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DELAWARE COUNTY IOWA
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131 PAGE 120
RECORDER
$10.00

Andrew H. Olson 2477 JFK Rd Dubuque, IA 52002 (319) 588-2529

SUBORDINATION AGREEMENT

This Subordination Agreement is entered into this 16th day of August, 1996, by and between Cynthia S. Demanovich (Demanovich) and Transamerica Financial Services Inc. (Transamerica).

RECITALS

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

Lot 4 of Frankenfeld's Replat of Part of Block 3 of Sunset Beach Subdivision, Delaware County, Iowa according to plat recorded in Book 3 Plats, Page 159,

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

James L. Demanovich is the owner of the real estate.

That by Final Decree in Equity No. 3382, Delaware County, Iowa, the marriage of James L. Demanovich and Cynthia S. Demanovich was dissolved. The Final Decree in that matter granted to Cynthia S. Demanovich a lien on the real estate for property settlement payments required by the Decree. This lien and her rights thereunder and any payments due to Cynthia S. Demanovich from James L. Demanovich pursuant to the dissolution of marriage in Equity No. 3382 shall hereafter be referred to as "the Lien".

In order to induce Transamerica to make a mortgage loan to James L. Demanovich, it is necessary that any and all rights of Cynthia S. Demanovich 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 James L. Demanovich of funds from Transamerica and the granting of a mortgage to Transamerica upon the real estate is hereby agreed and consented to by Cynthia S. Demanovich.

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 James L. Demanovich. It is expressly acknowledged and recognized by Cynthia S. Demanovich 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 James L. Demanovich, 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 Cynthia S. Demanovich that all such legal rights and remedies of Transamerica shall be prior and superior to any rights and remedies of Cynthia S. Demanovich 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 James L. Demanovich's indebtedness to Transamerica. Cynthia S. Demanovich agrees that Transamerica may renew, modify, extend or refinance James L. Demanovich's principle indebtedness, plus interest, upon such terms as may be agreed upon by Transamerica and James L. Demanovich 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 16th day of August, 1996.

TRANSAMERICA FINANCIAL SERVICES, INC.

Cynthia S. Demanovich
Cynthia S. Demanovich

BY _____
Michael Farber, Branch Manager

STATE OF IOWA)
Delaware) ss:
COUNTY OF ~~DUBUQUE~~)

On this 16th day of August, A.D., 1996, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Cynthia S. Demanovich, 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.

Debra A Ratzlaff
Notary Public in and for the State of Iowa

DEBRA A. RATZLAFF
MY COMMISSION EXPIRES
2-25-97

STATE OF IOWA)
) ss:
COUNTY OF DUBUQUE)

On this 26th day of August, 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
Andrew H. Olson

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