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SUBORDINATION AGREEMENT

MICHELLE UTSLER
RECORDER
MADISON COUNTY, IOWA

THIS AGREEMENT, made and entered into by and between Farmers and Merchants State Bank, hereinafter called the Bank and Daryl E. Walker and Norma J. Walker, hereinafter called Walkers.

WHEREAS, Walkers as sellers and Thomas C. Walker and Trena G. Walker as purchasers entered into a Conditional Sales Contract dated April 1, 1993, a copy of which is attached hereto.

WHEREAS, the Bank will make a loan or loans to Thomas C. Walker and Trena G. Walker, which loans will be secured by a security interest covering the property being sold by the Walkers to Thomas C. Walker and Trena G. Walker in said Conditional Sales Contract.

WHEREAS, Walkers desire to subordinate their interest in said property as sellers under said Conditional Sales Contract to the Banks security interest.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1) Walkers agree that their interest as sellers in the property covered by said Conditional Sales Contract shall be subordinate to any security interest the Bank shall obtain upon the property covered by the said Conditional Sales Contract, which security interest will be given to secure a loan or loans to be made by the Bank to Thomas C. Walker and Trena G. Walker.

2) This Subordination Agreement shall continue to be effective for loans now or hereafter made to Thomas C. Walker and Trena G. Walker which are secured by said security interest or any renewals or extensions of such loans.

Dated: July 12, 1994.

State of Iowa
County of Madison

Sworn to and subscribed before me this
12th day of July, 1994.

Gina M. Hackett
Gina M. Hackett
Notary Public



WALKERS

Daryl E. Walker
Daryl E. Walker

x Norma J. Walker
Norma J. Walker

FARMERS AND MERCHANTS STATE BANK

By William L. Davis

CONDITIONAL SALES CONTRACT

THIS AGREEMENT executed this 1st day of April, 1993, by and between Daryl E. Walker and Norma J. Walker, Sellers, and Thomas C. Walker and Trena G. Walker, as joint tenants with full right of survivorship, Purchasers,

WITNESSETH:

Purchasers hereby purchase and Sellers do hereby sell, subject to the terms and conditions hereinafter set forth, the property described below, the same being the entire stock in trade, fixtures and equipment of the business heretofore operated by the Sellers in Winterset, Iowa, and known as Walker's Cleaners, all of which property the Purchasers agree to keep and maintain as personal property in Winterset, Madison County, Iowa, on the premises to be occupied as a place of business by the Purchasers at 212 North First Street, said property being enumerated and described as follows, to-wit:

All fixtures and equipment in the hands of the Sellers now or normally used in the operation of said business and more particularly described in the inventory attached hereto, marked Exhibit "A" and by this reference made a part hereof;

All materials and supplies maintained by the Sellers in the operation of said business as of this date, including such items as cleaning materials, bags, hangers and other materials and supplies now or normally used in the operation of said business and now on hand;

The Sellers' interest in all finished cleaning now in the possession of the Sellers for delivery to customers, which interest shall now and hereby pass to the Purchasers subject to the conditions hereinafter stated.

In purchase of all of the above described property, the Purchasers agree to pay the Sellers a total price of Fifty-five Thousand Dollars (\$55,000.00) at seven percent (7%) interest with no down payment, as follows: The sum of \$638.60, with interest, as shown on the Mortgage Loan Analysis marked Exhibit "B" and attached hereto, which sum is due on the first day of each month for ten (10) years or until fully paid, whichever comes first. Purchasers shall have the right to make

additional payments upon the principal balance hereof on any due date of principal or interest payments.

The sale herein contemplated shall not include transfer of ownership of accounts receivable now held by the Sellers, the ownership of which the Sellers retain. Transfer herein contemplated shall not include the transfer of accounts now payable by the Sellers, the obligation upon which the Sellers retain.

As a portion of the agreed transaction between and among the parties hereto, the Sellers agree to transfer their lease with Farmers and Merchants State Bank, Winterset, Iowa, under date of December 11, 1989, to the Purchasers, which Lease Agreement is marked Exhibit "C" and attached hereto.

The contract of sale herein effected shall be further conditioned by each and all of the provisions hereinafter stated, to-wit:

1. The Purchasers will retain the Seller, Daryl E. Walker, as a paid consultant for the business for at least six (6) months or more.

2. The Purchasers agree to keep the above described property insured against loss or damage by fire, wind, theft, and accident, in an insurance company or companies satisfactory to the Sellers, in an amount not less than the unpaid portion of the purchase price, such insurance to be payable to the Sellers as its interest may appear, and the policies therefor to be delivered to and retained by the Sellers until the purchase price is paid in full. If the Purchasers fail at any time to provide such insurance, the Sellers may have the property insured and the cost of such insurance shall be paid by the Purchasers.

