DELAWARE COUNTY IOWA
FILED

2003 JL -8 PM 2:20

BOOK 2003 PAGE 3188
DEBORAH L. PEYTON
DELAWARE CO. RECORDER
10.00

CHG

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 September 20, 2002, executed by John A. Errthum & Betty R. Errthum, husband & wife, as mortgagor, recorded October 3, 2002, in Book 2002, L.D., Page 3569 of the records of the Delaware County Recorder concerning the following described real estate:

THE WEST EIGHTY (80.0) FEET OF THE NORTH ONE HUNDRED TWENTY (120.0) FEET OF LOT THIRTY ONE (31) OF HENRY ACERS' ADDITION TO MANCHESTER, IOWA, ACCORDING TO PLAT RECORDED IN BOOK 1 PLATS, PAGE 1.

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 John A. Errthum & Betty R. Errthum , in favor of the Farmers & Merchants Savings Bank, Manchester, Iowa, As Mortgagee, securing a Note dated June 27, 2003, in the amount of $58,000.00 recorded in Delaware County Book 2003 Page_3187_____.

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 $58,000.00 of said mortgage indebtedness. Any mortgage indebtedness to the Farmers and Merchants Savings Bank exceeding $58,000.00 shall be subordinate to the Real Estate Mortgage described herein.

State of Iowa Delaware County, ss:

Signed and executed this 8th day of July, 2003

Farmers & Merchants Savings Bank

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

BY: Diane C. Hammell
Diane C. Hammell, Cashier

On this 8th day of July, 2003, before me, Rosemary Drees a Notary Public in and for the County of Delaware, State of Iowa, appeared Eric C. Anderson and Diane C. Hammell to me known, who being by me duly sworn, did say that Eric C. Anderson is the Exec. Vice President and Diane C. Hammell is the Cashier 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 Diane C. Hammell 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
7/30/05