any other Loan Document; (c) identify more fully and subject to the liens, encumbrances, and security interests and assignments created hereby any property intended by the terms hereof to be covered hereby (including, without limitation, any renewals, additions, substitutions, replacements, or appurtenances to the Collateral); (d) assure the first priority hereof and thereof; and (e) otherwise effect the intent of this Security Instrument.

ARTICLE IV.

ADDITIONAL ADVANCES; EXPENSES; INDEMNITY

Section 4.1 Additional Advances and Disbursements. Grantor agrees that, if Grantor shall default in any of its Obligations to pay any amount or to perform any action, including its obligation under Section 3.3 to pay Impositions and under Section 3.6 to procure, maintain, and pay premiums on the insurance policies referred to therein, then Lender shall have the right, but not the obligation, in Grantor's name or in its own name, and without notice to Grantor, to advance all or any part of such amounts or to perform any or all such actions, and, for such purpose and to the extent permitted by applicable law, Grantor expressly grants to Lender, in addition and without prejudice to any other rights and remedies hereunder, the right to enter upon and take possession of the Collateral to such extent and as often as it may deem necessary or desirable to prevent or remedy any such default. No such advance or performance shall be deemed to have cured such default by Grantor or any Event of Default with respect thereto. All sums advanced, all Collection Expenses (as hereinafter defined), and all expenses incurred by Lender in connection with such advances or actions, and all other sums advanced or expenses incurred by Lender hereunder or under applicable law (whether required or optional and whether indemnified hereunder or not) shall be part of the Obligations, shall bear interest at the Default Rate (as defined in the Loan Agreement), and shall be secured by this Security Instrument. Lender, upon making any such advance, shall be subrogated to all of the rights of the person receiving such advance.

Section 4.2 Other Expenses.

(a) Grantor shall pay or, on demand, reimburse Lender for the payment of all appraisal fees, recording and filing fees, taxes, brokerage fees and commissions, abstract fees, title insurance premiums and fees, Uniform Commercial Code search fees, escrow fees, attorneys' fees and disbursements, and all other costs and expenses of every character incurred by Grantor or Lender in connection with the granting, administration, enforcement, and closing (including the preparation of the Loan Documents) of the transactions contemplated hereunder or under the other Loan Documents, or otherwise attributable or chargeable to Grantor as owner of the Collateral. Lender shall have the right to obtain from time to time, at Grantor's cost and expense, appraisals of the Collateral, provided that so long as no Event of Default shall have occurred, Grantor shall only be obligated to pay for the costs and expenses associated with one such appraisal during any twelve (12) month period.

(b) Grantor shall pay or, on demand, reimburse Lender for the payment of any costs or expenses (hereinafter referred to collectively as "*Collection Expenses*"), including third-party appraisal fees and expenses, environmental engineers' fees and expenses, the cost of

environmental testing and preparation of environmental reports, architects' fees and expenses, engineers' fees and expenses, travel costs of Lender's employees, agents, and representatives, and reasonable attorneys' fees and expenses incurred or expended in connection with or incidental to (i) any default or Event of Default by Grantor hereunder or (ii) the exercise or enforcement by or on behalf of Lender of any of its rights or remedies or Grantor's obligations under this Security Instrument or under the other Loan Documents, including the enforcement, compromise, or settlement of this Security Instrument or the Obligations or the defense, assertion of the rights and claims of Lender hereunder in respect thereof, by litigation or otherwise.

Section 4.3 Indemnity. Grantor agrees to indemnify and hold harmless Lender from and against any and all losses, liabilities, suits, obligations, fines, damages, judgments, penalties, claims, charges, costs, and expenses (including attorneys' fees and disbursements) which may be imposed on, incurred or paid by or asserted against Lender by reason or on account of, or in connection with, (i) any default or Event of Default by Grantor hereunder or under the other Loan Documents; (ii) Lender's exercise of any of its rights and remedies, or the performance of any of its duties, hereunder or under the other Loan Documents to which Grantor is a party; (iii) the construction, reconstruction, restoration, or alteration of the Collateral or any part thereof; (iv) any negligence or willful misconduct of Grantor, any lessee of the Premises, or any of their respective agents, contractors, subcontractors, servants, employees, licensees, or invitees; (v) any accident, injury, death or damage to any person or property occurring in, on, or about the Premises or the Improvements, or any street, drive, sidewalk, curb, or passageway adjacent thereto; or (vi) any other transaction arising out of or in any way connected with the Collateral (or any part thereof) or the Loan Documents. Any amount payable to Lender under this Section shall be deemed a demand obligation, shall be part of the Obligations, shall bear interest at the Default Rate, and shall be secured by this Security Instrument.

ARTICLE V.

UNIFORM COMMERCIAL CODE

From the date of its recording, this Security Instrument shall be effective as a fixture financing statement within the purview of Section 9-502(b) of the Iowa Uniform Commercial Code (as amended from time to time) with respect to the Collateral and the goods described herein, which goods are or are to become fixtures related to the Collateral and all accessories thereto and proceeds thereof ("**Fixtures**"), and this Security Instrument shall constitute a security agreement under Article 9 of the Uniform Commercial Code (the "**Code**") in each applicable jurisdiction with respect to any and all Fixtures and personal property included in the description of the Collateral, now owned or hereafter acquired by Grantor, which might otherwise be deemed "personal property" and all accessions thereto and the proceeds thereof (collectively, the "**Personal Property**"). Grantor has granted and does hereby grant Lender a security interest in the Personal Property and in all additions and accessions thereto, renewals and replacements thereof and all substitutions therefor and proceeds thereof for the purpose of securing all Obligations now or hereafter secured by this Security Instrument. The following provisions relate to such security interest:

(a) The Personal Property includes all now existing or hereafter acquired or arising equipment, inventory, accounts, chattel paper, instruments, documents, deposit accounts,

investment property, letter-of-credit rights, commercial tort claims, supporting obligations and general intangibles now or hereafter used or procured for use in the Premises or otherwise relating to the Premises. If Grantor shall at any time acquire a commercial tort claim relating to the Premises, Grantor shall immediately notify Lender in a writing signed by Grantor of the brief details thereof and grant to Lender a security interest therein and in the proceeds thereof.

