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LISA SMITH, COUNTY RECORDER
MADISON IOWA

USDA

SUBORDINATION BY THE GOVERNMENT

Form RD 460-2
(Rev. 1-02)

Prepared By: USDA Rural Development

Return to: Susan Merrick, 909 E. 2nd Ave Ste C, Indianola, IA 50125

The United States of America acting through the United States Department of Agriculture (called the "Government") is the owner and holder of the following-described instruments executed by Dale L. Cleghorn and Michell L. Cleghorn of Madison County, State of Iowa

Title of Instrument	Date of Instrument	Date Filed	Office Filed	Document File or	
				Book No	Page No.
Real Estate Mortga	12/19/80	12/19/80	Recorder	Book 133	763

AND, Union State Bank (called the "Lender") has agreed to loan the principal sum of \$ 30,421.01 to the borrower with interest at the per annum rate not to exceed 8.00 percent for the following purposes only:

To refinance principle and interest on debt owed by borrower. \$10,143.69 is the amount of recapture that is due and payable when title to the property is conveyed or the dwelling is no longer occupied by the above named borrower.

THEREFORE, in consideration the Lender's agreement to make such loan to the Borrower and subject to the terms and conditions set forth below, the Government (1) consents to the Borrower obtaining the loan from the Lender for the above described purposes, and (2) agrees to and does subordinate in favor of the Lender and its successors and assigns its liens of security interests created or evidenced by the above-described instruments insofar as such Security Instrument is secured by the following-described property that will secure the Lenders Loan, provided the Lender perfects a lien on that property:

This subordination is limited to (1) the amount actually loaned by the Lender to the Borrower (principal and accrued interest) for the foregoing purposes, (2) future advances for taxes, insurance, and payments on liens prior to the Lender's lien, and (3) the amount actually advanced for foreclosure costs made by the Lender. Any amount in excess of such amount will not be covered by this subordination unless prior written consent was obtained from the Government for incurring the expenditure in question.

The Lender must incorporate into the Borrower's Promissory Note a statement that the Loan will be in default should any proceeds of the Loan funds obtained as a result of this subordination be used (1) for a purpose that will contribute the excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, provided by Exhibit M of Subpart G of Part 1940 Title 7, Code of Federal Regulations, or (2) for any purpose not provided for above.

The parties further agree as follows:

The Lender will not declare the Loan to be in default and the Loan will not be accelerated unless at least 90 days prior written notice has been provided to the Government:

The Lender agrees that the Government may, at its option, cure any monetary default by the Borrower by ~~paying the amount of the Borrower's delinquent payments to the Lender.~~

If the Government obtains title to the real property which secured the Loan, whether by foreclosure or deed in lieu of foreclosure, the Lender consents to the transfer of such real property by the Government subject to the Lender's lien notwithstanding any prohibition in any of the Lender's security instruments to the contrary.

Any notice to be given by either party to the other shall either be delivered in person or deposited in the United States mail, duly certified, with postage prepaid, and addressed to the party for whom intended.

Each of the terms, covenants and conditions of this subordination shall extend to and be binding on the assigns of each party to this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Subordination by the Government on this 23rd day of April, 20 07.

UNITED STATES OF AMERICA,

By Jodi Martin

Name Jodi Martin

Title Single Family Housing Specialis

United States Department of Agriculture

By _____

Name _____

Title _____

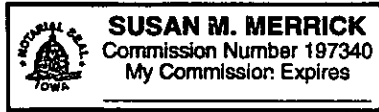
(NOTE TO LENDER: You are advised to obtain a perfected security interest on the above property. When the indebtedness has been satisfied please mark this form "PAID IN FULL" and return it to the Department of Agriculture at the following address: 909 E 2nd Ave Ste C, Indianola, IA 50125)

ACKNOWLEDGMENT

STATE OF Iowa
COUNTY OF Warren } ss:

On this 23rd day of April, 20 07, before me personally appeared Jodi Martin and _____ known to me to be she, United States Department of Agriculture, and the person(s) described in and who executed the foregoing Subordination By the Government, and acknowledged she executed the same as her the free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand affixed my official seal in my office in Indianola, Iowa the day and year first written above.



(SEAL)

My commission expires 7-10-2007

Susan M. Merrick
Notary Public