

## SUBORDINATION AGREEMENT

This SUBORDINATION AGREEMENT (the "Agreement"), made and entered into this 22 day of DECEMBER, 1999, by and between John C. Klein and Susan M. Klein, Joint Tenants, ("Borrower"), HomeSide Lending, Inc. ("HomeSide"), and the subordinating party, Phoenix Funding, a Division of Security Mutual Financial Services, (the "Creditor").  
WITNESSETH:

WHEREAS, Creditor is holder of a mortgage on property located at 608 Overhill Lane; Pelham, AL, (the "Premises") from Borrower to Creditor in the amount of \$35,000.00 dated 09/19/97, recorded 10/01/97 and recorded in Volume 1997, Page 31708, in Shelby County, (the "Subordinated Mortgage"); and

WHEREAS, a new mortgage has now been or will be executed by the Borrower whereby HomeSide is holder of a mortgage on the Premises from Borrower to HomeSide dated 12/23/99, in the principal amount not to exceed \$107,500.00 (the "New Mortgage")

WHEREAS, Creditor intends by this Agreement to waive the priority of the lien on the Subordinated Mortgage in favor of the New Mortgage;

NOW THEREFORE, in consideration of the sum of One Dollar cash in hand paid to the Creditor, the receipt of which is hereby acknowledged, the Creditor expressly: (I) waives the priority of the Subordinated Mortgage and (II) subordinates all rights, titles, or interest under the Subordinated Mortgage to the lien of the New Mortgage to the same extent as if the New Mortgage had been executed and recorded before the execution and recording of the Subordinated Mortgage.

IN WITNESS WHEREOF, the said Phoenix Funding, a Division of Security Mutual Financial Services has caused its corporate seal to be hereto affixed and these presents to be signed in its name and behalf by David L. Molde of Phoenix Funding, a Division of Security Mutual Financial Services, this 22 day of December, 1999.

Phoenix Funding, a Division of Security Mutual Financial Services

By: David L. Molde as its Sr. Vice President

By: \_\_\_\_\_

Dated 12/22, 1999

County of Jefferson } SS:

Before me the undersigned, a Notary Public, in and said County and State on this 22 day of December, 1999, personally appeared David L. Molde, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Sr. Vice President and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My Commission expires Apr. 2, 2003

Peth C. Barker  
Notary Public

12/30/1999-52601  
10:53 AM CERTIFIED  
SHELBY COUNTY JUDGE OF PROBATE  
001 NMS 8.50

Inst. # 1999-52601