(b) Grantor hereby irrevocably authorizes Lender at any time and from time to time to file in any filing office in any Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the collateral as "all assets used or procured for use or otherwise relating to" the Premises or words of similar effect, or as being of equal or lesser scope or in greater detail, and to indicate the Premises as defined, or in a manner consistent with the term as defined, in this Security Instrument and (b) contain any other information required by part 5 of Article 9 of the Code of any such filing office for the sufficiency or filing office acceptance of any initial financing statement or amendment, including whether Grantor is an organization, the type of organization and any organizational identification number issued to Grantor. Grantor agrees to provide any such information to Lender promptly upon request. Grantor also ratifies its authorization for Lender to have filed in any filing office in any Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof. Grantor shall pay to Lender, from time to time, upon demand, any and all costs and expenses incurred by Lender in connection with the filing of any such initial financing statements and amendments, including attorneys' fees and all disbursements. Such costs and expenses shall bear interest at the Default Rate from the date paid by Lender until the date repaid by Borrower, and such costs and expenses, together with such interest, shall be part of the Obligations and shall be secured by this Security Instrument.

(c) Borrower shall any time and from time to time take such steps as Lender may reasonably request for Lender to obtain "control" of any Personal Property for which control is a permitted or required method to perfect, or to insure priority of, the security interest in such Personal Property granted herein.

(d) Upon the occurrence of an Event of Default, Lender shall have the rights and remedies of a secured party under the Code as well as all other rights and remedies available at law or in equity or under this Security Instrument.

(e) Terms defined in the Code and not otherwise defined in this Security Instrument shall have the same meanings in this Paragraph as are set forth in the Code. In the event that a term is used in Article 9 of the Code and also in another Article, the term used in this Paragraph is that used in Article 9. The term "control," as used in this Paragraph, has the meaning given in Section 9-104, 9-105, 9-106 or 9-107 of Article 9, as applicable.

(f) It is intended by Grantor and Lender that this Security Instrument be effective as a financing statement filed in the real estate records of Hamilton County, Iowa as a fixture filing covering the Personal Property. A description of the Premises which relates to the Personal Property is set forth in Exhibit B attached hereto.

(g) The information in the subsections below this paragraph is provided in connection with the filing of this Security Instrument as a financing statement as referred to

above, and the Grantor hereby represents and warrants such information to be true and complete as of the date of this Security Instrument.

(h) The Grantor is the record owner of the real estate described in this Security Instrument. The name and mailing address of the record owner of the real estate described in this Security Instrument is set forth in the first paragraph of this Security Instrument.

(i) For purposes of the Code, Grantor is the Debtor. The name, mailing address, type of organization and state of formation of the Debtor (Grantor) is set forth in the first paragraph of this Security Instrument.

(j) For purposes of the Uniform Commercial Code, the Lender is the Secured Party. The name and mailing address of the Secured Party (Lender) is:

Revere High Yield Fund, LP
2000 McKinney Avenue, Suite 2125
Dallas, TX 75201

Attn: Clark Briner

ARTICLE VI.

DEFAULTS AND REMEDIES

Section 6.1 Events of Default. The term "*Event of Default*," as used in this Security Instrument, shall mean the occurrence of any of the following events:

(a) an Event of Default (as such term is defined in the Loan Agreement) occurs beyond any applicable grace period therefor; or

(b) the Collateral (or any part thereof), or any legal, beneficial, or equitable interest therein, shall be sold, transferred, or encumbered in any way in violation of this Security Instrument or the other Loan Documents; or

(c) if Grantor abandons the Premises or the Improvements; or

(d) if Grantor shall fail at any time to obtain, provide, maintain, keep in force, or deliver to Lender the insurance policies required by this Security Instrument; or

(e) if any claim of priority (except a claim based upon a Permitted Encumbrance) to this Security Instrument or any other document or instrument securing the Obligations by title, lien, or otherwise shall be upheld by any court of competent jurisdiction or shall be consented to by Grantor; or

(f) if default shall be made in the performance or observance of any provision contained in this Security Instrument other than those referred in (a) through (e) above, beyond the applicable grace period therefor or, if no such grace period is

applicable, if the default has not been remedied within fifteen (15) days after the occurrence thereof.

Section 6.2 Remedies. Upon the occurrence of any one or more Events of Default, Lender may (but shall not be obligated to), by Lender itself otherwise, in addition to any rights or remedies available to it hereunder or under the other Loan Documents, take such action, personally or by its agents or attorneys, with or without entry and without notice, demand, presentment, or protest (each and all of which are hereby waived), as it deems necessary or advisable to protect and enforce Lender's rights and remedies against Grantor and in and to the Collateral, including, without limitation, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Lender may determine, in its sole discretion, without impairing or otherwise affecting its rights or remedies:

(a) declare the entire balance of the Obligations (including the entire principal balance thereof, all accrued and unpaid interest, and any premium and late charges thereon, and all other such sums secured hereby) to be immediately due and payable, and upon any such declaration the entire unpaid balance of the Obligations shall become and be immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by Grantor, anything in the Loan Documents to the contrary notwithstanding.