3. The Purchasers agree to keep, use and maintain the property in a careful manner so as not to unreasonably or unnecessarily expose the same to damage, wear or depreciation, and agree to keep the same in good order and repair and free of all taxes, liens and encumbrances whatsoever, and agree not to remove the property from its place of business described above nor to sell, assign, or transfer its rights under this contract or transfer possession of said property or permit the same to pass from its possession.

4. In the event of any default by the Purchasers in the performance of any of the terms or conditions hereof, the Sellers may, at their option and without notice, declare the unpaid portion of the purchase price, together with accrued interest thereof, if any, immediately due and payable, and thereupon the Sellers may either proceed to collect from the Purchasers the balance due or retake possession of the property wherever it may be found, with or without legal process, and hold the same free of all claims of the Purchasers and retain as liquidated damages all payment theretofore made.

(2)

5. For the purpose of enforcing the Sellers' rights hereunder, the Purchasers authorize the Sellers to enter on the premises, with or without notice, and remove the property, and hereby waives any action, or right of action, arising out of such entry and repossession, and if the matter be placed in the hands of any attorney or collector for suit or collection, the Purchasers agree to pay the reasonable value of such services and expenses.

6. The Purchasers agree that if the contract be assigned the Sellers shall not be deemed the agent of the assignee, and all payments shall be made to the assignee or its agents absolutely, hereby waiving all rights now or hereafter existing in the Purchasers' favor against the Sellers to make any defense, counterclaim, or offset to any demand or action brought by the assignee to recover any payments due hereunder, or to enforce any rights hereunder, or to recover possession of the property, the Purchasers agreeing that all claims or demands on their part against the Sellers shall be independent of any action or claim by the assignee against the Purchasers. Purchasers shall not assign this contract without the written consent of the Sellers.

7. It is understood and agreed that no verbal or written understanding or agreement of any kind exists in regard to the property or the payments therefor other than what is herein expressly stated; that all goods purchased hereunder are bought by the Purchasers in sole reliance on and subject to the manufacturer's warranty, if any. Any provision of this contract prohibited by laws of any state shall as to such state be ineffective to the extent of such prohibition without invalidating the remaining provisions of this contract.

8. In the event both Sellers shall die before the sale is finalized, this contract shall be null and void therefor making the Purchasers sole owners.

9. Performance of each and all of the terms of the real estate lease hereinbefore referred to by the Purchasers shall be considered a condition of the full performance of this contract.

The Purchasers hereby acknowledge receipt of a true copy thereof.

IN WITNESS WHEREOF, the parties have executed the foregoing agreement on the date last written above at Winterset, Madison County, Iowa.

State of Iowa
County of Madison

Sworn to and subscribed before me this
24th Day of March 1993.

Daryl E. Walker
Daryl E. Walker

Norma J. Walker
Norma J. Walker

SELLERS

Kimberly A. Townsend
Kimberly A. Townsend
My commission expires 7-18-93

Thomas C. Walker
Thomas C. Walker

Trena G. Walker
Trena G. Walker

PURCHASERS

EXHIBIT "A"

EQUIPMENT

- 1 Sissell Puff Iron
- 1 Form Finisher
- 1 Steel Reserve Water Tank
- 3 Steamex Machines - Model C-2
- 2 Thumb Switch Irons
- 1 Model 740 DL Drape Steam Chamber
- 1 Air Compressor
- 1 Rema Air Vacuum Unit - Model RP8
- 1 Rex Blind Stitch Machine - Model 118-2
- 1 High Steam Portable Steam Iron
- 1 Teflon Shoe for Iron
- 1 Pillow Machine
- 1 Wet & Dry Vacuum
- 1 #1200 O-Zone Unit (Servtek)
- 1 Sharp Electric Calculator - EL 1601
- 1 Equip. - Boiler
- 1 Equip. - Pump with strainer
- 1 Desk
- 1 Air Flow Fan
- 3 Fans
- 1 Kenmore Washer
- 1 Laundry Tub
- 2 Utility Press
- 1 Topper
- 1 Hot Water Heater
- 1 Cleaning Machine
- Filter
- Dryers
- 2 Portable Universal Sewing Machines
- 1 Conveyor
- 1 Ironing Board Unit
- File Drawers
- 1 Burroughs Cash Register
- Misc. Supplies
- Clothes on Rack

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