

Account Number 0301108288

PREPARED BY & RETURN TO:
RAY HUNDLEY
TRANSCONTINENTAL TITLE CO
4033 TAMPA RD, SUITE 101
OLDSMAR, FL 34677
1-800-225-7897

THE SUBORDINATION IS NOT VALID FOR RECORDING AFTER NINETY (90) DAYS FROM THE DATE FIRST APPEARING BELOW. ANY CHANGES TO THIS DOCUMENT WITHOUT PRIOR WRITTEN SUBORDINATING LENDER APPROVAL WILL RENDER THIS SUBORDINATION NULL AND VOID.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Subordination Agreement

D134562-T-3

THIS SUBORDINATION AGREEMENT ("Agreement") is made this 25 July, 2003, by Mortgage Electronic Registration Systems, Inc. ("MERS"), solely as nominee for Residential Funding Corporation and its successors and assigns ("Subordinating Lender").

WHEREAS, Ralph B Garrard ("Borrower"), whether one or more, executed a note in the original principal sum of \$15,000.00 dated 4/09/2002, secured by a deed of trust or mortgage of even date therewith in favor of HOMECOMINGS/WHOLESALE FUNDING covering property located at 135 Hidden Creek Rd, Pelham, AL 35124, ("Property") recorded on 4/17/2002, as Book 2002 and Page 17836, in Official Records of said County; and

WHEREAS, the note and deed of trust or mortgage have been assigned to Subordinating Lender; and

and **PARCEL# : 136134006014000**
WHEREAS, Borrower has executed, or is about to execute, a deed of trust or mortgage and note not to exceed the sum of \$103,428.00 ("New Loan") in favor of WATERMARC
FINANCIAL ("New Lender"); and

WHEREAS, New Lender is willing to make the New Loan provided the deed of trust or mortgage securing same is a lien or charge upon the Property prior and superior to the lien or charge of the deed of trust held by Subordinating Lender, and provided that Subordinating Lender will specifically and unconditionally subordinate its lien to the lien or charge of the deed of trust or mortgage in favor of New Lender; and

WHEREAS, it is to the mutual benefit of the Borrower, New Lender and Subordinating Lender that New Lender make such New Loan to Borrower; and Subordinating Lender is willing that the deed of trust or mortgage securing same shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge held by Subordinating Lender.

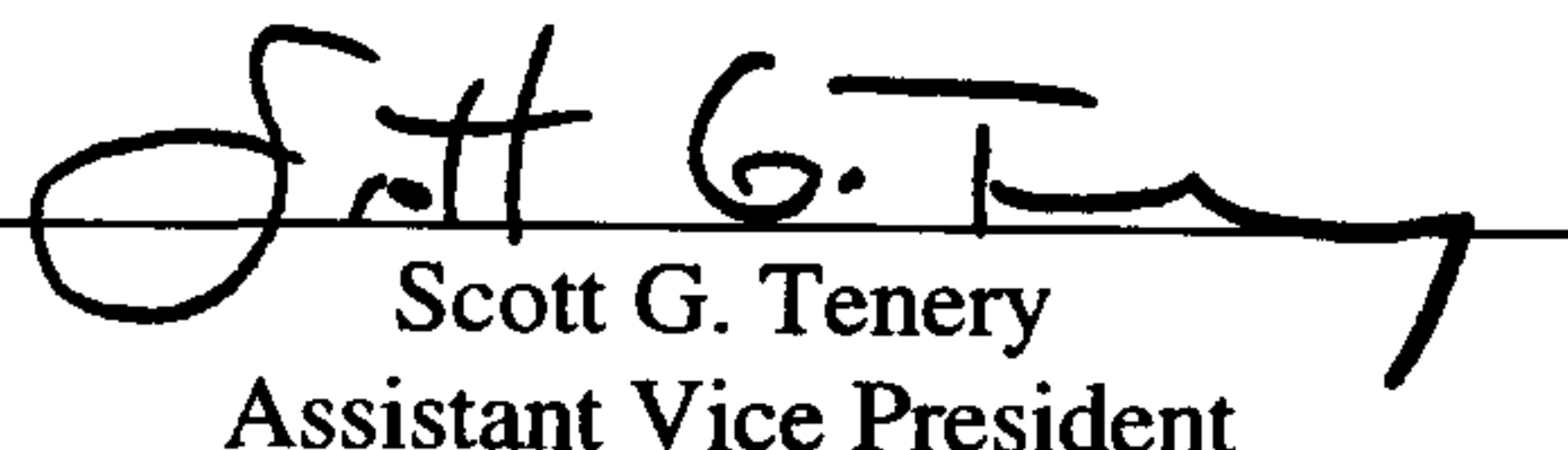
NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce New Lender to make the New Loan, it is hereby declared, understood and agreed as follows:

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Borrower Name Ralph B Garrard
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1. The deed of trust or mortgage securing the New Loan in favor of New Lender, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the Property, prior and superior to Subordinating Lender's lien or charge.
2. New Lender would not make its New Loan without this Agreement.
3. This Agreement shall be the whole and only agreement with regard to the subordination of the Subordinating Lender's lien or charge to the New Lender's lien or charge.