(b) may institute a proceeding or proceedings, judicial, or nonjudicial, by advertisement or otherwise, for the complete or partial foreclosure of this Security Instrument or the complete or partial sale of the Collateral under the power or sale or under any applicable provision of law. Lender may sell the Collateral, and all estate, right, title, interest, claim and demand of Grantor therein, and all rights of redemption thereof, at one or more sales, as an entirety or in parcels, with such elements of real and/or personal property, and at such time or place and upon such terms as it may deem expedient, or as may be required by applicable law, and in the event of a sale, by foreclosure or otherwise, of less than all of the Collateral, this Security Instrument shall continue as a lien and security interest on the remaining portion of the Collateral.

(c) **Intentionally Omitted.**

(d) to the extent permitted under applicable law, Lender may elect to treat the fixtures included in the Collateral either as real property or as personal property, or both, and proceed to exercise such rights as apply thereto.

(e) institute an action, suit, or proceeding in equity for the specific performance of any of the provisions contained in the Loan Documents.

(f) apply for the appointment of a receiver, custodian, trustee, liquidator, or conservator of the Collateral, to be vested with the fullest powers permitted under applicable law, as a matter of right and without regard to or the necessity to disprove the adequacy of the security for the Obligations or the solvency of Grantor or any other person liable for the payment of the Obligations, and Grantor and each other person so liable waives or shall be deemed to

have waived such necessity, and consents or shall be deemed to have consented to such appointment.

(g) subject to the provisions and restrictions of any applicable law, enter upon the Premises and the Improvements, and exclude Grantor and its agents and servants wholly therefrom, without liability for trespass, damages, or otherwise, and take possession of all books, records, and accounts relating thereto and all other Collateral, and Grantor agrees to surrender possession of the Collateral and of such books, records, and accounts to Lender on demand after the happening of any Event of Default; and having and holding the same may use, operate, manage, preserve, control, and otherwise deal therewith and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or receivers, without interference from Grantor; and upon each such entry and from time to time thereafter may, at the expense of Grantor and the Collateral, without interference by Grantor and as Lender may deem advisable, (i) either by purchase, repair, or construction, maintain and restore the Collateral; (ii) insure or reinsure the same; (iii) make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments, and improvements thereto and thereon; (iv) complete the construction of the Improvements and, in the course of such completion, may make such changes in the contemplated or completed Improvements as it may deem advisable; and (v) in every such case in connection with the foregoing have the right to exercise all rights and powers of Lender with respect to the Collateral, either in Grantor's name or otherwise, including the right to make, terminate, cancel, enforce, or modify Leases, obtain and evict lessees and sublessees on such terms as Lender shall deem advisable, and to take any actions described in subsection (h) of this Section.

(h) subject to the provisions and restrictions of any applicable law, Lender may, with or without entrance upon or taking possession of the Premises, collect, receive, sue for, and recover in its own name all Rents and cash collateral derived from the Premises, and after deducting therefrom all costs, expenses, and liabilities of every character incurred by Lender in collecting the same and in using, operating, managing, preserving, and controlling the Premises, and otherwise in exercising Lender's rights under subsection (f) of this Section, including all amounts necessary to pay Impositions, insurance premiums, and other charges in connection with the Premises, as well as compensation for the services of Lender and its attorneys, agents, and employees, apply the remainder to the Obligations in the order and manner determined by Lender.

(i) release any portion of the Collateral for such consideration as Lender may require without, as to the remainder of the Collateral, in any way impairing or affecting the lien or priority of this Security Instrument, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the Obligations shall have been reduced by the actual monetary consideration, if any, received by Lender for such release, and may accept by assignment, pledge, or otherwise any other property in place thereof as Lender may require without being accountable for so doing to any other lienholder; or

(j) Lender may take all actions permitted under the Uniform Commercial Code of the jurisdiction in which the Collateral is located; or

(k) Lender may take any other action, or pursue any other right or remedy, as Lender may have under applicable law, and Grantor does hereby agree that Lender may so act.

In the event that Lender shall exercise any of the rights or remedies set forth in subsections (g) and (h) of this Section, Lender shall not be deemed to have entered upon or taken possession of the Collateral except upon the exercise of its option to do so, evidenced by its demand and overt act for such purpose, nor shall it be deemed a beneficiary or mortgagee in possession by reason of such entry or taking possession. Lender shall not be liable to account for any action taken pursuant to any such exercise other than for rents actually received by such party, nor liable for any loss sustained by Grantor resulting from any failure to let any portion of the Collateral, or from any other act or omission of Lender except to the extent such loss is caused by the willful misconduct, negligence or bad faith of such party. Grantor hereby consents to, ratifies, and confirms the exercise by Lender of said rights and remedies, and appoints Lender as its attorney-in-fact, which appointment shall be deemed to be coupled with an interest and irrevocable, for such purposes.

Section 6.3 Expenses. In any proceeding, judicial or otherwise, to foreclose this Security Instrument or enforce any other remedy of Lender under the Loan Documents, there shall be allowed and included as an addition to and a part of the Obligations in the decree for sale or other judgment or decree all Collection Expenses and all other expenditures and expenses, including reasonable attorneys' fees, which may be paid or incurred in connection with the exercise by Lender of any of its rights and remedies provided or referred to in Section 6.2, or any comparable provision of any other Loan Document, together with interest thereon at the rate specified in the Note, and the same shall be part of the Obligations and shall be secured by this Security Instrument.

Section 6.4 Additional Provisions as to Remedies.

(a) No right or remedy herein conferred upon or reserved to Lender is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and continuing, shall be in addition to every other right or remedy given hereunder, or under the other Loan Documents or now or hereafter existing at law or in equity, and may be exercised from time to time and as often as may be deemed expedient by Lender.

