Del. Co. Ab.

337-169

'97 JUL 11 PM 1 16

135 124

16.00

This document prepared by: Debbie Fisher, Newbury Development Company, 100 Court Avenue, Ste. 212, Des Moines, IA 50309 515/243-5823

SUBORDINATION OF MORTGAGE

THIS SUBORDINATION OF MORTGAGE, is made this 8th day of July, 1997 by the Iowa Department of Economic Development (the "IDED").

WHEREAS, the IDED is a public agency of the State of Iowa authorized and empowered by the provisions of Chapter 15 of the Code of Iowa, as amended (the "Act"), to assist in the development and maintenance of decent, safe, and affordable housing; and

WHEREAS, the IDED is the owner and holder of a certain mortgage granted by Countryside Associates of Manchester, L.P. (the "Mortgagor"), to the IDED, dated April 5, 1996 and filed for record on June 10, 1996, in Book 130 at Page 59, of the records of the Delaware County Recorder (the "IDED Mortgage"), which Mortgage encumbers certain real property situated in Delaware County, Iowa (the "Property"), more particularly described on Attachment "A" hereto.

WHEREAS, USDA - Rural Development (hereinafter referred to as "USDA") has received a mortgage on the Property from the Mortgagor dated July 10, 1997, in the amount of $250,000 which was filed of record in the office of the Delaware County Recorder on July 11, 1997, in Book 135 at Page 122 (the "First Mortgage"), and a UCC-1 financing statement filed of record in the office of the Secretary of State of Iowa on July 10, 1997 as Instrument No. K847923 pertaining to the First Mortgage debt, a UCC-2 financing statement filed of record in the office of the Delaware County Recorder's office on July 11, 1997 in Book 135 at Page 123; and

WHEREAS, the IDED is willing to have the IDED Mortgage be a second lien to be subordinated to the lien of:

(a) USDA on the Property as now evidenced of record by the First Mortgage.

NOW, THEREFORE, in consideration of the premises and of other valuable consideration, the IDED does hereby agree as follows:

1. The IDED irrevocably waives the priority of the IDED Mortgage in favor of, and hereby subordinates the lien of the IDED Mortgage to the lien of USDA created by the First Mortgage and the USDA Financing Statements as if said documents had been executed, delivered and recorded prior to the filing for record of the IDED Mortgage.

2. Such waiver and subordination of the lien of the IDED Mortgage to the First Mortgage, shall not in any other manner release or relinquish the lien of the IDED Mortgage upon the Property.

4. This Subordination of Mortgage shall be binding upon the successors and assigns of the IDED.

IN WITNESS WHEREOF, the IDED has caused this subordination of Mortgage to be signed, sealed and delivered as of the day and year first above written.

IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT

By: _____
David Lyons

MARI L. MIELKE
Iowa
NOTARIAL SEAL

STATE OF IOWA)
) ss.
COUNTY OF POLK)

On this 8th day of July, ~~1995~~ 1997, before me, the undersigned Notary Public in and for the State of Iowa, personally appeared David Lyons, to me personally known, who being by me duly sworn, did say that he is the Director of the Iowa Department of Economic Development, the public agency of the State of Iowa executing the within and foregoing instrument; that the seal affixed thereto is the seal of said agency; that said instrument was signed and sealed on behalf of said agency by the authority of the board members of such agency; and that said David Lyons, as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said agency by it and by him voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Mari L Mielke
Notary Public in and for the State of Iowa
Mari L. Mielke

BOOK 135 PAGE 124

ATTACHMENT "A"

Parcel D, a part of the NE¼, NW¼ of Section 29, Township 89 North, Range 5 West of the 5th P.M. according to Plat recorded in Book 7 Plats, Page 47, also sometimes described as follows:

Commencing at the North Quarter Corner of Section 29, T89N, R5W of the 5th P.M.; thence N90°00'00"W along the north line of the NE 1/4 of the NW 1/4 of said Section 29, 628.68 feet; thence S0°04'15"W, 33.00 Feet to the Northwest corner of Lot 114 of Henry Acers Addition to Manchester, Iowa; thence N90°00'00"W along the south right of way line of Line Street 66.00 feet to the Point of Beginning; thence continuing N90°00'00"W, 400.00 feet; thence S0°04'15"W, 655.00 feet; thence S90°00'00"E, 400 feet, thence N0°04'15"E, 655.00 feet to the Point of Beginning.