Mortgage Electronic Registration Systems, Inc. ("MERS"), solely as nominee for and signed by Residential Funding Corporation (a member of the MERS system).

By:


Scott G. Tenery
Assistant Vice President

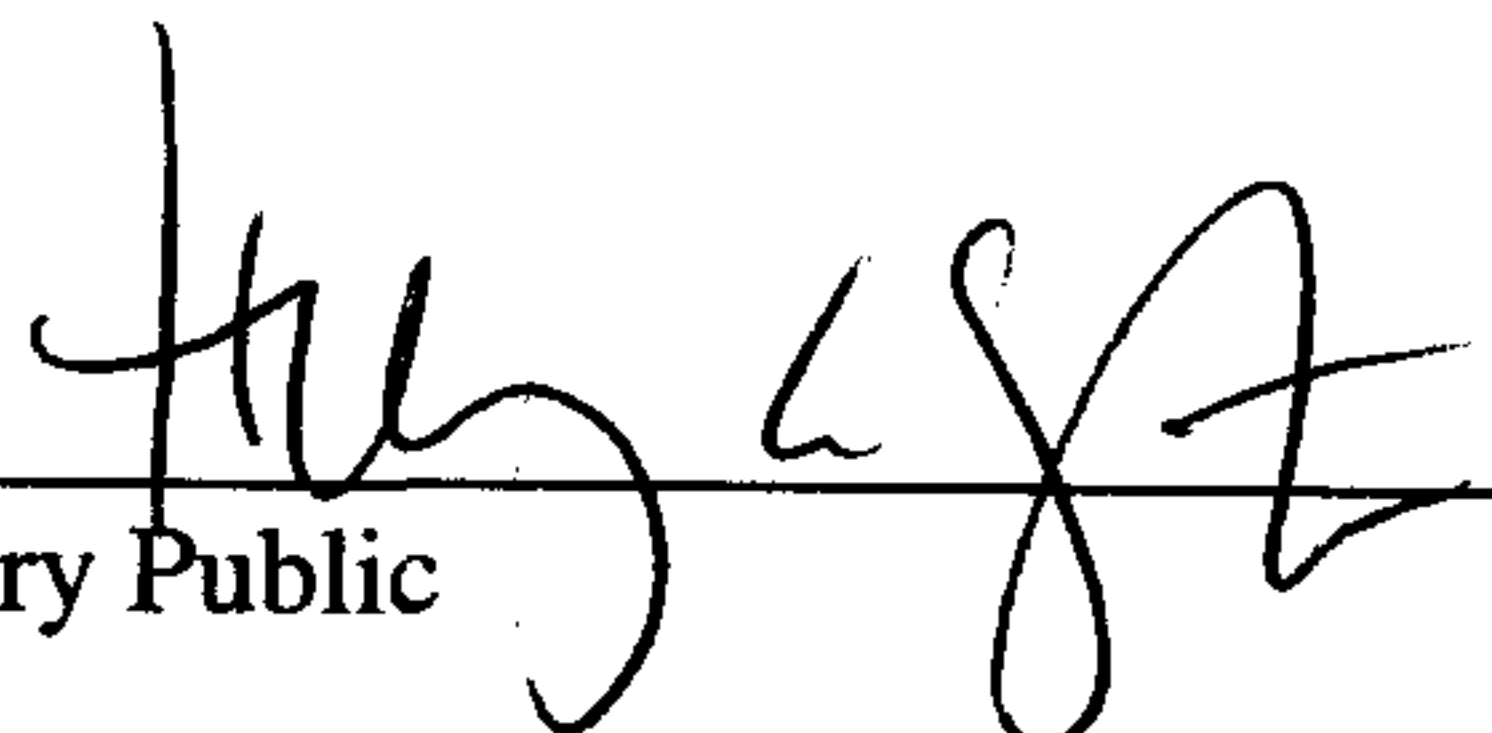
ACKNOWLEDGMENT BY SUBORDINATING LENDER

State of Texas

County of Dallas

On this, the 25 July, 2003, before me, a Notary Public, personally appeared Scott G. Tenery, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in her authorized capacity as Assistant Vice-President of Residential Funding Corporation, for the purposes and consideration therein expressed, as the act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Notary Public