(b) No delay or omission by Lender to exercise any right or remedy hereunder upon any default or Event of Default shall impair such exercise, or be construed to be a waiver of any such default or Event of Default, or an acquiescence therein.

(c) The failure, refusal, or waiver by Lender of its right to assert any right or remedy hereunder upon any default or Event of Default or other occurrence shall not be construed as waiving such right or remedy upon any other or subsequent default or Event of Default or other occurrence.

(d) Lender shall not have any obligation to pursue any rights or remedies it may have under any other agreement prior to pursuing its rights or remedies hereunder or under the other Loan Documents.

(e) No recovery of any judgment by Lender and no levy of an execution upon the Collateral (or any part thereof) or any other property of Grantor shall affect, in any manner or to any extent, the lien and security interest created by this Security Instrument upon and in the Collateral, or any liens, security interests, rights, powers, or remedies of Lender hereunder, and such liens, rights, powers, and remedies shall continue unimpaired as before.

(f) Lender may resort to any security given by this Security Instrument or any other security now given or hereafter existing to secure the Obligations, in whole or in part, in such portions and in such order as Lender may deem advisable, and no such action shall be construed as a waiver of any of the liens, rights, or benefits granted hereunder.

(g) Acceptance of any payment after the occurrence of any default or Event of Default shall not be deemed a waiver or a cure of such default or Event of Default, and acceptance of any payment less than any amount then due shall be deemed an acceptance on account only.

(h) In the event that Lender shall have proceeded to enforce any right or remedy hereunder by foreclosure, sale, entry, or otherwise, and such proceeding shall be discontinued, abandoned, or determined adversely for any reason, then Grantor and Lender shall be restored to their former positions and rights hereunder with respect to the Collateral, subject to the lien and security interest hereof.

ARTICLE VII.

ADDITIONAL PROVISIONS

Section 7.1 Sales or Participations. Lender may from time to time sell or assign, in whole or in part, or grant participations in the Note, the other Loan Documents, and/or the obligations evidenced thereby. The holder of any such sale, assignment or participation, if the applicable agreement between Lender and such holder so provides, shall be entitled to all of the rights, obligations and benefits of Lender and deemed to hold and may exercise the rights of setoff or banker's lien with respect to any and all obligations of such holder to the undersigned, in each case as fully as though the undersigned were directly indebted to such holder. Lender may in its discretion give notice to the undersigned of such sale, assignment or participation; however, the failure to give such notice shall not affect any of Lender's or such holder's rights hereunder.

Section 7.2 Disclosure of Financial Information. Lender is hereby authorized to disclose any financial or other information about Grantor or any guarantors to any regulatory body or agency having jurisdiction over Lender or to any present, future or prospective participant or successor in interest in any loan or other financial accommodation made by Lender to Grantor. The information provided may include, without limitation, amounts, terms, balances, payment history, return item history and any financial or other information about Grantor.

Section 7.3 Severability. If all or any portion of any provision of this Security Instrument or the other Loan Documents shall be held to be invalid, illegal, or unenforceable in any respect, then such invalidity, illegality, or unenforceability shall not affect any other

provision hereof or thereof, and such provision shall be limited and construed in such jurisdiction as if such invalid, illegal, or unenforceable provision, or portion thereof, were not contained herein or therein.

Section 7.4 Notices. Any notice, demand, consent, approval, direction, agreement, or other communication (any "*Notice*") required or permitted hereunder or under the other Loan Documents shall be in writing and shall be addressed as follows to the person entitled to receive the same:

(a) If to Grantor:

IOWA'S FIRST, INC.
1507 Capital Avenue, Suite 101
Plano Texas 75074
Attention: Bruce A. Hall, Chief Financial Officer

with a copy to:

Jackson Walker, LLP
2323 Ross Avenue, Suite 6000
Dallas, Texas 75201
Attention: Richard F. Dahlson

(b) If to Lender:

Revere High Yield Fund, LP
2000 McKinney Avenue, Suite 2125
Dallas, TX 75201

with a copy to:

Mayo Crowe LLC
CityPlace II
185 Asylum Street
Hartford, Connecticut 06103
Attention: Katherine F. Troy

Any Notice required to be made under this Security Instrument shall comply with the requirements of this Section. Each Notice shall be in writing and sent (a) by certified mail, return receipt requested, or (b) sent by an overnight carrier which provides for a return receipt. Each Notice shall be effective upon receipt. Rejection or other refusal by the addressee to accept or receipt the delivery, or the inability to deliver because of a changed address of which no Notice was given, shall be deemed to be the receipt of the notice sent. Any party shall have the right from time to time to change the address or individual's attention to which Notices to it shall be sent by giving the other party at least ten (10) days' prior notice thereof.

Section 7.5 Applicable Law. This Security Instrument shall be governed by and construed in accordance with the law of the State of Iowa without regard to principles of conflict of laws.

Section 7.6 Sole Discretion of Lender. Except as otherwise expressly provided herein, whenever Lender's judgment, consent, or approval is required hereunder for any matter, or Lender shall have an option or election hereunder, such judgment, the decision as to whether or not to consent to or approve the same, or the exercise of such option or election shall be in the sole discretion of Lender.

Section 7.7 Matters to be in Writing. This Security Instrument cannot be altered, amended, modified, terminated, or discharged except in a writing signed by the party against whom enforcement of such alteration, amendment, modification, termination, or discharge is sought. No waiver, release, or other forbearance by Lender will be effective against Lender unless it is in a writing signed by Lender, and then only to the extent expressly stated.

