DELAWARE COUNTY IOWA
FILED
2004 MAY 24 AM 9:43
BOOK 2004 PAGE 1810
DEBORAH L. PEYTON
DELAWARE CO RECORDER
10.00

PREPARED BY: Natalie L. Allen
First Federal Capital Bank
605 State Street La Crosse, WI 54601
608-796-4417

Parcel ID: 000250250206610

SUBORDINATION AGREEMENT

This Subordination Agreement is made this 5th day of May , 2004 , by and between HERITAGE BANK ,
a corporation , with a place of business at 695 MARION BLVD, MARION IA 52302
and First Federal Capital Bank , a corporation, with a place of business at 605 State Street ,
La Crosse, WI 54601 .

WHEREAS, GREGORY A PANOSH AND JULIE A PANOSH, HUSBAND AND WIFE

"Borrower", executed and delivered to HERITAGE BANK

a mortgage in the sum of FORTY THOUSAND & 00/100 Dollars
(U.S. $40,000.00) , dated 1/30/04 , and recorded on 2/05/04 , in Mortgage Book Volume 2004 ,
Page 349 , as Document in the records of Delaware County, Iowa ,
which mortgage is a lien on the following described real property in the State of Iowa .

SEE ATTACHED

Property Address: 20507 263RD STREET, MANCHESTER, Iowa 52057

WHEREAS, the Borrower executed and delivered to First Federal Capital Bank, a mortgage in the sum of ONE HUNDRED EIGHTY SEVEN THOUSAND & 00/100 Dollars ,
(U.S. $187,000.00) , which mortgage is intended to be recorded in the records of Delaware County, Iowa .

WHEREAS, First Federal Capital Bank has required as a condition of its loan to Borrower that the lien of the mortgage executed by Borrower to HERITAGE BANK be subordinated to the lien of the mortgage executed by Borrower to First Federal Capital Bank to which HERITAGE BANK has agreed on the conditions provided herein.

NOW THEREFORE, intending to be legally bound hereby, the undersigned agree as follows:

1. That the lien of mortgage executed by the Borrower to HERITAGE BANK is and shall be subordinated to the lien of the mortgage executed by the Borrower to First Federal Capital Bank , provided, however, that the lien of the mortgage to HERITAGE BANK shall be subordinated to the lien of the mortgage to First Federal Capital Bank only to the extent that the lien of the mortgage to First Federal Capital Bank is, as a result of the Subordination Agreement, a validly perfect first lien security interest in the above-described property.

2. That the mortgage executed by the Borrower to HERITAGE BANK is and shall be subordinated both in lien and payment to the mortgage executed by the Borrower to First Federal Capital Bank is, as a result of the Subordination Agreement, a validly perfect first lien security interest in the above described property.

3. That to the extent of the mortgage of First Federal Capital Bank is, as a result of this Subordination Agreement, a validly perfect first lien security interest in the above-described property, the lien of the mortgage executed by Borrower to First Federal Capital Bank shall not be affected or impaired by judicial sale under a judgment recovered under the mortgage made by the said Borrower to HERITAGE BANK

but any such sale shall be subject to the lien of the said mortgage executed by the Borrower to First Federal Capital Bank , as well as any judgment obtained upon the bond or note secured thereby.

4. That First Federal Capital Bank shall notify HERITAGE BANK in writing of any default under the terms of the mortgage executed by Borrower to First Federal Capital Bank .

IN WITNESS WHEREOF, the parties hereto have set their hands and seals hereto as of the date first above written.

HERITAGE BANK

By: Bradley J Marcus

Title: Senior Vice President

STATE OF
COUNTY OF

On this 10th day of May, 2004, before me, the undersigned officer personally appeared Bradley J. Marcus, who acknowledged himself to be the Sr. Vice President of HERITAGE BANK and, being authorized to do so, executed the foregoing Subordination Agreement for the purpose therein contained by signing the name of the corporation by himself as .

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

Gary A. Sundberg
Notary Public

My Commission Expires

GARY A. SUNDBERG
Commission Number 175106
MY COMMISSION EXPIRES
JULY 11, 2006

RETURN TO: Review, Packaging, & Shipping Dept
First Federal Capital Bank
P O Box 1868
La Crosse, WI 54602-1868

L116A