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✓ Preparer: Farmers & Merchants State Bank, 101 W. Jefferson, PO Box 29, Winterset, IA 50273 (515) 462-2088  
MICKI UTSLER  
MADISON COUNTY, IOWA

### SUBORDINATION AGREEMENT

WHEREAS, Timothy John Rethmeier and Gayle Lynne Rethmeier, husband and wife, (hereinafter called "Borrower") granted to Farmers and Merchants State Bank, a mortgage in the principal amount of \$32,000.00, dated February 22, 2002 and filed February 25, 2002, in Mortgage Record 2002, Page 926 of the Recorder's Office of Madison County, Iowa, covering and encumbering the following described real estate:

The West Forty-Six (46) feet of Lot Three (3) and the East Forty (40) feet of Lot Four (4) of Bond-Peterson Place, an Addition to the Town of Winterset, Madison County, AND the South Seventeen (17) feet of the North Twenty-five (25) feet of the West Eighty-Six (86) feet of the East One Hundred Seventy (170) feet of Lot Twenty-One (21) of Clark's Irregular Survey of the North Quarter (1/4) of the Southwest Quarter (1/4) of the Northeast Quarter (1/4) of Section Thirty-Six (36), Township Seventy-Six (76) North, Range Twenty-Eight (28) West of the 5<sup>th</sup> P.M., as shown by the Plat thereof recorded in Land Plat Record 1 page 66 of the records in the Office of the Madison County Recorder.

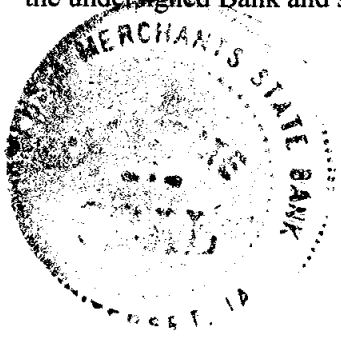
WHEREAS, the Borrower has applied for a secured loan in the amount of \$135,000.00 for a term of 180 months from Bankers' Bank (hereinafter called "Lender"). Bankers' Bank has declined to make such loan unless the undersigned Bank subordinates its mortgage in the above-described property to Lender.

NOW THEREFORE, in order to induce Lender to make said loan to Borrower, and in consummation of said loan in reliance upon this Subordination Agreement, Farmers and Merchants State Bank does hereby subordinate its mortgage described above recorded in Mortgage Record 2002, Page 926 of the Recorder's Office of Madison County, Iowa, in favor of Bankers' Bank, in an amount not to exceed \$135,000.00, so that the mortgage to be executed by Borrower to Lender shall grant a lien in said property superior to the outstanding mortgage of Farmers & Merchants State Bank, except as herein limited.

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.

THIS SUBORDINATION AGREEMENT shall be binding upon the successors and assigns of the undersigned Bank and shall operate to the benefit of the Lender, its successors and assigns.

Dated this 5<sup>th</sup> day of August, 2003.



FARMERS & MERCHANTS STATE BANK

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

STATE OF IOWA, COUNTY OF MADISON, ss:

On this 20<sup>th</sup> day of June, 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 Tawyne A. Gibson 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.

Gina M. Hackett  
Notary Public in and for said State.

Acknowledgment: For use in the case of corporations

