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DEBORAH L PEYTON, RECORDER/REGISTRAR
DELAWARE COUNTY IOWA

Prepared by & return to: Jane Rubner, F&M Bank, PO Box 588, Manchester, IA 52057
(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 Construction Agreement and Mortgage dated April 6, 2004, executed by David A. Cabalka & Linda M. Cabalka, husband and wife, as mortgagors, recorded April 12, 2006, in Book 2006, Page 1361 of the records of the Delaware County Recorder concerning the following described real estate:

> Lot Six (6) of the Subdivision of Lots Seventy Nine (79), Eighty (80) and Eighty One (81) of Henry Acers' Addition in the Southwest Quarter (SW1/4) of Section Twenty (20), Township Eighty Nine (89) North, Range Five (5), West of the Fifth Principal Meridian, in the City of Manchester, Delaware County, Iowa, according to plat recorded in Book 3 Plats, Page 56.

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 Construction Agreement and Mortgage insofar as the following Mortgage is concerned, but not otherwise:

> That certain Mortgage by David A. Cabalka and Linda M. Cabalka, husband and wife, in favor of the Farmers & Merchants Savings Bank, Manchester, Iowa, as Mortgagee, securing a Note dated June 28, 2010, recorded in Book 2010, Page 2101, in the amount of $41,150.00, with the subordinated amount not to exceed $1,529.51 with a fixed rate, and to be due September 1, 2017

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 $1,529.51 of said mortgage indebtedness. Any mortgage indebtedness to the Farmers and Merchants Savings Bank exceeding $1,529.51 shall be subordinate to the Real Estate Mortgage described herein.

City of Manchester

Milt L. Kramer

CITY SEAL MANCHESTER IOWA

State of Iowa, Delaware County, ss:

On this 11 day of APRIL, 2011, before me, LAURA K. THOMAS, 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 authority of its Board of Directors, and said MILT L. KRAMER AND ERIN REMPE acknowledged the execution of this instrument to be the voluntary act and deed of the said corporation, by them voluntarily excecuted.

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

Laura K Thomas
Notary Public in and for Delaware County
LAURA K. THOMAS

NOTARIAL SEAL IOWA
LAURA K. THOMAS
Commission Number 718135
My Commission Expires
8-26-11