

THIS INSTRUMENT PREPARED BY:
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100 Concourse Parkway, Suite 130
Birmingham, Alabama 35244

SUBORDINATION AGREEMENT

STATE OF ALABAMA
COUNTY OF SHELBY

This Subordination Agreement, made and entered into on this the 16TH day of APRIL, 1996, by and between GE CAPITAL SMALL BUSINESS FINANCE, as Party of the First Part, and FIRST FEDERAL BANK, A FEDERAL SAVINGS BANK, as Party of the Second Part.

W I T N E S S E T H

THAT, WHEREAS, J.L. JERMAN, II AND CAROL L. JERMAN, has/have an outstanding indebtedness in favor of GE CAPITAL SMALL BUSINESS FINANCE, as set forth in that certain INSTRUMENT #1994-20984 executed by and between J.L. JERMAN, II AND CAROL L. JERMAN and GE CAPITAL SMALL BUSINESS FINANCE filed for record on JUNE 23, 1994 in the Probate Office of Shelby County, Alabama, and said lien was for improvements to real estate located at 100 CROSSBROOK TRAIL, CHELSEA, AL 35043, and is still in full force and effect, and,

WHEREAS, J.L. JERMAN, II AND CAROL L. JERMAN has/have made an application to the Party of the Second Part for a loan in the sum of \$250,000.00 and said Party of the Second Part is willing to make said loan to the said J.L. JERMAN, II AND CAROL L. JERMAN, on her real estate provided they furnish it with a mortgage on the lands owned by J.L. JERMAN, II AND CAROL L. JERMAN, and the said GE CAPITAL SMALL BUSINESS FINANCE, subordinate the above described lien and make the same second and subservient to the mortgage of FIRST FEDERAL BANK, A FEDERAL SAVINGS BANK; and,

WHEREAS, the said Party of the First Part is willing to subordinate its said lien and make it second and subservient to the mortgage of the said Party of the Second Part as an inducement to it to make said loan.

NOW, THEREFORE, in consideration of the premises and further consideration of the sum of -0-, cash in hand paid to the Party of the First Part by the Party of the Second Part, the receipt of which is hereby acknowledged, the said Party of the First Part does hereby agree that the lien of J.L. JERMAN, II AND CAROL L. JERMAN to GE CAPITAL SMALL BUSINESS FINANCE, recorded in the Probate Office of SHELBY County, Alabama, as INSTRUMENT #1994-20984, shall be second and subservient to the mortgage of J.L. JERMAN, II AND CAROL L. JERMAN to FIRST FEDERAL BANK, A FEDERAL SAVINGS BANK and

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recorded in the Probate Office of SHELBY County, Alabama, in INSTRUMENT# _____, to secure the sum of \$250,000.00, plus interest, on the land described therein, and the said lien of the said GE CAPITAL SMALL BUSINESS FINANCE, shall be subordinate to the mortgage of FIRST FEDERAL BANK, A FEDERAL SAVINGS BANK.

IT IS FURTHER agreed that should J.L. JERMAN, II AND CAROL L. JERMAN default in his/her/their payments under the terms of the real estate mortgage to FIRST FEDERAL BANK, A FEDERAL SAVINGS BANK, the said FIRST FEDERAL BANK, A FEDERAL SAVINGS BANK agrees to notify GE CAPITAL SMALL BUSINESS FINANCE of said default prior to taking legal action.

IN WITNESS WHEREOF, TROY AUGUSTINE, as ASSISTANT SECRETARY of said GE CAPITAL SMALL BUSINESS FINANCE has caused her/his name to be hereunto signed on this the 16TH day of APRIL, 1996.

GE CAPITAL SMALL BUSINESS FINANCE

BY: Troy Augustine

As it is: Asst. Secretary

STATE OF ~~ALABAMA~~ MISSOURI
COUNTY OF JEFFERSON

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I, the undersigned, a Notary Public in and for said State and County, hereby certify that TROY AUGUSTINE, whose name as Assistant Secretary of GE CAPITAL SMALL BUSINESS FINANCE, is signed to the foregoing subordination agreement, and who is known to me, acknowledged before me on this day, that, being informed of the contents of this subordination agreement and with full authority as such officer, executed the same voluntarily for and as the act of said municipal corporation.

Given under my hand and seal this 19th day of April, 1996.

Cathy S. Callahan
Notary Public

My commission expires: _____

