STATE OF ALABAMA
COUNTY OF SHELBY

Inst # 2001-08580

MORTGAGE SUBORDINATION AGREEMENT

THIS AGREEMENT is effective this 8 day of March, 2001, (hereinafter the "Agreement") and is by and among Aliant Bank, P.O. Box 383067, Birmingham, AL 35238-3067, (hereinafter "Lender"), and Sharon S. Smith, (hereinafter "Sharon S. Smith").

WHEREAS, James D. Smith, Jr., (hereinafter "Borrower") is currently the owner of the property described in Exhibit "A" attached hereto and incorporated herein by this reference, (hereinafter "Property"); and

WHEREAS, Borrower has executed a Promissory Note to Lender, in the original principal amount of $765,044.86, dated February 23, 2000, (hereinafter "Aliant Loan") and said note and loan are secured in part by a Mortgage and Security Agreement, and an Assignment of Rents and Leases, dated February 23, 2000, and recorded respectively on February 24, 2000, as Instrument # 2000-05769, (hereinafter "Aliant Mortgage"), and as Instrument # 2000-05770, (hereinafter "Aliant Assignment of Rents and Leases") in the Probate Office of Shelby County, Alabama, (hereinafter "Sharon S. Smith Mortgage"); and

WHEREAS, Borrower has executed a Real Estate Mortgage Note to Sharon S. Smith, in the original principal amount of $477,874.62, dated February 23, 2000, (hereinafter "Sharon S. Smith Loan") and said note and loan are secured by a Mortgage dated February 23, 2000, and recorded on February 24, 2000, as Instrument # 2000-05771, in the Probate Office of Shelby County, Alabama, (hereinafter "Sharon S. Smith Mortgage"); and

WHEREAS, the Sharon S. Smith Mortgage is second and subordinate to the Aliant Mortgage and the Aliant Assignment of Rents and Leases; and

WHEREAS, the principal balance owed on the Aliant Loan as of the date hereof is $753,064.63; and

WHEREAS, Borrower has requested Lender to modify the Aliant Loan by increasing the principal amount thereof to $839,540.63, (hereinafter the "Aliant Modification")and Lender will not extend said increase unless the Aliant Mortgage and the Aliant Assignment of Rents and Leases, are modified to secure the Aliant Loan to the increased amount of $839,540.63, (hereinafter the "Aliant Modification of Mortgage and Assignment of Rents and Leases") and the Aliant Mortgage and the Aliant Assignment of Rents and Leases, as modified to the increased amount of $839,540.63, remain first and prior to the Sharon S. Smith Mortgage; and

WHEREAS, Sharon S. Smith, Lender and Borrower agree to subordinate the Sharon S. Smith Loan, and the Sharon S. Smith Mortgage to the Aliant Loan, Aliant Mortgage, and the Aliant Assignment of Rents and Leases, to the extent of the increase, and to the Aliant Modification and the Aliant Modification of Mortgage and Assignment of Rents and Leases, and agree to execute this agreement.

03/12/2001-08580
11:17 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
005 NEL 23.00

NOW THEREFORE, in consideration of Lender increasing the amount of the Aliant Loan to Borrower, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Lien Priority:** The Aliant Mortgage and the Aliant Assignment of Rents and Leases currently have priority over the Sharon S. Smith Mortgage. From and after the date hereof: (a) the Aliant Mortgage and the Aliant Assignment of Rents and Leases, to the extent modified by the Aliant Modification and the Aliant Modification of Mortgage and Assignment of Rents and Leases, which is recorded herewith shall have priority over the Sharon S. Smith Mortgage; and (b) the Sharon S. Smith Mortgage shall be and at all times remain, subject, inferior, and subordinate to the Aliant Mortgage and the Aliant Assignment of Rents and Leases, as modified, and to the Aliant Modification of Mortgage and Assignment of Rents and Leases.

The subordination of the mortgage created hereby shall have the same force and effect as though the mortgages, the assignment of rents and leases, and the modification thereof, had been executed, delivered, and recorded in the following order: Aliant Mortgage, Aliant Assignment of Rents and Leases, and the Aliant Modification of Mortgage and Assignment of Rents and Leases, followed by the Sharon S. Smith Mortgage.

The priorities of the mortgages and assignment of rents and leases, and the modification thereof, 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, assignment of rents and leases, and modifications thereof, 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 or other interest which has 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 Lender nor Sharon S. Smith shall contest the validity, perfection, priority or enforceability of any lien or mortgage granted to the other.

