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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 10th day of July, 1997 by Iowa Housing Corporation (the "Corporation").

WHEREAS, the Corporation is the owner and holder of a certain mortgage granted by Countryside Associates of Manchester, L.P. (the "Mortgagor"), to the Corporation, dated May 30, 1996 and filed for record on June 10, 1996, in Book 130 at Page 60, of the records of the Delaware County Recorder (the "Corporation 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. 8479123 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 Corporation is willing to have the Corporation Mortgage be a third lien to be subordinated to the liens of:

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

(b) that certain Mortgage from the Mortgagor to the Iowa Department of Economic Development (the "IDED") dated April 5, 1996 and filed June 10, 1996 in Book 130, Page 59 in the records of the Recorder of Delaware County, Iowa (the "Second Mortgage").

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

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

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

3. This Subordination of Mortgage shall be binding upon the successors and assigns of the Corporation.

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

IOWA HOUSING CORPORATION

By: Alan E. Collet

Alan E. Collet

STATE OF IOWA)
) ss.
COUNTY OF POLK)

On this 10th day of July, 1997, before me, the undersigned Notary Public in and for the State of Iowa, personally appeared Alan E. Collet, to me personally known, who being by me duly sworn, did say that he is the Vice President of the Iowa Housing Corporation, the corporation executing the within and foregoing instrument; that said instrument was signed on behalf of said corporation by the authority of the board members of such corporation; and that said Alan E. Collet, as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it and by him voluntarily executed.

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

DEBBIE L. FISHER
Iowa
NOTARIAL SEAL

Debbie L. Fisher

Notary Public in and for the State of Iowa
Debbie L. Fisher

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.