

STATE OF ALABAMA)

COUNTY OF SHELBY)

LIEN SUBORDINATION AND INDEMNITY



Preamble

Limited Liability Company

R & K Builders, L.L.C., a ~~corporation~~ ("Contractor") entered into a contract on __
__, 19 94 (the "Contract"), with R & K Builders, L.L.C. (the "Borrower") for
certain work as therein more particularly described, for, in or upon land in Shelby County, Alabama,
owned or to be owned by the Borrower described on Exhibit A hereto (the "Property") on
which a residence and other buildings and improvements and on-site and off-site
improvements are to be constructed, furnished and installed (collectively the "Project"). Pursuant
to the Contract, Contractor has and/or will furnish labor and materials and has and/or will perform
construction and other work on the Property, for which Borrower does and/or will owe Contractor.

Central Bank of the South ("Bank") has entered or may enter into a Loan Agreement and
other Loan Documents executed or to be executed by and between Bank and Borrower relating to
a loan to Borrower in the principal amount of up to \$100000, a portion of which sum may be used
by Borrower to pay Contractor the amount or portions of the amount owed the Contractor by
Borrower under the Contract. The Loan Agreement requires or will require, if the loan transaction
closes, among other things, that Bank obtain a first mortgage lien on the Property and the Project
be entitled to priority, to the extent of Bank's interest, over any claim or lien of Contractor for the
entire principal amount plus interest, future advances, expenses and charges, all as set forth in the
Mortgage and Security Agreement, Deed of Trust, Deed to Secure Debt or other similar instrument
(the "Mortgage") recorded or to be recorded in the real estate records of Shelby County, Alabama
and other Loan Documents.

NOW, THEREFORE, for and in consideration of the premises and in order to induce the
Bank to enter into the loan transaction with Borrower and to make advances to Borrower under the
Loan Agreement and other Loan Documents, Contractor agrees as follows:

1. Contractor hereby subordinates any and all lien or claim of, or right to, lien relating
to mechanics' and materialmen's liens and otherwise with respect to and on the Property and Project,
and on the improvements thereon, resulting from or attributable to the services, work and material
which have been and may in the future be furnished, performed or provided by Contractor or others
for Contractor under the Contract or otherwise to the claim, lien or interest of Bank, its said
successors and assigns, to the extent of the interest of Bank, its successors and assigns, arising out
of or related to the Loan, the Mortgage or other Loan Documents.

2. Contractor hereby agrees, to the extent of the interest of Bank, and Bank's successors
and assigns, arising out of or related to the Loan, the Mortgage or other Loan Documents, to

Lien Subordination and Indemnity Agreement
Form No. 99/32-2423 (8/87)

Inst # 1994-34650

11/21/1994-34650
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Inst # 1994-34650

indemnify and hold Bank, and Bank's successors and assigns, harmless from any and all claims, suits, or actions, liens or claim of, or right to, liens by Contractor, any subcontractor or employee of Contractor or any subcontractor relating to mechanics' and materialmen's liens or otherwise which would have priority over the claim, lien or interest of Bank or Bank's successors and assigns.

3. This Agreement will not inure to or otherwise benefit any third party except the successors and assigns of Bank and the title insurance company providing title insurance on the property and the Project.

Contractor agrees that Bank has no obligation to Contractor with respect to the Loan or any advance thereunder, and that Bank's obligations to Borrower with respect thereto are as, or will be, set forth in certain Loan Documents between Bank and Borrower when and if the Loan is closed with respect to which the Contractor is not a third party beneficiary. The relationship of Bank to Borrower is one of a creditor to a debtor and Bank is not a joint venturer or partner of Borrower.

It is expressly agreed that nothing herein shall impose upon Bank any obligation for payment or performance in favor of Contractor unless Bank notifies the Contractor in writing, after a default by Borrower, that Bank elects to assert Borrower's rights under the Construction Contract, and that Bank agrees to pay Contractor sums due Contractor thereunder.

IN WITNESS WHEREOF, Contractor has caused this Agreement to be executed and delivered to Bank as of the 16th day of November, 1994.

CONTRACTOR:

R & K Builders, L.L.C.

By: KADCO, Inc., Member

By: Chas B. Lf
Its: President

By: Reamer Building & Development Corporation, Member

By: J. S. Ream
Its: President

Attest:

By: Chas B. Lf
Secretary

Attest:

By: J. S. Ream
Secretary

STATE OF _____)

COUNTY OF _____)

I, the undersigned, Notary Public in and for said County in said State, hereby certify that _____, whose name as _____ of _____, a corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, _____, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand this the _____ day of _____, 19__.

[NOTARIAL SEAL]

Notary Public

My commission expires: _____

STATE OF ALABAMA
COUNTY OF SHELBY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that, Charles G. Kessler, Jr., whose name as President* of KADCO, Inc., Member of R & K Builders, L.L.C., a Limited Liability Company, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such officer of said Member of said Limited Liability Company, and full authority, executed the same voluntarily for and as the act of said Limited Liability Company.

*and Charles G. Kessler, Jr. whose name as Secretary

Given under my hand and official seal of office this the 16th day of November, 1994.

W. R. Bauld
Notary Public

My Commission Expires: 09/21/98

STATE OF ALABAMA
COUNTY OF SHELBY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that, John G. Reamer, Jr., and John G. Reamer, Jr. whose names as President and Secretary of Reamer Building & Development Corporation, Member of R & K Builders, L.L.C., a Limited Liability Company, are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they as such officers of said Member of said Limited Liability Company, and with full authority, executed the same voluntarily for and as the act of said Limited Liability Company.

Given under my hand and official seal of office this the 16th day of November, 1994.

Lien Subordination and Indemnity Agreement
Form No. 99/32-2423 (8/87)

W. R. Bauld
Notary Public

My Commission Expires: 09/21/98

EXHIBIT A

DESCRIPTION OF REAL PROPERTY

The following described real property located in Shelby County, Alabama:

[INSERT PROPERTY DESCRIPTION]

Lot 15, according to the Survey of Bent River Estates, Phase I, as recorded in Map Book 17, Page 135, in the Probate Office of Shelby County, Alabama; being situated in Shelby County, Alabama.

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