

STATE OF ALABAMA
COUNTY OF JEFFERSON

Loan CDC-4762644004-BIR

SUBORDINATION AGREEMENT

THIS AGREEMENT is effective this 19 day of ~~February~~ ^{March}, 2004 (hereinafter the "Agreement") and is by and among FIRST COMMERCIAL BANK (hereinafter "Lender") and the U.S. Small Business Administration (hereinafter "SBA").

WHEREAS, DOTRY ENTERPRISES, LLC and EDGAR'S OLD STYLE BAKERY, INC. (hereinafter "Borrower") is presently indebted to the SBA an agency and instrumentality of the United States of America, as evidenced by that certain Promissory Note executed on the 10th day of October, 2002, payable to BIRMINGHAM CITY WIDE LOCAL DEVELOPMENT COMPANY and assigned to SBA in the original principal amount of \$671,000.00; and

WHEREAS, said Note is secured, among other things, by that certain Mortgage dated the same date as the Note, and recorded in the Office of the Judge of Probate of Shelby County, Alabama, as Instrument No. 20021014000501070 and that certain Assignment of Leases and Rents recorded as Instrument No. 20021014000501080 (hereinafter collectively the "SBA Mortgage") and assigned to SBA by instrument recorded as Instrument No. 20021014000501100; and

WHEREAS, said Borrower is desirous of obtaining a loan in the amount of not more than \$878,000.00 from Lender their successors or assigns, as their interest may appear, for the purpose of paying off the existing first mortgage on the property more fully described on Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, Lender requires the Borrower to secure said new loan with a new Mortgage on the real estate described in the SBA Mortgage, more fully described in Exhibit "A" attached hereto and made a part hereof.

NOW THEREFORE, in and for good and valuable consideration, and in order to induce said Lender to make said loan to Borrower, SBA does hereby subordinate

1) the lien of the SBA Mortgage and their interest in said SBA Mortgage to the lien of the new Mortgage to Lender and Lender's interest in the new Mortgage, such that SBA is second and subservient to the new Mortgage being granted to Lender; and

2) the lien in favor of SBA evidenced by the UCC financing statement bearing Alabama Secretary of State File Number 02-0840298 to the lien of Lender on the assets described in the goods described on such financing statement.

IT IS EXPRESSLY AGREED AND UNDERSTOOD that neither this Subordination Agreement nor anything contained herein shall in any wise alter or affect the validity of the SBA Mortgage, or the lien of the items so subordinated herein, or any of the other collateral securing the indebtedness to the SBA.

IT IS FURTHER EXPRESSLY AGREED AND UNDERSTOOD that this Subordination is to extend only to the amount of the current loan made to the Borrowers, for the purpose or purposes expressly set forth herein; and will not be valid for or extend to any future advances by Lenders to Borrowers, on the note evidencing Lender's loan. This clause, however is NOT intended to prevent or inhibit advances by Lender for expenses incidental to the preservation of its collateral, protection of its security interest, collection of its debt, and/or the like.

Lender agrees that in the event of a default in Borrower's obligations to Lender, then Lender will endeavor to give to SBA and BIRMINGHAM CITY WIDE LOCAL DEVELOPMENT COMPANY (hereinafter "CDC") notice of such default within thirty (30) days from such default having occurred, if same has not been cured by the Borrower during such period. In the event Lender elects to foreclose the mortgage to Lender, then Lender shall give to SBA and CDC notice of such foreclosure sale sixty (60) days prior to its occurrence.

IN WITNESS WHEREOF, the Lender and SBA has caused this Subordination Agreement to be executed effective as of the date first above written.

LENDER:

FIRST COMMERCIAL BANK

BY:

(Its Vice President)

SBA:

U.S. SMALL BUSINESS ADMINISTRATION

By:

(Its ASSISTANT DIRECTOR, CLSC)