3. **Modification of Loans:** Lender or Sharon S. Smith, at any time and from time to time, may enter into such agreement or agreements with Borrower as they may deem proper, extending the time of payment of, or renewing or otherwise altering the terms of all or any of Borrower's obligations or debts to Lender or Sharon S. Smith 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; provided, however that Lender may not increase in excess of $839,540.63 the amount secured by the Aliant Mortgage, the Aliant Assignment of Rents and Leases, and the Aliant Modification of Mortgage and Assignment of Rents and Leases, without the prior written consent of Sharon S. Smith.

4. Duration: This Agreement shall remain in full force and effect until (i) the Aliant Mortgage, as modified by the Aliant Modification of Mortgage and Assignment of Rents and Leases has been paid and satisfied in full and Lender has terminated and satisfied the Aliant Mortgage, and the Aliant Assignment of Rents and Leases, and the Aliant Modification of Mortgage and Assignment of Rents and Leases, or (ii) upon the mutual agreement in writing of all parties hereto, whichever is the first to occur.

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

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

LENDER:

Aliant Bank

By: ______________________
Dave A. Mason, Assistant Vice President

SHARON S. SMITH:

Sharon S. Smith
____
Sharon S. Smith

[ACCEPTANCE AND ACKNOWLEDGMENTS]

BORROWER'S ACCEPTANCE

Borrower hereby acknowledges receipt of, notice of, consents to, and agrees to be bound by the terms and provisions of the within and foregoing Agreement as they relate to the relative rights and priorities of Lender and Sharon S. Smith; provided, however, that nothing in the foregoing Agreement shall amend, modify, change or supersede the respective terms of the documentation and agreements between Borrower and Lender and Sharon S. Smith.

BORROWER:

____
James D. Smith, Jr.

Acknowledgment of Lender:

STATE OF ALABAMA
SHELBY COUNTY

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Dave A. Mason, whose name as Assistant Vice President of Aliant 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 said instrument, he, as such officer, and with full authority, executed the same voluntarily, as an act of said Bank, acting in his capacity as aforesaid.

Given under my hand and official seal, this the 8 day of March, 2001.

Notary Public
My Commission Expires: 1/3/03

Acknowledgment of Sharon S. Smith:

STATE OF ALABAMA
JEFFERSON COUNTY

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Sharon S. Smith, 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 said instrument, he, executed the same voluntarily.

Given under my hand and official seal on this the 7th day of March, 2001.

Notary Public
My Commission Expires: 1/3/03

Acknowledgment of Borrower:

STATE OF ALABAMA
JEFFERSON COUNTY

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that James D. Smith, Jr., 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 said instrument, he, executed the same voluntarily.

Given under my hand and official seal this the 8 day of March, 2001.

Notary Public
My Commission Expires:

THIS INSTRUMENT PREPARED BY
AND SHOULD BE RETURNED TO:

John G. Lowther, P.C.
Attorney at Law
3500 Independence Drive
Birmingham, Alabama 35209
(205)879-9595

EXHIBIT "A"

A parcel of land situated in Southeast Quarter of the Southeast Quarter of Section 2 and the Northeast Quarter of the Northeast Quarter of Section 11, Township 19 South, Range 2 West being more particularly described as follows:

Begin at an iron pin found locally accepted to be the Southwest corner of the Southeast Quarter of the Southeast Quarter of said Section 2; thence run in a Northerly direction along the west line of said quarter-quarter section for a distance of 50.07 feet to an iron pin found; thence turn an angle to the right of 92 degrees, 25 minutes, 42 seconds and run in a Southeasterly direction of 264.05 feet to an iron pin found; thence turn an angle to the right of 50 degrees, 03 minutes, 45 seconds and run in a Southeasterly direction for a distance of 65.13 feet to an iron pin found; thence turn an angle to the left of 49 degrees, 27 minutes, 12 seconds and run in Southeasterly direction for a distance of 8.47 feet to an iron pin found on the North right-of-way line of Valleydale Road also known as Shelby County 17; said point also being on a curve to the left having a radius 1,303.78 feet and a central angle of 11 degrees, 06 minutes, 10 seconds; thence turn an angle to the right to the chord of said curve of 138 degrees, 35 minutes, 05 seconds and run in a Southwesterly direction along the arc of said curve for a distance of 252.65 feet to an iron pin found on the North right-of-way of said Valleydale Road; thence run tangent from last stated curve in a Southwesterly direction for a distance of 158.53 feet to an iron pin found on the North right-of-way of said Valleydale Road; thence turn an angle to the right of 133 degrees, 55 minutes, 44 seconds and run in a Northerly direction along the West line of said Northeast quarter of the Northeast quarter of said Section 11 for a distance of 279.82 feet to the point of beginning.

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