Barron's Finance & Investment Dictionary:

Subordination Clause

clause in a Mortgage loan agreement that permits a mortgage recorded at a subsequent date to have preference over the original mortgage.

Barron's Real Estate Dictionary:

Subordination Clause

A clause or document that permits a mortgage recorded at a later date to take priority over an existing mortgage.

Example: Even though the first mortgage was recently retired, the second mortgage remained a second mortgage. The *subordination clause* in the second mortgage provided that a mortgage that replaces the existing first mortgage will become a first mortgage; the second mortgage will not move up in priority.

Investopedia Financial Dictionary:

Subordination Clause

A clause in an agreement which states that the current claim on any debts will take priority over any other claims formed in other agreements made in the future. Subordination is the act of yielding priority.

Investopedia Says:
A subordination clause effectively makes the current claim in the agreement senior to any other agreements that come along after the original agreement. These clauses are most commonly seen in mortgage contracts and bond issue agreements. For example, if a company issues bonds in the market with a subordination clause, it insures that if more bonds are issued in the future the original bondholders will receive payment before the company pays all other debt issued after it. This is added protection for the original bondholders as the likelihood of them getting their investment back is higher with a subordination clause.

Source: http://www.answers.com/topic/subordination-clause?cat=biz-fin
April, 2014