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FILED NO. 000026
BOOK 2003 PAGE 26
2003 JAN -2 PM 3: 29

MICKI UTSLER
RECORDER
462-4381
IOWA

Preparer: Farmers & Merchants State Bank, 101 W. Jefferson, PO Box 29, Winterset, IA 50273

SUBORDINATION AGREEMENT

WHEREAS, Douglas G. Nelson and Julie M. Nelson, husband and wife, granted to Farmers and Merchants State Bank, a mortgage in the principal amount of \$35,000.00, dated August 9, 2001 and filed August 15, 2001 mortgage record 2001 page 3609 of the Recorder's Office of Madison County, Iowa, covering and encumbering the following described real estate:

See legal description attached,

WHEREAS, Douglas G. Nelson and Julie M. Nelson F/K/A Julie M. Lammers, husband and wife, granted to Farmers & Merchants State Bank a mortgage in the principal sum of \$200,000.00 dated November 20, 2002 and filed November 25, 2002 in book 2002 page 5773 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 2001 page 3609 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 5773 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 24th day of December, 2002.

FARMERS & MERCHANTS STATE BANK

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

STATE OF IOWA, COUNTY OF MADISON, ss:

On this 24th day of December, 2002, before me, the undersigned, a Notary Public in and for the State, personally appeared Tawyne 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

_____ 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.

STACI L. SHORTT
Commission Number 706010
My Commission Expires
10-9-03

Acknowledgment: For use in the case of corporations

A parcel of land located in the Southwest Quarter (¼) of the Southeast Quarter (¼) of Section Twelve (12), in Township Seventy-six (76) North, Range Twenty-eight (28) West of the 5th P.M., Madison County, Iowa, more particularly described as follows: Beginning at the Northeast corner of the Southwest Quarter (¼) of the Southeast Quarter (¼) of Section Twelve (12), in Township Seventy-six (76) North, Range Twenty-eight (28) West of the 5th P.M., Madison County, Iowa, thence along the East line of said Southwest Quarter (¼) of the Southeast Quarter (¼), South 00°11'22" West 901.49 feet, thence North 89°42'18" West 847.12 feet, thence North 01°34'21" West 595.12 feet to the centerline of the North River, thence along said centerline South 89°48'38" East 123.69 feet, thence North 50°24'39" East 87.83 feet, thence North 28°48'19" East 188.08 feet, thence North 15°04'00" East 87.76 feet to the North line of said Southwest Quarter (¼) of the Southeast Quarter (¼), thence departing said centerline of river and along said North line, South 89°42'18" East 561.62 feet to the Point of Beginning, said parcel of land contains 16.115 Acres, including 2.936 of Highway right-of-way