DELAWARE COUNTY IOWA
FILED
2002 OC -9 PM 2:48
BOOK 2002
DEBORAH L. HERTON
DELAWARE CO. RECORDER
10.00

Rosemary Drees 101 E. Main St. Manchester, IA 52057 (563)927-4475

SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS THAT:

Farmers & Merchants Savings Bank a corporation, of Manchester, Iowa, is mortgagee of a certain Real Estate Mortgage dated December 24, 1998, executed by Donald J. Lyness & RoseAnn M. Lyness, husband & wife, as mortgagor, recorded December 30, 1998, in Book 51, L.D., Page 232 of the records of the Delaware County Recorder concerning the following described real estate:

LOT TWENTY EIGHT (28) OF THE PLAT OF TANGLEWOOD SUBDIVISION-PLAT NO. 1, CITY OF MANCHESTER, DELAWARE COUNTY, IOWA, ACCORDING TO PLAT RECORDED IN BOOK 4 PLATS, PAGE 95.

For and in consideration of the sum of $1.00 and other valuable consideration in hand paid, the receipt of which is hereby acknowledged, has, and by these presents does waive the priority of the lien of the said Real Estate Mortgage insofar as the following Mortgage is concerned, but not otherwise:

That certain Mortgage by Donald J. Lyness & Roseann M. Lyness, in favor of the Farmers & Merchants Savings Bank, Manchester, Iowa, As Mortgagee, securing a Note dated October 4, 2002, in the amount of $65,000.00 with the subordinated amount not to exceed $10,000.00.

The undersigned, Farmers & Merchants Savings Bank, a corporation, of Manchester, Iowa, hereby consenting that their lien represented by the Real Estate Mortgage described herein shall be taken as second and inferior to the Mortgage last above described, but only to the extent of $65,000.00 of said mortgage indebtedness. Any mortgage indebtedness to the Farmers and Merchants Savings Bank exceeding $65,000.00 shall be subordinate to the Real Estate Mortgage described herein.

State of Iowa Delaware County, ss:
Signed and executed this 9th day of October, 2002

Farmers & Merchants Savings Bank

BY: Eric C. Anderson EVP
Eric C. Anderson, Exec. Vice Pres.

BY: Teresa Greve
Teresa Greve, Assistant Vice Pres.

On this 9thth day of October , 2002, before me, Rosemary Drees a Notary Public in and for the County of Delaware, State of Iowa, appeared Eric C. Anderson and Teresa Greve to me known, who being by me duly sworn, did say that Eric C. Anderson is the Exec. Vice President and Teresa Greve is the Assistant Vice President of the Farmers & Merchants Savings Bank, a corporation located at Manchester, Iowa, and that the seal affixed to the said instrument is the corporate seal of the said corporation, and that said instrument was by them signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Eric C. Anderson and Teresa Greve acknowledged the execution of this instrument to be the voluntary act and deed of the said corporation, by them voluntarily executed.

Witness my hand and notarial seal, the day and year last above written.

Rosemary Drees
Notary Public in and for Delaware County, Iowa

NOTARIAL SEAL IOWA
Rosemary Drees
COMMISSION NUMBER 144070
My Commission Expires
1/30/05