Section 7.8 Submission to Jurisdiction. Without limiting the right of Lender to bring any action or proceeding against the undersigned or its property arising out of or relating to the Obligations (an "*Action*") in the courts of other jurisdictions, Grantor hereby irrevocably submits to the jurisdiction of any state court or federal court sitting in the State of Iowa, and Grantor hereby irrevocably agrees that any Action may be heard and determined in such state court or in such federal court. Grantor hereby irrevocably waives, to the fullest extent that it may effectively do so, the defense of an inconvenient forum to the maintenance of any Action in such jurisdiction. Grantor hereby irrevocably agrees that the summons and complaint or any other process in any Action in any jurisdiction may be served by mailing by certified mail to any of the addresses set forth herein or by hand-delivery to a person of suitable age and discretion at any such address. Such service will be complete on the date such process is so mailed or delivered, and Grantor will have thirty (30) days from such completion of service in which to respond in the manner provided by law. Grantor may also be served in any other manner permitted by law, in which event Grantor's time to respond shall be as provided by law.

Section 7.9 Construction of Provisions. The following rules of construction shall be applicable for all purposes of this Security Instrument, and all documents or instruments supplemental hereto, unless the context otherwise requires:

(a) All references herein to numbered Articles or Sections or to lettered Exhibits are references to the Articles and Sections hereof and the Exhibits annexed to this Security Instrument, unless expressly otherwise designated in context.

(b) The terms "*include*," "*including*," and similar terms shall be construed as if followed by the phrase "*without being limited to*."

(c) The term "*Collateral*" and the term "*Premises*" shall be construed as if followed by the phrase "or any part thereof."

(d) The term "*Obligations*" shall be construed as if followed by the phrase "or any other sums secured hereby, or any part thereof."

(e) Words of masculine, feminine, or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

(f) The term "*person*" shall include natural persons, firms, partnerships, corporations, and any other public and private legal entities.

(g) All Article, Section, and Exhibit captions herein are used for convenience and reference only and in no way define, limit, or describe the scope or intent of, or in any way affect, this Security Instrument.

Section 7.10 Successors and Assigns. The provisions hereof shall be binding upon Grantor, and the heirs, devisees, representatives, successors, and assigns of Grantor, including successors in interest of Grantor in and to all or any part of the Collateral, and shall inure to the benefit of Lender and its heirs, successors, substitutes, and assigns. All references in this Security Instrument to Grantor or Lender shall be construed as including all of such other persons with respect to the person referred to. Where two or more persons have executed this Security Instrument, the obligations of such persons shall be joint and several, except to the extent the context clearly indicates otherwise.

Section 7.11 WAIVER OF TRIAL BY JURY AND CERTAIN DAMAGES. GRANTOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM FILED BY EITHER PARTY, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THE LOAN EVIDENCED BY THE NOTE, THIS SECURITY INSTRUMENT, THE LOAN DOCUMENTS, OR ANY ACTS OR OMISSIONS OF LENDER IN CONNECTION THEREWITH. FURTHER, GRANTOR WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY SPECIAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR OTHER DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. GRANTOR ACKNOWLEDGES AND AGREES THAT THIS SECTION IS A SPECIFIC AND MATERIAL ASPECT OF THIS SECURITY INSTRUMENT AND THAT LENDER WOULD NOT EXTEND CREDIT TO GRANTOR IF THE WAIVERS SET FORTH IN THIS SECTION WERE NOT A PART OF THIS SECURITY INSTRUMENT. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY GRANTOR, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. LENDER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY GRANTOR.

Section 7.12. CROSS DEFAULT AND CROSS COLLATERAL. In furtherance of prior provisions hereof, Grantor agrees and acknowledges that the occurrence of an Event of Default under the terms of this Security Instrument shall constitute an Event of Default under the Note, the Loan Agreement, and the other Loan Documents and under the documents evidencing any other loan now existing or hereafter made by Lender to Grantor which is secured by all or

any portion of the Premises or other Collateral. The security interests, liens and other rights and interests in and relative to any of the Collateral now or hereafter granted to Lender by Grantor by or in any instrument or agreement, including but not limited to this Security Instrument and the other Loan Documents shall serve as security for any and all liabilities of Grantor to Lender. Grantor agrees that the lien of this Security Instrument shall be absolute and unconditional and shall not in any manner be affected or impaired by any acts or omissions whatsoever of Lender, and without limiting the generality of the foregoing, the lien hereof shall not be impaired by any acceptance by the Lender of any security for or guarantees of any of the Obligations hereby secured, or by any failure, neglect or omission on the part of Lender to realize upon or protect any Obligation or indebtedness hereby secured or any collateral security therefor including the other Loan Documents. The lien hereof shall not in any manner be impaired or affected by any release (except as to the property released), sale, pledge, surrender, compromise, settlement, renewal, extension, indulgence, alteration, changing, modification or disposition of any of the Obligations secured or of any of the collateral security therefor, including the other Loan Documents or of any guarantee thereof, and Lender may foreclose, or exercise any other remedy available to it under any or all of the other Loan Documents without first exercising or enforcing any of its rights or remedies hereunder. Such exercise of Lender's rights and remedies under any or all of the other Loan Documents shall not in any manner impair the indebtedness thereby secured or the lien of this Security Instrument and any exercise of the rights or remedies of Lender hereunder shall not impair the lien of any of the other Loan Documents or any of Lender's rights and remedies thereunder. Grantor specifically consents and agrees that Lender may exercise its rights and remedies hereunder and under the other Loan Documents separately or concurrently and in any order that it may deem appropriate and waives any rights of subrogation.

Section 7.13 Principles of Construction. In the event of any inconsistencies between the terms and conditions of this Section 7 and the terms and conditions of this Security Instrument, the terms and conditions of this Section 7 shall control and be binding.

