F & M BANK

DELAWARE COUNTY IOWA
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BOOK 2003 PAGE 2942
DEBORAH L PEYTON
DELAWARE CO RECORDER
12.00

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**FSA-460-2**
(03-19-03)

**U.S. DEPARTMENT OF AGRICULTURE**
Farm Service Agency

# SUBORDINATION BY THE GOVERNMENT

*Position 1 (Chattel Security)*
*Position 5 (Real Estate Security)*

1. The United States of America acting through the United States Department of Agriculture (called the "Government") is the owner and holder of the following-described instruments executed by *(a)* Duane Allan Elgin and Tina Marie Elgin of *(b)* Delaware County, State of *(c)* Iowa:

| *Title of Instrument* (d) | *Date of Instrument* (e) | *Date Filed* (f) | *Office Filed* (g) | *Document File or Book No.* (h) | *Page No.* (i) |
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AND, *(j)* Farmers & Merchants Bank (called the "Lender") has agreed to loan *(k)* $ 90,000.00 to *(l)* Duane Allan Elgin and Tina Marie Elgin (called the "Borrower") for the following purposes: *(m)*

Refinance first mortgage held by Citizens State Bank. Subordination by FSA will allow Farmers & Merchants Bank to have a valid first lien on the Real Estate.
(Farmers & Merchants Bank loan number 24211)
Loan to be repaid by 6-1-2009.

2. THEREFORE, in consideration the Lender's agreement to make such loan to Borrower, the Government (1) consents to the Borrower obtaining the loan from the Lender for such purposes, and (2) agrees to and does subordinate in favor of the Lender and its successors and assigns its liens of security interests created or evidenced by the above-described instruments insofar as they cover the following-described property and provided the Lender perfects a lien on that property:

The South one-half (S 1/2) of the Southeast Quarter (SE 1/4) and the Northeast Quarter (NE 1/4) of the Southeast Quarter (SE 1/4) of Section Thirty (30), Township Eighty Nine (89) North, Range Four (4), West of the Fifth P.M., EXCEPT Parcel A, part of the SW1/4 of the SE1/4 and the East 33 feet of the SE1/4 of the SW1/4 of Section 30, T89N, R4W of the Fifth P.M., Delaware County, Iowa.

3. This subordination is limited to (1) the amount actually loaned by the Lender to the Borrower (principal and accrued interest) for the foregoing purposes, (2) future advances for taxes, insurance, and payments on liens prior to the Lender's lien, and (3) the amount actually advanced for foreclosure costs made by the Lender. Any amount in excess of such amount will not be covered by this subordination unless prior written consent was obtained from the Government for incurring the expenditure in question:

4. The Lender must incorporate into the Borrower's note a statement that the loan will be in default should any proceeds of the loan funds obtained as a result of this subordination be used (1) for a purpose that will contribute to the excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as provided by 7 C.F.R. part 1940, subpart G or any successor regulation, or (2) for any purpose not provided for above.

5. *(NOTE TO LENDER: You are advised to obtain a perfected security interest on the above property. When the indebtedness has been satisfied, please mark this form "PAID IN FULL" and return it to the Department of Agriculture at the following address:

Farm Service Agency
200 South 12th St
Manchester, IA 52057
_____ )

6. IN WITNESS WHEREOF, The United States of America has caused this subordination to be signed on the *(a)* 3rd day of *(b)* August, 2004 .

**UNITED STATES OF AMERICA,**

WITNESS: *(c)* _____ BY *(e)* Tammy M. Eibey
TAMMY M. EIBEY

*(d)* _____ TITLE *(f)* Farm Loan Officer

**7. ACKNOWLEDGMENT**

STATE OF *(a)* Iowa }
COUNTY OF *(b)* Delaware } *ss.*

On this *(c)* 3rd day of *(d)* August, 2004, before me, personally appeared *(e)* Tammy M. Eibey, Farm Loan Officer, to be known to me to be the same person whose name is subscribed to the foregoing instrument, and acknowledged that he/she signed and delivered the instrument as his/hers free and voluntary act, for the uses and purposes set forth.

My commission expires: *(f)* _____

NOTARIAL SEAL IOWA
CATHY L. GREIF
Commission Number 175823
My Comm. Exp. 8-31-06

*(g)* Cathy L Greif
NOTARY PUBLIC

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