

**CITY CLERK
ORIGINAL**

**C-7963
03/22/2012**

CITY OF GLENDALE, ARIZONA

AGREEMENT C- 7963

(Subordination and Intercreditor Agreement)

(PLEASE DO NOT REMOVE ~ THIS IS PART OF THE OFFICIAL DOCUMENT)

FIRST AMERICAN TITLE

RECORDING REQUESTED BY AND

45080499-23-1-1--
mcdevittr

WHEN RECORDED RETURN TO:

Raza Development Fund, Inc.
1 East Washington St., Suite 2250
Phoenix, AZ 85004
Attention: Portfolio Manager

MS 508044

SPACE ABOVE LINE FOR RECORDER'S USE

SUBORDINATION AND INTERCREDITOR AGREEMENT

NOTICE: THIS SUBORDINATION AND INTERCREDITOR AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT (this "Agreement"), is made this 23 day of March, 2012, by and among NORWOOD VILLAGE APARTMENTS, LLC, a Wisconsin limited liability company ("Borrower"), CITY OF GLENDALE, holder of the note first hereinafter described ("Subordinate Lender") in favor of RAZA DEVELOPMENT FUND, INC., a District of Columbia nonprofit corporation, as the holder of the note next herein described ("Senior Lender").

RECITALS:

A. Borrower has executed a promissory note ("Subordinate Note", a copy of which is attached hereto as Exhibit B), in favor of Subordinate Lender in the original principal amount of \$1,800,000 (the "Subordinate Loan"). The Subordinate Note is secured by a subordinate deed of trust (the "Subordinate Mortgage"), encumbering the real property described in Exhibit A hereto, recorded March 28, 2012 as Instrument No. 2012-0257052 (the "Property") and a Declaration of Deed Restrictions (the "Declaration"), recorded also on March 28, 2012, as Instrument No. 2012-0257052. These documents evidencing, securing or guaranteeing the Subordinate Loan may be referred to herein as the "Subordinate Loan Documents;"

B. Pursuant to that certain Loan and Security Agreement dated as of March 23 2012 (as it may be amended, modified or restated, from time to time, the "Senior Loan Agreement"), Borrower has executed one senior note in the amount of \$1,320,000 (the "Senior Note"), dated as of March 23 2012, in favor of Senior Lender, which note evidences a loan (hereinafter referred to as the "Senior Loan") to Borrower. The Senior Note is secured by one first deed of trust (the "Senior Mortgage") dated as of March 23 2012 and recorded on March 23 2012 as Instrument No. 2012-0247240. The documents securing or guaranteeing the Senior Loan may be referred to herein as the "Senior Loan Documents;"

C. The Senior Lender has agreed to permit the Subordinate Lender to make the Subordinate Loan and to place a Subordinate Deed of Trust lien against the Property subject to all of the conditions contained in this Agreement.

D. Except as otherwise specifically set forth herein, any capitalized term used herein and not otherwise defined shall have the meaning given to such term in the Senior Loan Agreement.

NOW, THEREFORE, in order to induce the Senior Lender to permit the Subordinate Lender to make the Subordinate Loan to the Borrower and to place a Subordinate Deed of Trust lien against the Property, and in consideration thereof, the Senior Lender, the Subordinate Lender and the Borrower agree as follows:

1. Definitions.

In addition to the terms defined in the Recitals to this Agreement, for purposes of this Agreement the following terms have the respective meanings set forth below:

“Affiliate” means, when used with respect to a Person, any corporation, partnership, joint venture, limited liability company, limited liability partnership, trust or individual controlled by, under common control with, or which controls such Person (the term “control” for these purposes shall mean the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to select the managing partner of, a partnership, or otherwise to have the power independently to remove and then select a majority of those individuals exercising managerial authority over an entity, and control shall be conclusively presumed in the case of the ownership of 50% or more of the equity interests).

“Borrower” means the Person named as such in the first paragraph of this Agreement and any other Person (other than the Senior Lender) who acquires title to the Property after the date of this Agreement.

“Business Day” means any day other than Saturday, Sunday or a day on which the Senior Lender is not open for business.

“Default Notice” means: (a) a copy of the written notice from the Senior Lender to the Borrower stating that a Senior Loan Default has occurred under the Senior Loan; or (b) a copy of the written notice from the Subordinate Lender to the Borrower stating that a Subordinate Loan Default has occurred under the Subordinate Loan. Each Default Notice shall specify the default upon which such Default Notice is based.

“Person” means an individual, estate, trust, partnership, corporation, limited liability company, limited liability partnership, governmental department or agency or any other entity which has the legal capacity to own property.

"Senior Deed of Trust" shall have the meaning given to such term in the Recitals hereto.

"Senior Lender" shall have the meaning given to such term in the Recitals hereto.

"Senior Loan" shall have the meaning given to such term in the Recitals hereto.

"Senior Loan Agreement" shall have the meaning given to such term in the Recitals hereto.

"Senior Loan Default" means the occurrence of an "Event of Default" as that term is defined in the Senior Loan Documents.

"Senior Loan Documents" means (i) the Senior Note, the Senior Loan Agreement, the Senior Deed of Trust and all other documents evidencing, securing or otherwise executed and delivered in connection with the Senior Loan.

