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FILED NO. 004445  
 BOOK 218 PAGE 33

2000 MAY 26 PM 3:49

Prepared by: Teresa Golightly, Union State Bank, 201 West Court, Winterset, Iowa 50273

MICHELLE UTSLER  
 RECORDER  
 MADISON COUNTY, IOWA

**SUBORDINATION AGREEMENT**

The undersigned is the owner and holder of a Real Estate Mortgage (hereinafter collectively called the mortgage) made by Arthur A. Smith (hereinafter called "Borrower") and recorded on the 9th day of June, 1999 in the office of the Madison County Recorder of the County of Madison, State of Iowa in Book 209 of Deeds, at Page 326 and covering the following described premises (set forth legal description of property):

The South Half (1/2) of Lot Eight (8) and the South half (1/2) of Lot Seven (7) all in Block Eight (8) of the Original Town Plat of Bevington, Madison County, Iowa.

The Borrower has applied for a secured loan in the amount of \$ 75,360.83 for a term of Thirty-six (36) months from Union State Bank (hereinafter called "Bank"). Bank has declined to make such a loan unless the undersigned subordinates its mortgage in the above described premises to Bank.

The proceeds of this proposed loan will be used for the following purposes: Building improvements and remodeling.

The loan is secured by a real estate mortgage dated May 16, 2000 and filed for record on May 17, 2000 in the Office of Recorder of Madison County in Book 217 on Page 712.

Therefore, in order to induce Bank to make said loan to borrower, and in consideration of the consummation of said loan in reliance upon this Subordination Agreement, the undersigned hereby subordinates all right, title and interest under said outstanding mortgage of otherwise in and to the property described above as against said loan to be made by said Bank, in an amount not to exceed \$75,360.83, so that the above referenced mortgage executed by borrower to Bank shall grant a mortgage in said property superior to the outstanding mortgage the undersigned and superior to the indebtedness secured thereby, except as herein limited.

Bank may renew or extend the time of payment or otherwise alter the terms of any of the indebtedness of Borrower to Bank and may deal with the security in any way desired by Bank without impairing or affecting this Subordination Agreement and without incurring any liability thereby.

This Subordination Agreement shall be binding upon the successors and assigns the undersigned lender and shall operate to the benefit of Lender, its successors and assigns.

**NOTICE**

**ORAL OR IMPLIED CHANGES TO THIS OR ANY OTHER CREDIT AGREEMENT(S) (EXCEPT CONSUMER LOANS OR OTHER EXEMPT TRANSACTIONS) WITH THIS LENDER ARE NOT ENFORCEABLE AND SHOULD NOT BE RELIED UPON. IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT. THIS NOTICE ALSO APPLIES TO ANY OTHER CREDIT AGREEMENTS (EXCEPT CONSUMER LOANS OR OTHER EXEMPT TRANSACTIONS) NOW IN EFFECT BETWEEN YOU AND THIS BANK.**

The undersigned acknowledges receipt of a copy of this instrument.

Dated this 26 day of May, 2000.

By: Steven D. Warrington  
 Steven D. Warrington  
 Senior Vice President

By: Duane Gordon  
 Duane Gordon  
 Vice President



**ACKNOWLEDGMENT:**

STATE OF IOWA )  
 ) ss  
 COUNTY OF Madison )

On this 26th day of May, 2000, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Steven D. Warrington and Duane Gordon, to me personally known, who, being by me duly sworn, did say that they are the Senior Vice President and Vice President respectively, of the corporation, executing the foregoing instrument, that (no seal has been procured by)(the seal affixed thereto is the seal of) the corporation; that the instrument was signed (and sealed) on behalf of the corporation by authority of its Board of Directors; that Steven D. Warrington and Duane Gordon, acknowledged the execution of the instrument to be the voluntary act and deed of the corporation by it voluntarily executed.

JOYCE E. BINNS  
 MY COMMISSION EXPIRES  
 1-10-02

Joyce E. Binns  
 NOTARY PUBLIC IN AND FOR THE STATE OF IOWA