

STATE OF ALABAMA
COUNTY OF SHELBY

SUBORDINATION AGREEMENT

THIS AGREEMENT is made and entered into on this 5th day of December, 2002 by First Tennessee Bank, National Association (hereinafter referred to as the "Mortgagee") in favor of First Lenders Mortgage Corporation (hereinafter referred to as the "Mortgage Company"), its successors and assigns.

WITNESSETH:

WHEREAS, Mortgagee did loan to James Michael Kelly and Angela M. Kelly (the "Borrower", whether one or more) the sum of \$13,000.00 which loan is evidenced by a note dated March 23, 1998 executed by Borrower in favor of Mortgagee, and is secured by a mortgage, deed of trust, security deed, deed to secure debt or other security instrument of even date therewith ("the Mortgage") covering the property described therein and recorded in Instrument No. 1998-11507 in the public records of Shelby County, Alabama and

WHEREAS, Borrower has requested the Mortgage Company lend to it the sum of \$139,694.00 (the "Loan"), such Loan to be evidenced by a promissory note in such amount executed by Borrower in favor of the Mortgage Company and secured by a mortgage, deed of trust, deed to secure debt, security deed or other security instrument of even date therewith (the "Mortgage Company Mortgage"); and

WHEREAS, the Mortgage Company has agreed to make the Loan to Borrower, if, but only if, the Mortgage Company Mortgage shall be and remain a lien or charge upon the property covered thereby prior and superior to the lien or charge of the Mortgage on the terms set forth below and provided that the Mortgagee will specifically and unconditionally subordinate the lien or charge of the Mortgage to the lien or charge of the Mortgage Company Mortgage on the terms set forth below.

NOW, THEREFORE, in consideration of one dollar and in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of all which is hereby acknowledged, and in order to induce the Mortgage Company to make the Loan above referred to, Mortgagee agrees as follows:


1. The Mortgage Company Mortgage and the note secured by the Mortgage Company Mortgage and the debt evidenced by such note ~~and any and all renewals and extensions thereof~~, or of any part thereof, and all interest payable on all said debt ~~and on any and all such renewals and extensions~~ shall be and remain at all times a lien or charge on the property covered by the Mortgage Company Mortgage, prior and superior to the lien or charge to the Mortgage.
2. Mortgagee acknowledges that it intentionally waives, relinquishes, and subordinates the priority and superiority of the lien or charge of the Mortgage in favor of the lien or charge of the Mortgage Company, and that it understands that, in reliance upon and in consideration of the waiver relinquishment, and subordination, specific loans and advances are being and will be made, and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into by the Mortgage Company which would not be made or entered into but for such reliance upon this waiver, relinquishment, and subordination.

3. This agreement contains the entire agreement between the parties hereto as to the loan secured by the Mortgage and the Loan secured by the Mortgage Company Mortgage, and as to the priority thereof, and there are no agreements, written or oral, outside or separate from this agreement, and all prior negotiations are merged into this agreement.

4. This agreement shall be binding upon the Mortgagee, its successors and assigns and shall inure to the benefit of the Mortgage Company, its successors and assigns.

5. No waiver shall be deemed to be made by the Mortgage Company of any of its rights hereunder unless the same shall be in writing signed on behalf of the Mortgage Company, and each such waiver, if any, shall be a waiver only with the respect to the specific instance involved and shall in no way impair the rights of the Mortgage Company or the obligations of the Borrower or the Mortgagee to the Mortgage Company hereunder in any other respect at any other time.

IN WITNESS WHEREOF, the Mortgagee has caused this instrument to be executed by its duly authorized officer on the day and date first set forth above.

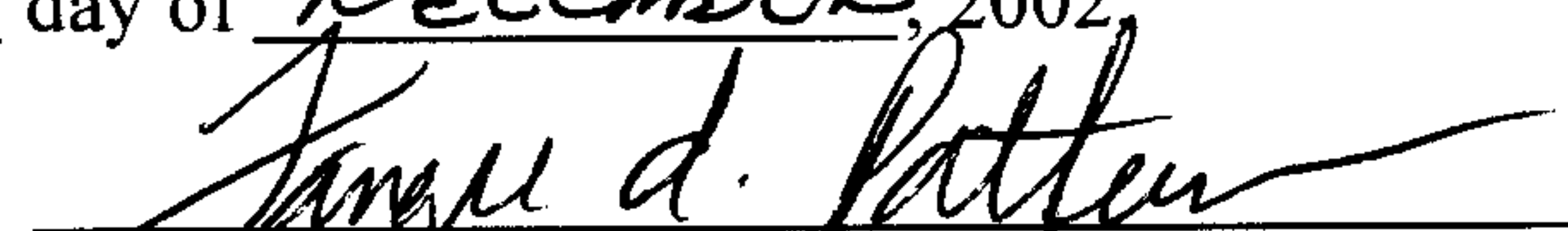
By: 
FIRST TENNESSEE BANK
National Association

CORPORATE ACKNOWLEDGMENT

STATE OF Tennessee
COUNTY OF Shelby

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that P. C. Stearns, whose name as Vice President of First Tennessee Bank, a corporation 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 this instrument, he/she, as such officer and with full authority executed the same voluntarily for and as act of said corporation.

Given under my hand and official seal, this 5th day of December, 2002.


Notary Public
My Commission Expires: August 30, 2005

This Instrument Prepared By:
B. Christopher Battles
Pelham Law Office
3150 Highway 52 West
Pelham, AL 35124