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BOOK 2003 PAGE 4435
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MICKI UTSLER
RECORDER
462-4387
IOWA

Preparer: Farmers & Merchants State Bank, 101 W. Jefferson, PO Box 29, Winterset, IA 50273 (515) 462-4387

SUBORDINATION AGREEMENT

WHEREAS, Jayson P. Gibson and Tawyne A. Gibson, husband and wife, granted to Farmers and Merchants State Bank, a mortgage in the principal amount of \$10,000.00, dated December 16, 2002 and filed December 23, 2002 mortgage record 2002 page 6247 of the Recorder's Office of Madison County, Iowa, covering and encumbering the following described real estate:

Lot Two (2) of Maass Subdivision, located in the Northwest Fractional Quarter (1/4) of the Southwest Quarter (1/4) of Section Eighteen (18), Township Seventy-five (75) North, Range Twenty-seven (27) West of the 5th P.M., Madison County, Iowa,

WHEREAS, Jayson P. Gibson and Tawyne A. Gibson, husband and wife, granted to Farmers & Merchants State Bank a mortgage in the principal sum of \$153,000.00 dated April 21, 2003 and filed April 25, 2003 in book 2003 page 2383 of the Recorder's Office of Madison County, Iowa, also covering and encumbering the above described real estate.

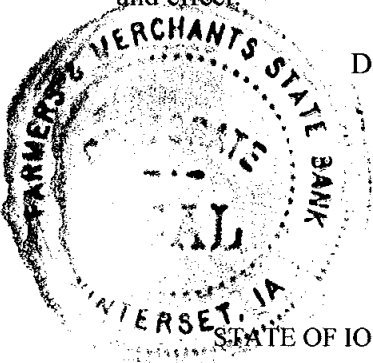
NOW THEREFORE, Farmers and Merchants State Bank does hereby subordinate its mortgage described above recorded in mortgage record 2002 page 6247 of the Recorder's Office of Madison County, Iowa, in favor of and to the mortgage described above held by Farmers & Merchants State Bank recorded in book 2003 page 2383 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: Tim J. Rethmeier, V.P.
Tim J. Rethmeier
Vice President



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 Tim J. Rethmeier to me personally known, who being by me duly sworn, did say that they are the Vice President 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 L. SHORTT
Commission Number 706010
My Commission Expires 10-9-03

Staci Shortt
Notary Public in and for said State.

knowledge: For use in the case of corporations