

SUBORDINATION AGREEMENT

WHEREAS, on February 28, 1996, Charles R. Veazey and wife, Martha P. Veazey executed a real estate second mortgage in favor of The Peoples Savings Bank, Clanton, Alabama, now known as "Peoples Southern Bank", (hereinafter referred to as "Peoples"), said mortgage being recorded in the Office of the Judge of Probate of Shelby County, Alabama, Instrument No. 1996-06540; and

WHEREAS, at the time of the execution of said mortgage, Countrywide Funding Corporation was the holder of a first mortgage from Charles R. Veazey and Martha P. Veazey dated March 30, 1995 in the amount of \$124,000.00 and recorded in the Office of the Judge of Probate of Shelby County, Alabama, Instrument No. 1995-8576; and

WHEREAS, on October 26, 1998, Charles R. Veazey and Martha P. Veazey, with the agreement of Peoples, intends to refinance their first mortgage obligation and execute a new mortgage to Countrywide Home Loans in the amount of \$121,513.00, and Peoples has agreed to subordinate the lien of its existing mortgage to the lien of the new mortgage in favor of Countrywide Home Loans.

NOW, THEREFORE, in consideration of the sum of \$1.00 and other good and valuable consideration, the receipt of which is hereby acknowledged, Peoples agrees as follows:

1. That the lien of its mortgage dated February 28, 1996 and recorded in the Office of the Judge of Probate of Shelby County, Alabama, in Instrument No. 1996-06540, is hereby subordinated to the lien of mortgage to Countrywide Home Loans dated October 26, 1998 and recorded in the Office of the Judge of Probate of Shelby County, Alabama in Instrument No. 1998-43553.

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2. That the extent of Peoples' subordination is limited to \$121,513.00, the face amount of the mortgage to Countrywide Home Loans, or the balance to which said mortgage may be reduced including expenses of foreclosure as provided in the mortgage, whichever is the lesser amount. Such subordination does not include future advances under said mortgage.

Dated this 27th day of October, 1998.

PEOPLES SOUTHERN BANK

By: Richard Moore

Richard Moore
As Its Chairman

STATE OF ALABAMA

CHILTON COUNTY

I, Debra M. Cox Waters, a Notary Public in and for the State of Alabama, at Large, hereby certify that Richard Moore, whose name as Chairman of Peoples Southern Bank 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 same, he as such officer of Peoples Southern Bank, and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 27th day of October, 1998.

Debra M. Cox Waters
Notary Public

MY COMMISSION EXPIRES JAN. 29, 2000

(SEAL)

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