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BOOK 2003 PAGE 4395

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MICKI UTSLER
RECORDER
MADISON COUNTY, IOWA

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

SUBORDINATION AGREEMENT

WHEREAS, Todd A. McCullough and Pamela E. McCullough, husband and wife, granted to Farmers and Merchants State Bank, a mortgage in the principal amount of \$18,000.00, dated February 14, 1998 and filed February 25, 1998 mortgage record 196 page 53 of the Recorder's Office of Madison County, Iowa, covering and encumbering the following described real estate:

The Northwest Quarter (1/4) of the Northwest Quarter (1/4) of Section Twenty-two (22), in Township Seventy-four (74) North, Range Twenty-eight (28) West of the 5th P.M., Madison County, Iowa.

WHEREAS, Todd A. McCullough and Pamela E. McCullough, husband and wife, granted to Farmers & Merchants State Bank a mortgage in the principal sum of \$130,000.00 dated May 19, 2003 and filed May 23, 2003 in book 2003 page 3049 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 196 page 53 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 3049 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 25th day of July, 2003.

FARMERS & MERCHANTS STATE BANK

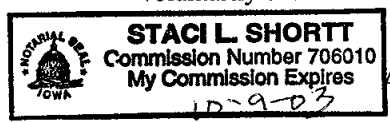
By: Tawyne A. Gibson
Tawyne A. Gibson
Mortgage Lender



STATE OF IOWA, COUNTY OF MADISON, ss:

On this 25th day of July, 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