Mike Carr

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Prepared by: Farmers & Merchants Savings Bank, 101 E. Main St., Manchester, IA 52057; 927-4475

SUBORDINATION AGREEMENT

Farmers & Merchants Savings Bank, a corporation in consideration of the resolution of all differences between it and Judy A. Short herewith agrees to and does subordinate its mortgage dated March 5, 1997 and filed for record in Delaware County on March 10, 1997 in Book 133 page 227 to the mortgage of Judy A. Short, securing the unpaid principal balance of $15,000.00 plus interest, dated March 3, 1994 and filed for record April 10, 1997 in Book 134 page 55.

Dated this 7th day of July, 1997.

FARMERS & MERCHANTS SAVINGS BANK

By Eric C. Anderson E.V.P.
Eric C. Anderson, Executive Vice President (Title)

By Diane C. Hammell Cashier
Diane C. Hammell, Cashier (Title)

STATE OF IOWA, DELAWARE COUNTY, ss:

On this 7th day of July, 1997, before me the undersigned a notary public in and for said state personally appeared Eric C. Anderson and Diane C. Hammell to me personally known who being by me duly sworn did say that they are the Executive Vice President and Cashier respectively of the corporation executing the within and foregoing instrument, that ~~(no seal has been procured by the)~~ (the seal affixed thereto is the seal of the) corporation; that the instrument was signed (and sealed) on behalf of the corporation by authority of its Board of Directors; and that Eric C. Anderson and Diane C. Hammell as officers acknowledged the execution of the foregoing instrument to be the voluntary act and deed of the corporation, by it and by them voluntarily executed.

Lisa Baumgartner
Notary Public in and for the State of Iowa

LISA BAUMGARTNER
MY COMMISSION EXPIRES
10-19-97

DATE 7-11-97 BOOK 135 PAGE 120