Section 7.14 Interest Rate. Notwithstanding anything in the Loan Documents to the contrary, in case the interest rate provided for in the Loan Documents at any time exceeds the maximum rate of interest allowed under applicable law, during such time the rate of interest provided for in the Loan Documents shall be reduced to the maximum rate allowed by such law, and the payments required hereunder shall be reduced accordingly.

Section 7.15 Maximum Interest. The provisions of this Security Instrument and of all agreements between Grantor and Lender, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of demand or acceleration of the maturity of the Note, or otherwise, shall the amount paid, or agreed to be paid to Lender for the use, forbearance or retention of the money loaned under the Note ("**Interest**") exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, performance or fulfillment of any provision hereof or of any agreement between Grantor and Lender shall, at the time performance or fulfillment of such provision shall be due, exceed the limit for Interest prescribed by law or otherwise transcend the limit of validity prescribed by applicable law, then, ipso facto, the obligation to be performed or fulfilled shall be reduced to such limit, and if, from any circumstance whatsoever, Lender shall ever receive anything of value deemed Interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive Interest shall be applied to the reduction of the principal balance owing under the Note in the inverse order of its maturity (whether or not then due) or, at the option of Lender, be paid over to Grantor, and not to the

payment of Interest. All Interest (including any amounts or payments deemed to be Interest) paid or agreed to be paid to Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full period until payment in full of the principal balance of the Note so that the Interest thereon for such full period will not exceed the maximum amount permitted by applicable law. This Section will control all agreements between Grantor and Lender.

Section 7.16 **After-Acquired Property.** All property acquired by Grantor after the date of this Security Instrument which by the terms of this Security Instrument shall be subject to the lien and the security interest created hereby, shall immediately upon the acquisition thereof by Grantor and without further mortgage, conveyance or assignment become subject to the lien and security interest created by this Security Instrument. Nevertheless, Grantor shall execute, acknowledge, deliver and record or file, as appropriate, all and every such further mortgages, security agreements, financing statements, assignments and assurances as Lender shall reasonably require for accomplishing the purposes of this Security Instrument.

Section 7.17 **Indemnity; Expenses.** The Grantor will pay or reimburse the Lender for all reasonable attorneys' fees, costs and expenses incurred by either of them in any suit, action, legal proceeding or dispute of any kind in which either of them is made a party or appears as party plaintiff or defendant, affecting the Obligations, this Security Instrument or the interest created herein, or the Collateral, or any appeal thereof, including, but not limited to, activities related to enforcement of the remedies of Lender, activities related to protection of Lender's collateral, any foreclosure action or exercise of the power of sale, any condemnation action involving the Collateral or any action to protect the security hereof, any bankruptcy or other insolvency proceeding commenced by or against the Grantor, and any such amounts paid or incurred by Lender shall be added to the Obligations and shall be secured by this Security Instrument. The agreements of this subsection shall expressly survive in perpetuity satisfaction of this Security Instrument and repayment of the Obligations, any release, reconveyance, discharge of foreclosure of this Security Instrument, conveyance by deed in lieu of foreclosure, sale, and any subsequent transfer by Lender's conveyance of the Collateral.

Section 7.18 **Release of and Resort to Collateral.** Lender may release, regardless of consideration and without the necessity for any notice to a consent by the holder of any subordinate lien on the Collateral, any part of the Collateral without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interests created in or evidenced by the Loan Documents or their stature as a first and prior lien and security interest in and to the Collateral. For payment of the Obligations, Lender may resort to any other security in such order and manner as Lender may elect.

Section 7.19 **Waiver of Redemption, Notice and Marshalling of Assets.** To the fullest extent permitted by law, Grantor hereby irrevocably and unconditionally waives and releases (i) all benefit that might accrue to Grantor by virtue of any present or future statute of limitations or law or judicial decision exempting the Collateral from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment, (ii) all notices of any Event of Default or of Lender's election to exercise or its actual exercise of any right, remedy or recourse provided for under the Loan Documents, except as specifically required by the terms of this Security

Instrument or the other Loan Documents, and (iii) any right to a marshalling of assets or a sale in inverse order of alienation.

Section 7.20 **Discontinuance of Proceedings.** If Lender shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Lender shall have the unqualified right to do so and, in such an event, Grantor and Lender shall be restored to their former positions with respect to the Obligations, the Loan Documents, the Collateral and otherwise, and the rights, remedies, recourses and powers of Lender shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Lender thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

Section 7.21 **No Mortgagee in Possession.** Neither the enforcement of any of the remedies under this Security Instrument nor any other remedies afforded to Lender under the Loan Documents, at law or in equity, shall cause Lender to be deemed or construed to be a mortgagee in possession of the Collateral, to obligate Lender or Trustee to lease the Collateral or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

Section 7.25 **Power of Attorney.** Any power of attorney made by Grantor in favor of Lender in the Loan Documents is irrevocable and coupled with an interest.

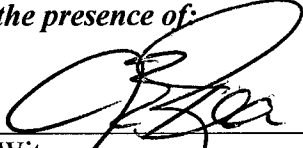
[Remainder of this page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, Grantor has duly executed and delivered this Security Instrument under seal the day first set forth above.

