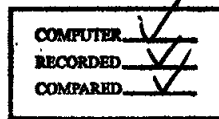


REC \$ 5.00
AUD \$ _____
R.M.F. \$ 1.00



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2002 SEP -4 PM 3: 26

Preparer: ✓ Farmers & Merchants State Bank, 101 W. Jefferson, PO Box 29, Winterset, IA 50273 (515) 462-4381

MICKLITSLER
RECORDER
MADISON COUNTY, IOWA

SUBORDINATION AGREEMENT

WHEREAS, Bryan Nelson and Tawnya Nelson, husband and wife, granted to Farmers and Merchants State Bank, a mortgage in the principal amount of \$35,000.00, dated July 16, 2002 and filed July 17, 2002 mortgage record 2002 page 3495 of the Recorder's Office of Madison County, Iowa, covering and encumbering the following described real estate:

The North Half (1/2) of the Northeast Quarter (1/4) of the Northeast Quarter (1/4) of Section Sixteen (16) in Township Seventy-four (74) North, Range Twenty-six (26) West of the 5th P.M., Madison County, Iowa,

WHEREAS, Bryan Nelson and Tawnya Nelson, husband and wife, granted to Farmers & Merchants State Bank a mortgage in the principal sum of \$125,000.00 dated July 16, 2002 and filed July 22, 2002 in book 2002 page 3565 of the Recorder's Office of Madison County, Iowa, also covering and encumbering the above described real estate.

NOW THEREFORE, Farmers and Merchants State Bank does hereby subordinate its mortgage described above recorded in mortgage record 2002 page 3495 of the Recorder's Office of Madison County, Iowa, in favor of and to the mortgage described above held by Farmers & Merchants State Bank recorded in book 2002 page 3565 of the Recorder's Office of Madison County, Iowa.

IN ALL OTHER respects said mortgage of Farmers and Merchants State Bank and its priority position as to all other liens on said property, not specifically mentioned herein shall remain in full force and effect.

Dated this 30th day of August, 2002.

FARMERS & MERCHANTS STATE BANK

By: Tawnya A. Gibson
Tawnya A. Gibson
Secondary Market Representative

STATE OF IOWA, COUNTY OF MADISON, ss:

On this 30th day of August, 2002, before me, the undersigned, a Notary Public in and for the State, personally appeared Tawnya A. Gibson to me personally known, who being by me duly sworn, did say that they are the Secondary Market Representative of the corporation executing the within and foregoing instrument to which this is attached, that (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; and that Shane K. Pashek as officer acknowledged the execution of the foregoing instrument to be the voluntary act and deed of the corporation, by it and by them voluntarily executed.



Staci Shortt
Notary Public in and for said State.

Acknowledgment: For use in the case of corporations