

SUBORDINATION AGREEMENT

THIS AGREEMENT is made this 30 day of December, 1992 (hereinafter the "Agreement") and is by and among CITIZENS BANK OF LEEDS (hereinafter "Bank") and SMALL BUSINESS ADMINISTRATION (hereinafter "SBA").

WHEREAS, GRADCO, INC. and MIKE SUMMERS (hereinafter jointly severally and collectively "Borrower") is either directly or indirectly currently indebted to SBA. Such indebtedness is evidenced by a promissory note (hereinafter "Note") from Borrower to SBA. The Note is secured by a mortgage (hereinafter "SBA Mortgage") of and concerning the property described on Exhibit "A" attached hereto and incorporated herein by this reference (hereinafter "Property"). The SBA Mortgage is from Borrower to SBA, and is recorded in Real Volume 290 at Page 306, et seq., in the Office of the Judge of Probate of Shelby County, Alabama.

WHEREAS Borrower has requested Bank to make a loan to Borrower, and Bank has agreed to make such loans, provided, among other things that Borrower gives and grants to Bank a mortgage on the Property (hereinafter "Bank Mortgage"), and that SBA enter into this Agreement and subordinates its rights under the SBA Mortgage to the rights of Bank under the Bank Mortgage. Such Bank Mortgage will be filed contemporaneously herewith.

WHEREAS SBA has agreed to enter into this Agreement.

WHEREAS contemporaneously herewith, Borrower has executed and delivered to Bank the Bank Mortgage, and Bank has made a loan to Borrower.

NOW THEREFORE in consideration of \$10.00, Bank making loans to Borrower, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Lien Priority: From and after the date hereof: (a) the Bank Mortgage shall have priority over the SBA Mortgage; and (b) the SBA Mortgage shall be and at all times remain, subject, inferior, and subordinate to the Bank Mortgage, and the obligations secured by the Bank Mortgage.

The priorities of the mortgages established, altered, or specified hereinabove shall be applicable, irrespective of the time or order of attachment, perfection, or recordation thereof, the method of perfection, the time or order of filing of mortgages or taking of possession, or the giving of or failure to give notice; provided, however, that the subordinations and relative priorities set forth herein are expressly conditioned upon the due and proper perfection, recordation, and the nonavoidability by a bankruptcy

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trustee, of any mortgage interest which have been accorded priority pursuant hereto; and provided, further, however, that if any mortgage interest to which any other interest has been subordinated pursuant hereto is not now perfected or recorded, or hereafter ceases to be perfected or recorded, or is avoidable by a bankruptcy trustee for any reason, then, the subordination specified herein with respect to such interests shall, to the extent not perfected, recorded, or avoidable, as the case may be, not be effective.

The relative priorities of any interests which are not established, altered, or specified herein shall exist and continue in accordance with the applicable provisions of law.

2. Contesting Liens or Security Interest: Neither Bank nor SBA shall contest the validity, perfection, priority or enforceability of any lien or mortgage granted to the other. Bank and SBA hereby agrees to cooperate in the defense of any action contesting the validity, perfection, priority or enforceability of such liens or mortgage.

3. Modification of Loans: Bank or SBA at any time and from time to time, may enter into such agreement or agreements with Borrower as they may deem proper, extending the time of payment of, or renewing or otherwise altering the terms of all or any of Borrower's obligations or debts to Bank and/or SBA or affecting the security or property underlying any or all of such obligations or debt, or may exchange, sell, release, surrender or otherwise deal with any such security or property, without in any way impairing or affecting this agreement thereby.

4. Duration: This Agreement shall remain in full force and effect until (i) all obligations of Borrower to Bank on the one hand, or SBA, on the other hand, have been paid and satisfied in full and Bank, on the one hand, or SBA on the other hand, have terminated and satisfied their mortgages with Borrower or (ii) upon the mutual agreement in writing of all parties hereto, whichever is the first to occur.

5. Choice of Law: This Agreement shall be construed and enforced in accordance with the laws of the State of Alabama.

6. Counterparts: This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one and the same instrument.

IN WITNESS THEREOF, Bank and SBA have executed this Agreement effective as of the date first above written.

BANK:

CITIZENS BANK OF LEEDS

By:

(Its

Raymond L. Smith
President)

SBA:

SMALL BUSINESS ADMINISTRATION

By:

(Its

J. A. Harrison
Acting Chief, PMD)

BORROWER'S ACCEPTANCE

Borrower hereby acknowledges receipt of, notice of, consents to, and agrees to be bound by the terms and provisions of the within and foregoing Subordination Agreement as they relate to the relative rights and priorities of Bank and SBA; provided, however, that nothing in the foregoing Subordination Agreement shall amend, modify, change or supersede the respective terms of the documentation and agreements between Borrower, Bank, and SBA.

