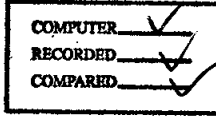


REC \$ 5.00
AUD \$ _____
R.M.F. \$ 1.00



MICKI UTSLER
RECORDER

515 262-2481 CITY, IOWA

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

SUBORDINATION AGREEMENT

WHEREAS, William G. Kneller and Deborah J. Kneller, husband and wife, granted to Farmers and Merchants State Bank, a mortgage in the principal amount of \$11,890.20, dated August 29, 2001 and filed September 4, 2001 mortgage record 2001 page 3939 of the Recorder's Office of Madison County, Iowa, covering and encumbering the following described real estate:

Lot Two (2) of Mason's Subdivision to the City of Winterset, Madison County, Iowa,

WHEREAS, William G. Kneller a/k/a William G. Kneller Jr. and Deborah J. Kneller, husband and wife, granted to Farmers & Merchants State Bank a mortgage in the principal sum of \$108,000.00 dated March 6, 2003 and filed March 11, 2003 in book 2003 page 1351 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 3939 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 2003 page 1351 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 March, 2003.

FARMERS & MERCHANTS STATE BANK

By: Tawyne A. Gibson
Tawyne A. Gibson
Mortgage Lender

STATE OF IOWA, COUNTY OF MADISON, ss:

On this 24th day of March, 2003, 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 Mortgage Lender 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.

Acknowledgment: For use in the case of corporations

