

Prepared by Robin Benfield RECORD AND RETURN TO: PHH Mortgage Corporation 4001 Leadenhall Road Mailstop SV24 Mt. Laurel, NJ 08054 Attn: Subordination Department

Loan No.: 7076839443

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "Agreement") is made as of the 01st day of September 2005, by Merrill Lynch Credit Corporation, 4802 Deer Lake Drive East, Jacksonville, FL 32246 ("Subordinating Party"), in favor Aliant Bank, it's successors and/or assigns as their respective interests may appear ("Outside Lender").

WITNESSETH: That,

WHEREAS, Subordinating Party is the owner and holder of that certain Mortgage dated March 03, 2004, in the amount of \$57,900.00, executed by Kevin L. Waldrop and Christy M. Waldrop, ("Borrower," which term includes all parties executing such instrument) in favor of Merrill Lynch Credit Corporation, recorded on March 4, 2004 as Instrument No. 20040304000112210 of the public records of Shelcy County, State of Alabama (the "Subordinate Security Instrument"), which encumbers the following described real property:

SEE ATTACHED LEGAL DESCRIPTION

hereinafter the "Property."

WHEREAS, Borrower is the owner of the Property and Outside Lender is extending a new loan to Borrower in the amount of \$475,000.00 (the "New Loan") which is also secured by a Mortgage that encumbers the Property, which security instrument is being recorded in said public records contemporaneously with the recording of this Agreement (the "Outside Lender Security Instrument"); and

WHEREAS, Outside Lender, as an express condition of its extending the New Loan to Borrower, requires that the Outside Lender Security Instrument be a valid first lien encumbrance against the Property superior in all ways to the Subordinate Security Instrument and that Subordinating Party unconditionally subordinate the lien of the Subordinate Security Instrument to the lien of the Outside Lender Security Instrument in the manner hereinafter described;

NOW THEREFORE, in consideration of the premises which are hereby incorporated into this Agreement, the sum of One Dollar (\$1.00), and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Subordinating Party, and to induce Outside Lender to make the New Loan to Borrower, Subordinating Party hereby unconditionally acknowledges and agrees with Outside Lender that:

7076839443

- Subordinating Party hereby subordinates the lien of the Subordinate Security Instrument to the lien of the Outside Lender Security Instrument and declares that the Outside Lender Security Instrument, and any renewals, extensions, or modifications thereof, or substitutions therefore is and shall remain a first lien on the Property, prior and superior to the lien of the Subordinate Security Instrument, and shall be entitled to the same rights and privileges, both in law and equity, as it would have had if the Outside Lender Security Instrument had been executed, delivered, and recorded prior to the execution, delivery, and recordation of the Subordinate Security Instrument.
- Any future advance of funds or additional debt that may be secured by the Subordinate Security Instrument shall be subject to the provisions of this Agreement. The Outside Lender Security Instrument, and any renewals, extensions, or modifications thereof or substitutions therefore, are and shall remain a first lien on the Property, prior and superior to any lien for future advances of funds or additional debt secured by the Subordinate Security Instrument.
- This Agreement is made under the laws of the State in which the Property is located. It cannot be waived, changed, or terminated, except by a writing signed by Outside Lender and Subordinating Party. This Agreement shall be binding upon Subordinating Party and the heirs, legal representatives, successors, and assigns of Subordinating Party and shall inure to the benefit of, and shall be enforceable by, Outside Lender and its successors and assigns. Subordinating Party waives notice of Outside Lender's acceptance of this Agreement.

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed as of the day and year first above written.

> Merrill Lynch Credit Corporation, by PHH Mortgage Corporation, authorized agent

> > Corporate Seal

Sergio Gargureyich, Vice President

Signed, sealed, and delivered in the presence of:

Name: Robin Benfield

Name: Mysti Specht

STATE OF NEW JERSEY)

COUNTY OF BURLINGTON)

The foregoing instrument was acknowledged before me this 1st day of September 2005, by Sergio Gargurevich, who is Vice President of PHH Mortgage Corporation, on behalf of the corporation,

Notary Public, State of New Jersey

Natasha A. Moss NOTARY - NEW JERSEY

ID #2315009

My Commission Expires 5/13/09