BORROWER:

GRADCO, INC.

By:

Mike R. Summers
Mike R. Summers

(Its President)

Mike Summers
MIKE SUMMERS

(Individually)

THIS INSTRUMENT PREPARED BY AND AFTER
RECORDATION SHOULD BE RETURNED TO
William B. Hairston III
Engel Hairston and Johanson P.C.
P.O. Box 370027
Birmingham, Alabama 35237
(205) 328-4600

[ACKNOWLEDGEMENTS ON NEXT PAGES]

STATE OF ALABAMA)
COUNTY OF JEFFERSON)

ACKNOWLEDGMENT OF BANK

I, the undersigned Notary Public in and for said County in said State, hereby certify that Hayer Parrell, whose name as President of CITIZENS BANK OF LEEDS 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, she, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office this 30 day of December, 1992.

[Signature]
Notary Public
My Commission Expires: 6/7/95

STATE OF ALABAMA)
COUNTY OF JEFFERSON)

ACKNOWLEDGEMENT OF SBA

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that L. G. Horton, whose name as Acting Chief, PMD of the Small Business Administration, an agency of the U.S. Government, 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 said instrument, he, as such officer, and with full authority, executed the same voluntarily, as an act of said agency, acting in his capacity as aforesaid.

Given under my hand and official seal, this the 29th day of December, 1992.

[Signature]
NOTARY PUBLIC
My Commission Expires: 1/30/96

[ACKNOWLEDGEMENT CONTINUED ON NEXT PAGE]

STATE OF ALABAMA)
COUNTY OF JEFFERSON)

ACKNOWLEDGMENT OF BORROWER

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Mike R. Summers whose name as President of GRADCO, INC., 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, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office this 30 day of December, 1992.


Notary Public

My Commission Expires: 6/7/95

STATE OF ALABAMA)
JEFFERSON COUNTY)

ACKNOWLEDGEMENT OF BORROWER

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Mike Summers, whose name 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 this instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal, this the 30 day of December, 1992.


NOTARY PUBLIC

My Commission Expires: 6/7/95

EXHIBIT "A"

TO

**MORTGAGE
LESSOR AGREEMENT
ASSIGNMENT OF LEASE
SUBORDINATION AGREEMENT
AFFIDAVIT AND AGREEMENT
ASSIGNMENT OF LEASE AND RENTS BY LESSOR
HAZARDOUS SUBSTANCE INDEMNIFICATION AND WARRANTY AGREEMENT**

Borrower: GRADCO, INC.

Lender: THE CITIZENS BANK OF LEEDS

Lot 3, according to Biglers Resurvey, as recorded in Map Book 8, page 106, in the Probate Office of Shelby County, Alabama, more particularly described as follows:

A parcel of land situated in the SE 1/4 of Section 29, and in the SW 1/4 of Section 28, both sections being in Township 18 South, Range 1 West, Shelby County, Alabama, said parcel being more particularly described as follows:

Begin at the Northwest Corner of the SW 1/4 of said SE 1/4 of Section 29, run in a northerly direction along the westerly line of said SE 1/4 for a distance of 132.09 feet; thence turning an angle to the right of 123° 00' run in a southeasterly direction for a distance of 581.68 feet; thence turning an angle to the left of 98° 31' and run in a northeasterly direction along the southeasterly right of way line of Shelby County Highway #119 for a distance of 784.52 feet; thence turning an angle to the right of 90° 23' 57" run in a southeasterly direction for a distance of 116.54 feet; thence turning an angle to the left of 89° 35' 56" run in a northeasterly direction for a distance of 62 feet to the point of beginning of the land here described; thence turning an angle to the right of 95° 20' 08" and run in a southeasterly direction for a distance of 1959.03 feet; thence turning an angle of 78° 16' to the left, run in a northeasterly direction for a distance of 203.09 feet; thence turning an angle of 1° to the right continue in a Northeasterly direction for a distance of 154.96 feet;

thence turning an angle of 102° 44' to the left run in a northwesterly direction for a distance of 2168.35 feet to the southeasterly right of way line of Shelby County Highway #119; thence turning an angle to the left of 92° 31' 10" run in a southwesterly direction along said southeasterly right of way line for a distance of 72 feet to the point of curve of a curve to the left, said curve being concave in a southeasterly direction having a radius of 11,577.64 feet and a central angle of 1° 02' 26" thence along the arc of said curve to the left for a distance of 210.26 feet to the end of said curve; thence turning an angle to the left of 88° 44' 09" from the chord of said curve, run in a southeasterly direction for a distance of 112.79 feet; thence turning an angle to the right of 86° 20' 19" run in a southwesterly direction for a distance of 71.91 feet, more or less, to the point of beginning.

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Ex.A 12/28/92 10:03am

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