

MORTGAGE SUBORDINATION AGREEMENT

THIS AGREEMENT is effective as of June 4, 1997 (hereinafter the "Agreement") and is between COLONIAL BANK (hereinafter "Colonial") and RODERICK M. NICHOLSON (hereinafter "Lender").

WHEREAS, RODERICK M. NICHOLSON (hereinafter "Debtor") is currently indebted to Lender, and such indebtedness is secured in part by a mortgage, recorded as Instrument 1995-18314, and corrected in Instrument 1996-2447 in the Office of the Judge of Probate of Shelby County, Alabama (hereinafter "Lender's Mortgage") of and concerning the property described on Exhibit "A" attached hereto and incorporated herein by this reference.

WHEREAS Debtor has requested a loan from Colonial (hereinafter "New Loan"), and Colonial has agreed to make the New Loan provided, among other things, that Debtor gives and grants to Colonial a mortgage (hereinafter "Colonial's Mortgage") of and concerning the property described on Exhibit "A" attached hereto and Lender enters into this agreement and subordinates its rights under the Lender's Mortgage to the rights of Colonial under Colonial's Mortgage. Colonial's Mortgage will be filed contemporaneously herewith.

NOW THEREFORE in consideration of Colonial making the New Loan to Debtor, Lender entering into this agreement, 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) Colonial's Mortgage shall have priority over the Lender's Mortgage; and (b) Lender's Mortgage shall be and at all times remain, subject, inferior, and subordinate to Colonial's 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 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 Colonial nor Lender shall contest the validity, perfection, priority or enforceability of any lien or mortgage granted to the other. Colonial and Lender hereby agrees to cooperate in the defense of any action contesting the validity, perfection, priority or enforceability of such liens or mortgages.

3. Additional Loans or Advances: Colonial or Lender, at any time and from time to time, may enter into such agreement or agreements with Debtor as it may deem proper, extending the time of payment of, or renewing or otherwise altering the terms of all or any of the Debtor's obligations or debts to either Colonial or Lender, 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. Notice upon Foreclosure or Default: In the event of a default in Debtor's obligations to Lender or on the Lender's Mortgage, then Lender will give to Colonial notice of such default within thirty (30) days from such default having occurred, if same has not been cured by the Debtor during such period. In the event Lender elects to foreclose Lender's Mortgage, then Lender shall give to Colonial notice of such foreclosure sale sixty (60) days prior to its occurrence.

5. Waiver of Marshalling Rights: Each party waives as to the other party all rights of marshalling to which they may be entitled.

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


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

8. 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.

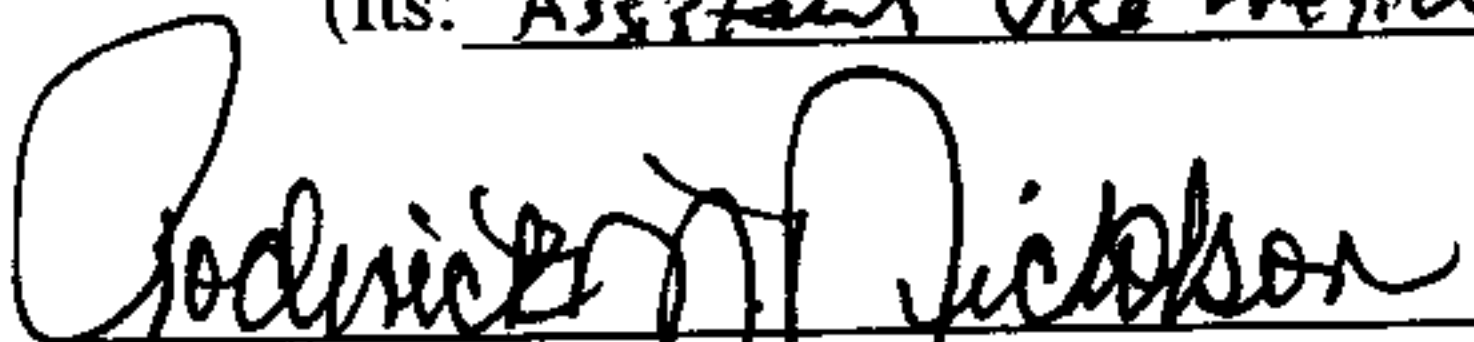
IN WITNESS THEREOF, Colonial and Lender have executed this Agreement effective as of the date first above written.