(Notary Seal)

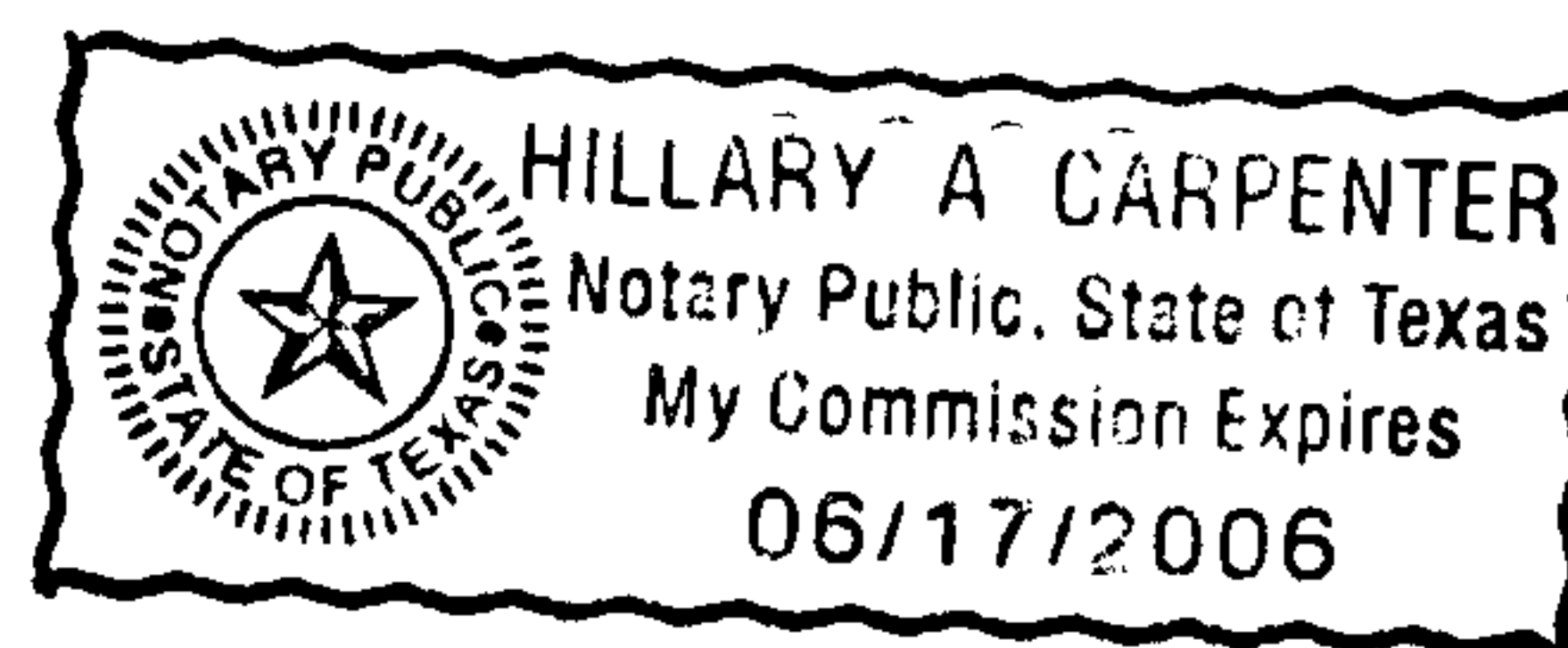


EXHIBIT "A"

**THE FOLLOWING DESCRIBED REAL ESTATE LYING AND BEING SITUATED IN
SHELBY COUNTY, ALABAMA, TO-WIT:**

**LOT 14, ACCORDING TO THE SURVEY OF PHASE ONE, HIDDEN CREEK
TOWNHOMES, AS RECORDED IN MAP BOOK 27, PAGE 49, IN THE PROBATE
OFFICE OF SHELBY COUNTY, ALABAMA.**

**BEING THE SAME PROPERTY CONVEYED TO RALPH B. GARRARD BY DEED FROM
R. WILKINS CONSTRUCTIONS, INC., RECORDED 06/01/2001 IN DEED
INSTRUMENT NO. 2001-22317.**