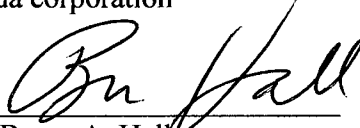
GRANTOR:

Signed, Sealed and Delivered in the presence of:

IOWA'S FIRST, INC.,
a Nevada corporation



Witness

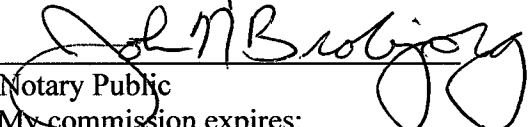
By: 

Bruce A. Hall
Chief Financial Officer

STATE OF TEXAS)
) SS:
COUNTY OF COLLIN)

I, John N. Brobjerg a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Bruce A. Hall, personally known to be to be the Chief Financial Officer of IOWA'S FIRST, INC., a Iowa corporation, and personally known to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that as such Chief Financial Officer he signed and delivered the said instrument pursuant to authority of said Bruce A. Hall as his free and voluntary act, and as the free and voluntary act and deed of said IOWA'S FIRST, INC., for the uses and purposes therein set forth.

WITNESS MY HAND and Notary seal this 29th day of September 2015.



Notary Public
My commission expires:

After recording return to:

MAYO CROWE LLC
CITY PLACE II
185 ASYLUM STREET
HARTFORD, CONNECTICUT 06103
ATTENTION: KATHERINE F. TROY, ESQ.

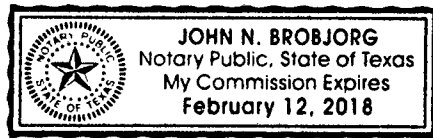


EXHIBIT A

LEGAL DESCRIPTION OF PREMISES

Real property in the City of Webster City (Parcel 1) and City of Blairsburg (Parcel 2), County of Hamilton, State of Iowa, described as follows:

PARCEL 1:

Warehouse Site:

Lots 1 and 2, except the South 26 thereof, Block 7, Jones and Smith's Addition to Webster City, Iowa; and Lot 5, except the South 26 feet thereof and except the East 40 feet thereof; and Lot 6, except the South 26 thereof; Lot 1 and North 6 feet of Lot 7, all in Block 7, Odell & Willson's Addition to Webster City, Iowa; and the South 26 feet of Lot 1 and 2; all of Lots 3 and 4, all in Block 7, Jones and Smith's Addition to Webster City, Iowa; and Lots 1, 2, 3 and 4, all in Block 8, Jones and Smith's Addition to Webster City, Iowa; and Lots 2, 3, 4, the East 40 feet of Lot 5, the South 26 feet of Lot 5, except the East 40 feet of said Lot 5, the South 26 feet of Lot 6, Lot 7, except the North 6 feet thereof, and all of Lots 8, 9, 10, 11, 12, 13, 14; all in Block 7, Odell & Willson's Addition to Webster City, Iowa; and Lots 1, 2, 3, 4 and 5, all in Block 8, Odell & Willson's Addition to Webster City, Iowa; and Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, all in Reserve lying West of Block 8, Odell & Willson's Addition to Webster City, Iowa.

All that part of vacated Merritt Street lying between the West line of Des Moines Street and the East Line of Prospect Street in Webster City, Iowa, as platted in Odell & Willson's Addition to Webster City, Iowa, August 4, 1869, and in Jones and Smith's Addition to Webster City, Iowa, February 4, 1872.

All that part of vacated Stockdale Street lying between the West line of Des Moines Street and the East line of Prospect Street in Webster City, Iowa, as platted in Odell & Willson's Addition to Webster City, Iowa, August 4, 1869, and in Jones and Smith's Addition to Webster City, Iowa, February 4, 1872.

Parking Site:

The South 52.9 feet of Lot 7 and the North 9.6 feet of Lot 13 and all that part of the vacated alley between Lots 7 and 13, in Block 4, Odell and Willson's Addition to Webster City, Iowa; and Lots 1 and 7, Block 3, Odell and Willson's Addition to Webster City, Iowa; and the South 56.4 feet of Lot 13 and the North 9.9 feet of Lot 14, in Block 4, Odell and Willson's Addition to Webster City, Iowa; and Lot 1 and the North 13.1 feet of Lot 7, in Block 4, Odell and Willson's Addition to Webster City, Iowa; and the South 56.1 feet of Lot 14, Block 4, Odell and Willson's Addition to Webster City, Iowa.

Lots 1 and 2, except the South 67 feet thereof, Block 3, Jones and Smith's Addition to Webster City, Iowa; and the South 67 feet of Lots 1 and 2, Block 3, Jones and Smith's Addition to Webster City, Iowa; and Lot 11 and the South Half of that part of the vacated alley adjoining the same on the North, in Block 4, Odell & Willson's Addition to Webster City, Iowa; and Lot 8, Block 4, Odell & Willson's Addition to Webster City, Iowa, and the vacated alley abutting said Lot along the North boundary thereof; the East 40 feet of Lot 2 and all that part of the vacated alley adjoining the same on the South, Block 4, Odell & Willson's Addition to Webster City, Iowa; and the West 50 feet of Lot 3, Block 3, Odell & Willson's Addition to Webster City, Iowa; and Lot 2 and the East 10 feet of Lot 3, Block 3, Odell & Willson's Addition to Webster City, Iowa; and Lot 6, Block 3, Odell and Willson's Addition to Webster City, Iowa; and all of Lot 3 and all of Lot 2 except the East 40 feet of said Lot 2, Block 4, Odell and Willson's Addition to Webster City, Iowa and that part of the vacated alley which adjoins that part of Lot 2 as described above on the South, and the North Half of that part of the vacated alley adjoining said Lot 3 on the South; and Lots 3 and 4, except the North 60 feet thereof, Block 4, Jones and Smith's Addition to Webster City, Iowa; the South 54 feet of Lots 1 and 2, Block 4, Jones and Smith's Addition to Webster City, Iowa; and Lot 6, Block 4, Odell & Willson's Addition to Webster City, Iowa and the North Half of that part of the vacated alley adjoining same on the South side of said Lot 6; and Lots 1 and 2, except the South 54 feet thereof, Block 4, Jones and Smith's Addition to Webster City, Iowa; and Lots 4 and 5, Block 3, Odell & Willson's Addition to Webster City, Iowa; and the North 60 feet of Lots 3 and 4, Block 4, Jones and Smith's Addition to Webster City, Iowa; and Lot 12, Block 4, Odell & Willson's Addition to Webster City, Iowa; and Lots 9 and 10, and the South Half of that part of the vacated alley adjoining same on the North, all in Block 4, Odell & Willson's Addition to Webster City, Iowa; and Lots 4 and 5 and the North Half of that part of the vacated alley adjoining the same on the South, all in Block 4, Odell & Willson's Addition to Webster City, Iowa.