Colonial:

COLONIAL BANK

By: 
(Its: Assistant Vice President)

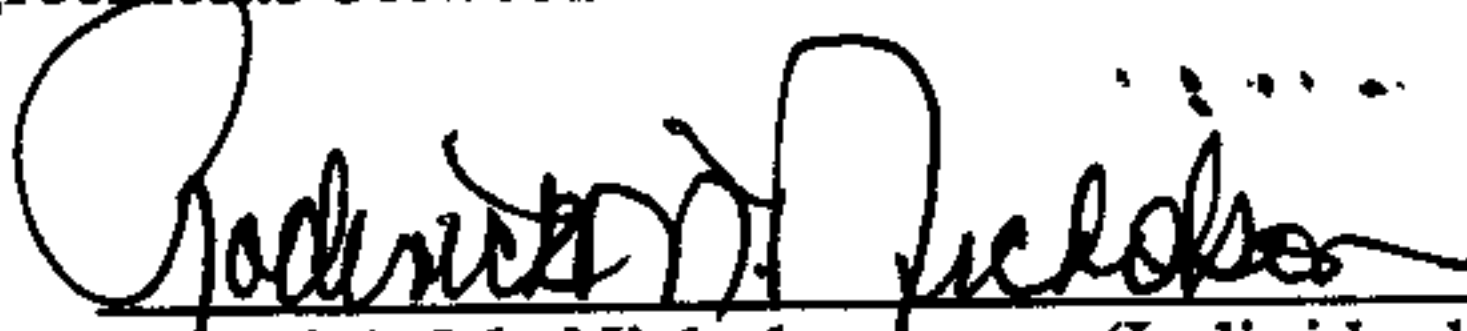
Lender:


Roderick M. Nicholson

DEBTOR'S ACCEPTANCE

Debtor 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 Colonial and Lender; provided, however, that nothing in the foregoing Subordination Agreement shall amend, modify, change or supersede the respective terms of the documentation and agreements between Debtor and Colonial or Debtor and Lender.

DEBTOR:


Roderick M. Nicholson (Individually)

STATE OF ALABAMA
COUNTY OF JEFFERSON

ACKNOWLEDGMENT OF COLONIAL

I, the undersigned Notary Public in and for said County in said State, hereby certify that Patrick Cushman, whose name as Assistant Vice President of COLONIAL BANK 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/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 7 day of June, 1997.


Notary Public
My Commission Expires: MY COMMISSION EXPIRES JULY 7, 1998

STATE OF ALABAMA
COUNTY OF JEFFERSON

ACKNOWLEDGEMENT OF LENDER AND DEBTOR

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that RODERICK M. NICHOLSON 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 the instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and seal of office this 7 day of June, 1997.

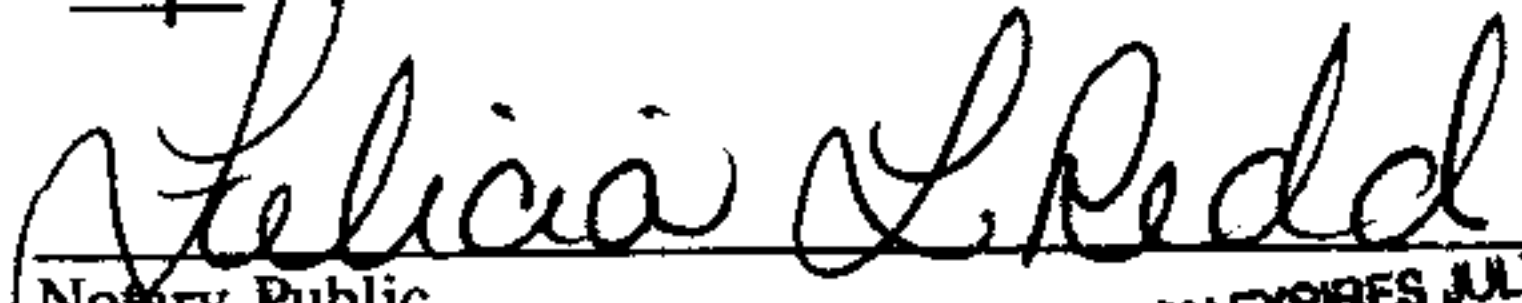

Notary Public
My Commission Expires: MY COMMISSION EXPIRES JULY 7, 1998

EXHIBIT "A"
TO
MORTGAGE SUBORDINATION AGREEMENT

Colonial: Colonial Bank
Lender: Roderick M. Nicholson
Debtor: Roderick M. Nicholson

THAT CERTAIN PROPERTY DESCRIBED AS FOLLOWS:

Unit 28, in the Saddle Lake Farms Condominium, a Condominium, located in Shelby County, Alabama, as established by Declaration of Condominium as recorded in Instrument 1995-17533 and Articles of Incorporation of Saddle Lake Farms Association, Inc. as recorded in Instrument 1995-17530, in the office of the Judge of Probate of Shelby County, Alabama together with an undivided 1/174 interest in the common elements of Saddle Lake Farms Condominium as set out in the said Declaration of Condominium, said Unit being more particularly described in the floor plans and Architectural drawings of Saddle Lake Farms Condominium as recorded in Map Book 20, page 20 A & B, in the Probate Office of Shelby County, Alabama.

THIS INSTRUMENT PREPARED BY:
William B. Hairston III
Engel Hairston and Johanson P.C.
P.O. Box 370027
Birmingham, Alabama 35237
(205) 328-4600

Inst # 1997-18000

06/09/1997-18000
42:44 PM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
004 MCD 16.00