STATE OF ARKANSAS
COUNTY OF PULASKI

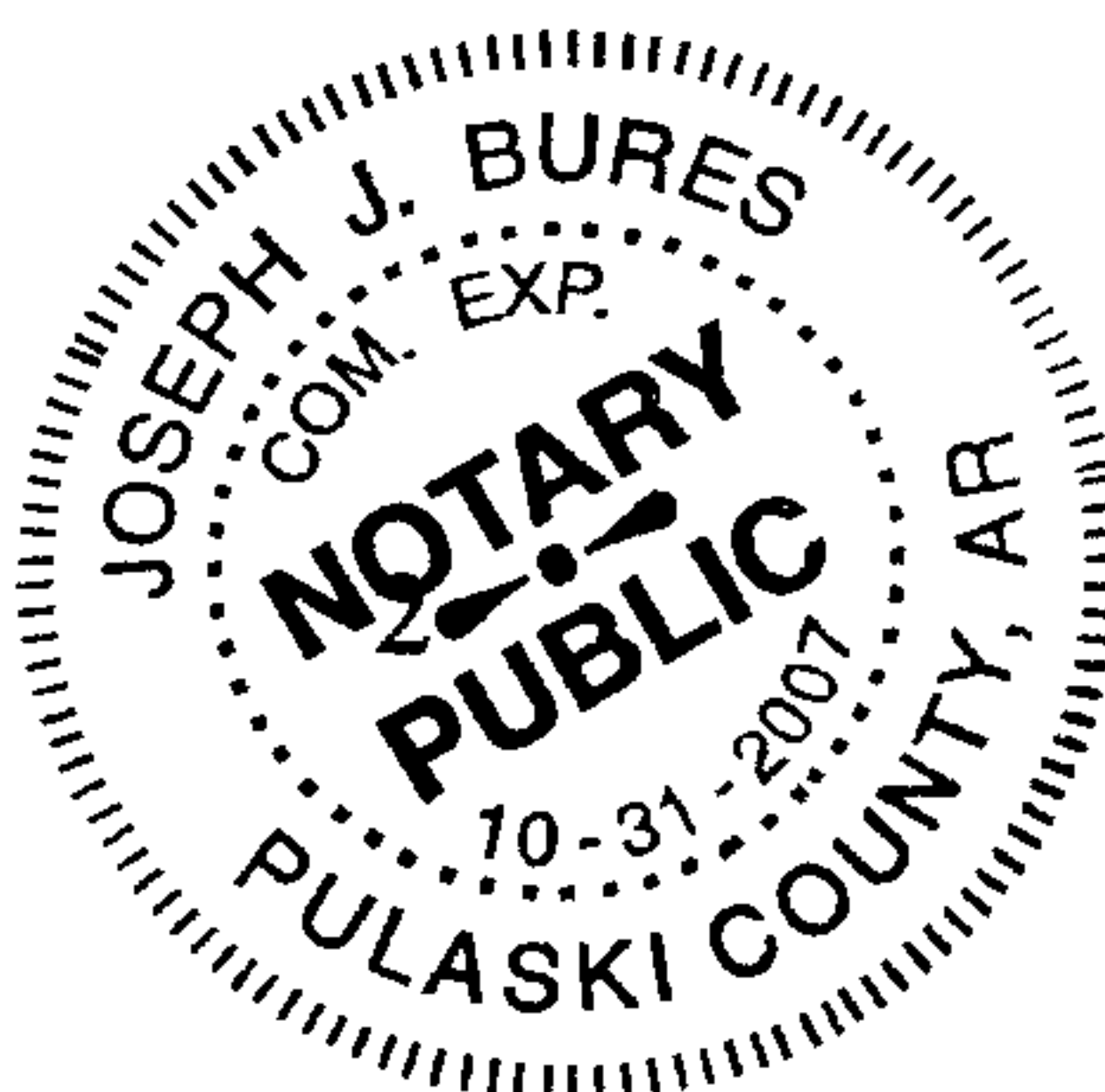
ACKNOWLEDGEMENT OF SBA

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that J. Markin or whose name as A.D. CLSC-42 of The **SMALL BUSINESS ADMINISTRATION**, a agency of the United States Government, 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 the instrument, he/she, as such officer and with full authority, executed the same voluntarily for and as the act of said Small Business Administration.

Given under my hand and seal of office this 25 day of February, 2004.

