

SUBORDINATION AGREEMENT

THIS MORTGAGE SUBORDINATION AGREEMENT is made and entered into by SouthTrust Bank and among (hereinafter referred to as the "First Party" and COATS & CO., INC., and/or assigns (hereinafter referred to as the "Second Party", which terms "First Party" and "Second Party" shall include, whenever the context admits or requires, singular or plural, and the heirs, legal representatives, successors and assigns of the respective parties;

WITNESSETH:

WHEREAS, Joseph F. Covington, Jr. and wife Catherine L. Covington did execute a mortgage to the First Party covering the real property described in Exhibit "A" dated , securing the original principal sum of Three Hundred Thousand Seven Hundred dollars & no cents, (\$300,700.00), together with interest payable as therein provided, said mortgage being recorded in Book , Page , ET SEQ. of the public records of Shelby County, Alabama (hereinafter referred to as the "First Mortgage"); and

WHEREAS, Joseph F. Covington, Jr. and wife Catherine L. Covington have executed, or are about to execute, a mortgage to the Second Party covering the real property described in Exhibit "A" dated January 30, 2002 securing the original principal sum of \$285,000.00, together with interest payable as therein provided, said mortgage being recorded under Probate Record Book 1997 page 0825 and modified in Instrument 1998-50798 of the Public Records of Shelby County, Alabama (hereinafter referred to as the "Second Mortgage"); and

WHEREAS, the Parties have reached certain agreements in connection with the relationship of the First Mortgage and the Second Mortgage as hereinafter more particularly set forth.

NOW, THEREFORE, in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other valuable consideration, receipt and adequacy of which is hereby acknowledged, the First Party does hereby agree that the lien of the First Mortgage as to the real property described in Exhibit "A" shall be, and is hereby made subject, subordinate and inferior to the lien of the Second Mortgage. Provided, however, that this subordination is only to the extent not to exceed \$300,700.00 together with interest thereon which may be secured by the Second Mortgage in respect of said real property and to the extent funds in excess of that amount may be secured by the Second Mortgage, such excess amount shall be deemed secured by a lien inferior to that of the First Mortgage.

IN WITNESS WHEREOF, this Subordination Agreement has been executed and delivered January 30, 2002

Signed, Sealed and Delivered
in the presence of:

SouthTrust Bank
By: Suprema Persi
Asst Vice President

Address: 234 Goodwin Crest Dr.
5th Floor

Birmingham, AL 35209

State of Alabama

County of Jefferson

The foregoing instrument was acknowledged before me this 30 day of January, 2002
by Stephen A Pierce its Asst Vice President

with full authority and on behalf of.

Linda F. Myers
Notary Public

MY COMMISSION EXPIRES MAY 30, 2005.

Inst # 2002-06579

02/07/2002-06579
11:47 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE

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SHELBY COUNTY JUDGE OF PROBATE
11.00