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DEBORAH L PEYTON, RECORDER/REGISTRAR
DELAWARE COUNTY IOWA

Prepared by & return to:
Rosemary Drees, F&M Bank, PO Box 588, Manchester, IA 52057 Phone: (563) 927-4475

SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS THAT:

The City of Manchester, a corporation, of Manchester, Iowa, is mortgagee of a certain Forgivable Loan Agreement dated November 21, 1995, executed by Francis Unertl and Pam Unertl, husband and wife, as mortgagors, recorded May 21, 1996, in Book 40, T.L.M., Page 253 of the records of the Delaware County Recorder concerning the following described real estate:

> Lot Five Hundred Fifty Nine (559), Manchester, Iowa, according to plat recorded in Book I L.D., Pages 284-285.

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 Frank C. Unertl a.k.a. Francis C. Unertl and Pamela A. Unertl, husband and wife, in favor of the Farmers & Merchants Savings Bank, Manchester, Iowa, as Mortgagee, securing a Note dated January 10, 2008, in the amount of $27,000.00 with the subordinated amount not to exceed $16,284.00, with a fixed rate, and to be due February 1, 2023.

The undersigned, City of Manchester, 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 $16,284.00 of said mortgage indebtedness. Any mortgage indebtedness to the Farmers and Merchants Savings Bank exceeding $16,284.00 shall be subordinate to the Real Estate Mortgage described herein.

City of Manchester, Iowa

Milt L. Kramer, Mayor

Erin Rempe, City Clerk

State of Iowa, Delaware County, ss:

On this 20th day of May, 2008, before me, Julie A. Schmitz, a Notary Public in and for Delaware County, Iowa, appeared Milt L. Kramer and Erin Rempe to me personally known, who being by me duly sworn, did say that Milt L. Kramer and Erin Rempe are the Mayor and City Clerk of the City of Manchester, 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 the corporation, by the authority of the City Council, as contained in Resolution Number R-018-2008 adopted by the City Council on the 14th day of January, 2008, and that Milt L. Kramer and Erin Rempe acknowledge the execution of the instrument to be their voluntary act and deed and the voluntary act and deed of the corporation, by it voluntarily executed.

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

Notary Public in and for Delaware County

NOTARIAL SEAL IOWA

JULIE A. SCHMITZ
Commission Number 224151
My Commission Expires
8-23-08