239-342
DELAWARE COUNTY IOWA
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RUSSELL L. PEYTON
RECORDER
$ 16.00

D. FLINT DRAKE
2477 J.F.K. ROAD
DUBUQUE, IA. 52002

Kane, Norby & Reddick PC, 2477 JFK Road, Suite 102, Dubuque, IA 52002 319-582-7980
Preparer Address City State Telephone

SUBORDINATION AGREEMENT

This Subordination Agreement is entered into this 25th day of June, 1996, by and between Barbara J. O'Connell (O'Connell) and Transamerica Financial Services Inc. (Transamerica).

RECITALS

This agreement pertains to the following described real estate in Delaware County, Iowa:

Lot 67, Manchester, Delaware County, Iowa,

which property shall hereinafter be referred to as the "real estate".

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William F. O'Connell is the owner of the real estate.

That by Final Decree in Case No. CDDM 3390, Delaware County, Iowa, the marriage of William F. O'Connell and Barbara J. O'Connell was dissolved. The Final Decree in that matter granted to O'Connell a lien on the real estate for property settlement payments required by the Decree. This lien and O'Connell's rights thereunder and any payments due to Barbara J. O'Connell from William F. O'Connell pursuant to the dissolution of marriage in CDDM 3390 shall hereafter be referred to as "the Lien".

In order to induce Transamerica to make a mortgage loan to William F. O'Connell, it is necessary that any and all rights of O'Connell under the Lien be subordinated and made subject to the mortgage loan indebtedness to be owed to Transamerica secured by a mortgage upon the real estate to Transamerica (hereinafter referred to as the Transamerica Mortgage).

Now, therefore, in consideration of the foregoing recitals and in consideration of the following mutual covenants, terms and conditions, the parties agree as follows:

1. Loan Advanced. The borrowing by William F. O'Connell of funds from Transamerica and the granting of a mortgage to Transamerica upon the real estate is hereby agreed and consented to by O'Connell.

2. Subordination. The parties mutually agree that the Lien is subject, subordinate and inferior to any and all rights and privileges of Transamerica under the Transamerica Mortgage or any attendant documents, which will be granted and recorded upon the lending of funds by Transamerica to William F. O'Connell. It is expressly acknowledged and recognized by O'Connell that the prior and superior mortgage of Transamerica secures the payment of all principal sums now existing or hereafter loaned or advanced by Transamerica to William F. O'Connell, plus accrued interest thereon, and for protective disbursements, if any, made by Transamerica under the terms of the Transamerica Mortgage,

including reasonable attorney's fees if applicable. Further, upon any action by Transamerica to enforce its rights under the Transamerica Mortgage, whether through judicial foreclosure, nonjudicial remedy or otherwise, it is recognized and acknowledged by O'Connell that all such legal rights and remedies of Transamerica shall be prior and superior to any rights and remedies of O'Connell with respect to the real estate.

The priority and superiority of the Transamerica Mortgage shall not be effected by any renewal, modification, extension or refinancing of William F. O'Connell's indebtedness to Transamerica. O'Connell agrees that Transamerica may renew, modify, extend or refinance William F. O'Connell's principle indebtedness, plus interest, upon such terms as may be agreed upon by Transamerica and William F. O'Connell without effecting the prior and superior status of the Transamerica Mortgage.

3. Miscellaneous. This Agreement shall be governed by and construed under the laws of the State of Iowa. This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns.

Dated this 25th day of June, 1996.

TRANSAMERICA FINANCIAL SERVICES, INC.

Barbara J. O'Connell

BY _____
Michael Farber, Branch Manager

STATE OF IOWA)
) ss:
COUNTY OF DUBUQUE)

On this 25th day of June, A.D., 1996, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Barbara J. O'Connell, to me known to be the persons named in and who executed the foregoing instrument, and acknowledged that she executed the same as her voluntary act and deed.

_____
Notary Public in and for the
State of Iowa

ANDREW H. OLSON
MY COMMISSION EXPIRES
5-24-97

STATE OF IOWA)
) ss:
COUNTY OF DUBUQUE)

On this 25th day of June, 1996, before me, the undersigned, a Notary Public in and for said State, personally appeared Michael Farber, to me personally known, who being by me duly sworn, did say that he is a Branch Manager of the corporation executing the within and foregoing instrument that there is no seal of the corporation; that said instrument was signed on behalf of the corporation by authority of its Board of Directors; and that Michael Farber as such Branch Manager acknowledged the execution of the foregoing instrument to be the voluntary act and deed of the corporation, by it and by him voluntarily executed.

Notary Public in and for the
State of Iowa

D. FLINT DRAKE
MY COMMISSION EXPIRES
7-22-97

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