City State Bank
PO Box 502
Central City, IA 52214

Book 2005 Page 889
Document 2005 889 Type 04 08 Pages 2
Date 3/16/2005 Time 9:26 AM
Rec Amt $12.00

DEBORAH L. PEYTON, RECORDER/REGISTRAR
DELAWARE COUNTY IOWA
200 S. 12th St.

Prepared by: Craig R. Thines, FLM, Farm Service Agency, Manchester, IA 52057 563-927-4250

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)* KELCHEN BROS., (JAMES KELCHEN, MARY KELCHEN, LAWRENCE KELCHEN) 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)*
REAL ESTATE MORTGAGE	03/01/2002	03/01/2002	DELAWARE COUNTY RECORDER	2002	773

AND, *(j)* CITY STATE BANK (called the "Lender") has agreed to loan *(k)* $90,000.00 to *(l)* KELCHEN BROS. and _____ (called the "Borrower") for the following purposes: *(m)*

LOAN IS FOR ANNUAL OPERATING EXPENSES FOR 2005, 2006 AND 2007. SEE CITY STATE BANK NOTE NO. 51207.

THE MONIES MONIES BORROWED ARE TO BE REPAID BY MARCH 1, 2008. THE SUBORDINATION WILL NOT BE EXTENDED OR RENEWED.

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 W1/2 OF THE NE1/4; THE SE1/4 OF THE NW1/4; THE S1/2 OF THE SW1/4 OF THE SW1/4 ALL IN SEC 34, T88N, R5W OF THE 5TH P.M., EXCEPT EASEMENTS OF RECORD, EXCEPT A 5 ACRE PARCEL LOCATED IN THE SW1/4 OF THE NE1/4, SEC 34, T88N, R5W, WHICH INCLUDES THE HOUSE AND BUILDINGS AND; THE SE1/4 AND THE NE1/4 OF THE SW1/4, SEC 33, T88N, R5W OF THE 5TH P.M. EXCEPT EASEMENTS OF RECORD.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

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)* 14TH day of *(b)* MARCH, 2005 .

UNITED STATES OF AMERICA,

WITNESS: *(c)* _____

(d) _____

BY *(e)* Craig R Thines
CRAIG R THINES

TITLE *(f)* FARM LOAN MANAGER

7. ACKNOWLEDGMENT

STATE OF *(a)* IOWA
COUNTY OF *(b)* DELAWARE } *ss.*

On this *(c)* 14TH day of *(d)* MARCH, 2005, before me, personally appeared *(e)* CRAIG R. THINES, 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/her 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