All that part of vacated Lucas Street lying between the West line of Des Moines Street and the East line of Prospect Street in Webster City, Iowa, as platted in Odell & Willson's Addition to Webster City, Iowa, August 4, 1869, and in Jones and Smith's Addition to Webster City, Iowa, February 4, 1872.

PARCEL 2:

Auditor's Parcel Letter 'A' of 'A' as located in the South Half of the Southeast Quarter, of Section 15, Township 89 North, Range 24 West of the 5th P.M., Hamilton County, Iowa, as shown in the Plat of Survey of Parcel Letter 'A' of 'A' recorded December 7, 2007, as Document No. 2007 3589, Survey Cabinet Slide 299B, Page 17.

EXHIBIT B
DESCRIPTION OF PERSONAL PROPERTY SECURITY

1. All machinery, apparatus, goods, equipment, materials, fittings, fixtures, chattels, and tangible personal property, and all appurtenances and additions thereto and betterments, renewals, substitutions, and replacements thereof, now owned or hereafter acquired by Grantor, wherever situate, and now or hereafter located on, attached to, contained in, or used or usable in connection with the real property described in Exhibit A attached hereto and incorporated herein (the "*Premises*"), and all improvements located thereon (the "*Improvements*") or placed on any part thereof, though not attached thereto, including all screens, awnings, shades, blinds, curtains, draperies, carpets, rugs, furniture and furnishings, heating, electrical, lighting, plumbing, ventilating, air-conditioning, refrigerating, incinerating and/or compacting plants, systems, fixtures and equipment, elevators, hoists, stoves, ranges, vacuum and other cleaning systems, call systems, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, machinery, pipes, ducts, conduits, dynamos, engines, compressors, generators, boilers, stokers, furnaces, pumps, tanks, appliances, equipment, fittings, and fixtures.

2. All funds, accounts, deposits, instruments, documents, contract rights, general intangibles, notes, and chattel paper arising from or by virtue of any transaction related to the Premises, the Improvements, or any of the personal property described in this Exhibit B.

3. All permits, licenses, franchises, certificates, and other rights and privileges now held or hereafter acquired by Grantor in connection with the Premises, the Improvements, or any of the personal property described in this Exhibit B.

4. All right, title, and interest of Grantor in and to the name and style by which the Premises and/or the Improvements is known, including trademarks, copyrights, service marks, logos, designs and trade names relating thereto.

5. All right, title, and interest of Grantor in, to, and under all plans, specifications, maps, surveys, reports, permits, licenses, architectural, engineering and construction contracts, service or maintenance contracts, management agreements, equipment leases, books of account, insurance policies, and other documents of whatever kind or character, relating to the use, construction upon, occupancy, leasing, sale, or operation of the Premises and/or the Improvements.

6. All interests, estates, or other claims or demands, in law and in equity, which Grantor now has or may hereafter acquire in the Premises, the Improvements, or the personal property described in this Exhibit B.

7. All right, title, and interest now owned or hereafter acquired by Grantor in and to all options to purchase or lease the Premises, the Improvements, or any other personal property described in this Exhibit B, or any portion thereof or interest therein, and in and to any greater estate in the Premises, the Improvements, or any of the personal property described in this Exhibit B.

8. All of the estate, interest, right, title, other claim or demand, both in law and in equity, including claims or demands with respect to the proceeds of insurance relating thereto,

which Grantor now has or may hereafter acquire in the Premises, the Improvements, or any portion thereof or interest therein, and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of such property, including without limitation, any award resulting from a change of any streets (whether as to grade, access, or otherwise) and any award for severance damages.

9. All right, title, and interest of Grantor in and to all contracts, permits, certificates, licenses, approvals, utility deposits, utility capacity, and utility rights issued, granted, agreed upon, or otherwise provided by any governmental or private authority, person or entity relating to the ownership, development, construction, operation, maintenance, marketing, sale, or use of the Premises and/or the Improvements, including all of Grantor's rights and privileges hereto or hereafter otherwise arising in connection with or pertaining to the Premises and/or the Improvements, including, without limiting the generality of the foregoing, all water and/or sewer capacity, all water, sewer and/or other utility deposits or prepaid fees, and/or all water and/or sewer and/or other utility tap rights or other utility rights, any right or privilege of Grantor under any loan commitment, lease, contract, Declaration of Covenants, Restrictions and Easements or like instrument, Developer's Agreement, or other agreement with any third party pertaining to the ownership, development, construction, operation, maintenance, marketing, sale, or use of the Premises and/or the Improvements.

AND ALL PROCEEDS AND PRODUCTS OF THE FOREGOING PERSONAL PROPERTY DESCRIBED IN THIS EXHIBIT B.

A PORTION OF THE ABOVE DESCRIBED GOODS ARE OR ARE TO BE AFFIXED TO THE REAL PROPERTY DESCRIBED IN EXHIBIT A.