[Signature]
Notary Public

My Commission Expires: _____

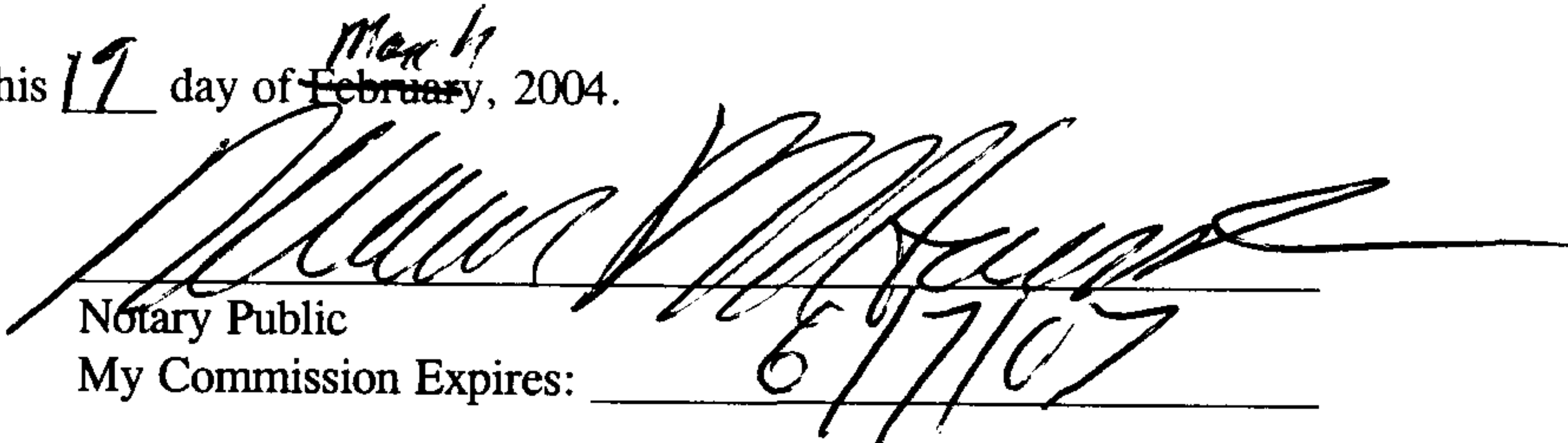


STATE OF ALABAMA
COUNTY OF JEFFERSON

ACKNOWLEDGMENT OF LENDER

I, the undersigned Notary Public in and for said County in said State, hereby certify that Allison Robinson, whose name as Vice President of FIRST COMMERCIAL 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 the instrument, she, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office this 17 day of ^{March}~~February~~, 2004.


Notary Public
My Commission Expires: 6/7/07

BORROWER'S AND GUARANTOR'S ACCEPTANCE

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

DOTRY ENTERPRISES, LLC

BY: Terry Eugene Smith
Terry Eugene Smith (Its Member)

BY: Dorothy Freeman Smith
Dorothy Freeman Smith (Its Member)

EDGAR'S OLD STYLE BAKERY, INC.

BY: Terry Eugene Smith
Terry Eugene Smith (Its President)

Terry Eugene Smith L.S.
Terry Eugene Smith

Dorothy Freeman Smith L.S.
Dorothy Freeman Smith

EXHIBIT "A"

A parcel of land located in Section 31, Township 19 South, Range 2 West, Shelby County, Alabama, and being more particularly described as follows:

Commence at the Northwest corner of the Southeast quarter of Section 31, Township 19 South, Range 2 West, Shelby County, Alabama, and run in an Easterly direction along the North line of said quarter section a distance of 329.55 feet to a point, said point lying on the Southwesterly boundary line of Cahaba Valley Park North, as recorded in Map Book 13, pages 140a and 140b, in the Office of the Judge of Probate of Shelby County, Alabama; thence turn a deflection angle of 60 degrees 17 minutes 38 seconds to the right and run in a Southeasterly direction along said boundary line of Cahaba Valley Park North a distance of 841.35 feet to a point; thence turn a deflection angle of 88 degrees 06 minutes 12 seconds and run to the right in a Southwesterly direction a distance of 577.12 feet to a point, said point being on the Westerly right of way line of Southgate Drive, as recorded in Map Book 22, page 91, in the Probate Office of Shelby County; thence turn an deflection angle of 91 degrees 53 minutes 48 seconds and run to the right in a Northwesterly direction along the Westerly right of way line of said Southgate Drive a distance of 385.48 feet to the POINT OF BEGINNING of the parcel herein described; thence continue in the same direction as the last described course, in a Northwesterly direction, along said right of way a distance of 47.60 feet to a point and the beginning of a curve to the left; thence continue along said right of way in a Northwesterly direction, and along the arc of said curve, having a radius of 220.00 feet and a central angle of 79 degrees 07 minutes 16 seconds, a arc distance of 303.80 feet to a point; thence continue along said right of way, tangent to last described curve, in a Westerly direction a distance of 181.50 feet to a point and the beginning of a curve to the left; thence, leaving said right of way, run in a Southwesterly to Southeasterly direction, along the arc of said curve, having a radius of 35.00 feet and a central angle of 105 degrees 34 minutes 59 seconds an arc distance of 64.50 feet to a point; thence continue in a Southeasterly direction, tangent to last described curve, a distance of 42.63 feet to a point; thence turn an interior angle of 183 degrees 06 minutes 00 seconds and run to the right in a Southeasterly direction a distance of 201.40 feet to a point; thence turn an interior angle of 183 degrees 14 minutes 59 seconds an run to the right in a Southeasterly direction a distance of 29.77 feet to a point; thence turn an interior angle of 86 degrees 27 minutes 28 seconds and run to the left in a Northeasterly direction a distance of 390.14 feet to the point of beginning.

THIS INSTRUMENT PREPARED BY AND AFTER
RECORDATION SHOULD BE RETURNED TO
William B. Hairston III
Engel Hairston and Johanson P.C.
P.O. Box 11405
Birmingham, Alabama, 35202
(205) 328-4600