

STATE OF ALABAMA

COUNTY OF SHELBY

SBA Loan #CDC-WOB 4972693010 BIR

SUBORDINATION

WHEREAS, James E. McKay and wife, Cathy R. McKay, individually and Carpet Outlet of Shelby County, Inc., hereinafter termed "Borrower" is presently indebted to AmSouth Bank, N.A., as evidenced by that certain Promissory Note executed by said Borrower in favor of AmSouth Bank, N.A., in the original principal amount of 234,000.00; and

WHEREAS, said Note is secured, among other things, by that certain Mortgage executed by said Borrower in favor of AmSouth Bank, N.A., recorded on October 14, 1992, at Instrument 1992-23443, et seq.; with the Judge of Probate of Shelby County, Alabama; the real estate taken by said Mortgage is more fully described at Instrument 1992-23443, with the Judge of Probate of Shelby County, Alabama; and to which specific reference is here made; and

WHEREAS, said Borrower is desirous of obtaining an additional loan in the amount of \$119,000.00 from Southern Development Council, Inc., an Alabama Corporation, and/or the U. S. Small Business Administration, their successors or assigns, as their interest may appear, for the purpose of land and construction of a new building.

Inst # 1993-04194

02/12/1993-04194
12:09 PM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
004 MCD 14.00

WHEREAS, the Southern Development Council, Inc. and/or the U. S. Small Business Administration requires the Borrower to secure said loan with a Mortgage on the real estate described at Instrument 1992-23443 and recorded with the Judge of Probate of Shelby County, Alabama, and further requests that AmSouth Bank, N.A., subordinate any renewals or future advances made by the Borrower, which are secured by the above mentioned mortgage, in excess of \$150,000.00 to that mortgage being taken by said Southern Development Council, Inc. and/or the U. S. Small Business Administration, their successors or assigns as their interest may appear.

WHEREAS, the parties understand and agree that AmSouth Bank, N.A., will receive the proceeds of the Small Business Administration loan obtained by the borrower, and that the indebtedness of the borrower will be reduced by the amount received from the Small Business Administration loan, and that a renewal of the indebtedness to AmSouth Bank, N.A., will result in a total indebtedness to AmSouth Bank, N.A., of no more than \$150,000.00.

NOW THEREFORE, in and for good and valuable consideration, and in order to induce said Southern Development Council, Inc. and/or the U. S. Small Business Administration to make said additional loan to said Borrower, AmSouth Bank, N.A., does hereby subordinate any renewals or future advances made by the borrower, except as described in the preceding paragraph if any, and with exception to collection fees and insurance advances as authorized by their note, mortgage, and agreement, which are secured by its mortgage to that Mortgage taken by the Southern Development

Council, Inc. and/or the U. S. Small Business Administration, their successors or assigns as their interest may appear which secures said additional loan.

IT IS EXPRESSLY AGREED AND UNDERSTOOD that neither this Subordination Agreement nor anything contained herein shall in any wise alter or affect the validity of the mortgage of AmSouth Bank, N.A., first mentioned herein, or the lien on the items so subordinated herein, or any of the other collateral securing the indebtedness of AmSouth Bank, N.A..

IT IS FURTHER EXPRESSLY AGREED AND UNDERSTOOD that this Subordination is to extend only to the mortgage recorded at Instrument 1992-23443 et seq; with the Judge of Probate of Shelby County, Alabama; (and any renewal thereof, which reflects the payment of the proceeds of the loan from the SBA as described on page 2 of this agreement. It is contemplated and understood that the Borrower, James E. McKay and wife, Cathy R. McKay, individually and Carpet Outlet of Shelby County, Inc., may execute a new note to AmSouth Bank, N.A. , at the time the AmSouth Bank, N.A., receives their proceed of the loan from the Southern Development Council, Inc., and/or the U. S. Small Business Administration, renewing the indebtedness and that renewal will result in an indebtedness of no more than 150,000.00, and that indebtedness will be superior and senior to the indebtedness to the Southern Development Council, Inc., and/or the U. S. Small Business Administration, their successors or assigns, as their interest may appear)

IN WITNESS WHEREOF, AmSouth Bank, N.A., has caused this Subordination Agreement to be executed by Hinson Hassinger, Vice President with full authority on behalf of said bank.

THIS, the 12th day of February, 1993.

AMSOUTH BANK, N.A.

BY: *Hinson Hassinger*
HINSON HASSINGER
VICE PRESIDENT
AMSOUTH BANK, N.A.
P. O. BOX 966
ALABASTER, ALABAMA 35007

STATE OF ALABAMA

COUNTY OF SHELBY

Before me, the undersigned Notary Public in and for said County in said State, personally appeared Hinson Hassinger, with whom I am acquainted, and who, upon oath acknowledged himself to be Vice President of AmSouth Bank, N.A., that he, as being authorized so to do, executed and delivered the foregoing Subordination Agreement, freely and voluntarily and with full knowledge of the contents thereof, for the purposes herein expressed, by signing the name of said AmSouth Bank, N.A., by himself in full authority.

WITNESS MY HAND and official seal of office in Huntsville, Alabama, this the 12th day of February, 1993.

Patricia A. Dollard
Notary Public
My Commission Expires: 8-16-94

THIS INSTRUMENT PREPARED BY:
J. WILSON DINSMORE
ATTORNEY AT LAW
2107 5th Avenue North
Birmingham, Alabama 35203

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