"Subordinate Lender" shall have the meaning given to such term in the Recitals hereto.

"Subordinate Loan Default" means a default by the Borrower in performing or observing any of the terms, covenants or conditions in the Subordinate Loan Documents to be performed or observed by it, which continues beyond any applicable period provided in the Subordinate Loan Documents for curing the default.

"Subordinate Loan Documents" means the Subordinate Note, the Subordinate Deed of Trust, the Declaration, and all other documents evidencing, securing or otherwise executed and delivered in connection with the Subordinate Loan.

2. Permission to Place Mortgage Lien Against Property.

The Senior Lender agrees, notwithstanding the prohibition against inferior liens on the Property contained in the Senior Loan Documents and subject to the provisions of this Agreement, to permit the Subordinate Lender to record the Subordinate Deed of Trust and other recordable Subordinate Loan Documents against the Property (which are subordinate in all respects to the lien of the Senior Deed of Trust and the Senior Loan) to secure the Borrower's obligation to repay the Subordinate Note and all other obligations, indebtedness and liabilities of the Borrower to the Subordinate Lender under and in connection with the Subordinate Loan. Such permission is subject to the condition that each of the representations and warranties made by the Borrower and the Subordinate Lender in Section 3 is true and correct on the date of this Agreement and on the date on which the proceeds of the Subordinate Loan are disbursed to the Borrower. If any of the representations and warranties made by the Borrower and the Subordinate Lender in Section 3 is not true and correct on both of those dates, the provisions of the Senior Loan Documents and the Permanent Loan Documents applicable to unpermitted liens on the Property shall apply.

3. **Borrower's and Subordinate Lender's Representations and Warranties.**

(a) The Borrower and the Subordinate Lender each makes the following representations and warranties to the Senior Lender:

(i) **Relationship of Borrower to Subordinate Lender and Senior Lender.** The Subordinate Lender is not an Affiliate of the Borrower and is not in possession of any facts which would lead it to believe that the Senior Lender is an Affiliate of the Borrower.

(ii) **Subordinate Loan Documents.** The executed Subordinate Loan Documents are substantially in the same forms as those submitted to, and approved by, Senior Lender prior to the date of this Agreement. Upon execution and delivery of the Subordinate Loan Documents, Borrower shall deliver to Senior Lender an executed copy of each of the Subordinate Loan Documents, certified to be true, correct and complete.

(iii) **Term.** The term of the Subordinate Loan is twenty (20) years.

(b) Senior Lender and Borrower each make the following representations and warranties to Subordinate Lender.

(i) **Senior Loan Documents.** The executed Senior Loan Documents are substantially in the same forms as, when applicable, those submitted to, and approved by, Subordinate Lender prior to the date of this Agreement. Upon execution and delivery of the Senior Loan Documents, Borrower shall deliver to Subordinate Lender an executed copy of each of the Senior Loan Documents, certified to be true, correct and complete.

(ii) **Term.** The term of the Senior Note is thirty-six (36) months.

4. **Terms of Subordination.**

(a) **Agreement to Subordinate.** The Senior Lender and the Subordinate Lender agree that: (i) the indebtedness evidenced by the Subordinate Loan Documents is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement to the prior payment in full of the indebtedness evidenced by the Senior Loan Documents (for avoidance of doubt, the foregoing shall not prohibit the monthly payment of debt service on the Subordinate Loan, as expressly set forth in the Subordinate Loan Documents, after the payment of all sums due and payable under the Senior Loan Documents in such month), and (ii) the Subordinate Deed of Trust and the other Subordinate Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Senior Deed of Trust and the other Senior Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the Senior Deed of Trust and the other Senior Loan Documents (including but not limited to, all sums advanced for the purposes of (1) protecting or further securing the lien of the Senior Deed of Trust, curing defaults by the Borrower under the Senior Loan Documents and/or paying insurance premiums or taxes, or making

protective advances, and/or (2) constructing, renovating, repairing, furnishing, fixturing or equipping the Property).

(b) Subordination of Subrogation Rights. The Subordinate Lender agrees that if, by reason of its payment of real estate taxes or other monetary obligations of the Borrower, acting in its proprietary capacity and not governmental capacity; or by reason of its exercise of any other right or remedy under the Subordinate Loan Documents, it acquires by right of subrogation or otherwise a lien on the Property which (but for this subsection) would be senior to the lien of the Senior Deed of Trust, then, in that event, such lien shall be subject and subordinate to the lien of the Senior Deed of Trust.

(c) Payments Before Senior Loan Default. Until the Subordinate Lender receives a Default Notice of a Senior Loan Default from the Senior Lender, the Subordinate Lender shall be entitled to retain for its own account all payments made under or pursuant to the Subordinate Loan Documents.

(d) Payments After Senior Loan Default. The Borrower agrees that, after it receives notice (or otherwise acquires knowledge) of a Senior Loan Default, it will not make any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Deed of Trust) without the Senior Lender's prior written consent. The Subordinate Lender agrees that, after it receives a Default Notice from the Senior Lender with written instructions directing the Subordinate Lender not to accept payments from the Borrower on account of the Subordinate Loan, it will not accept any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Deed of Trust) without the Senior Lender's prior written consent. If the Subordinate Lender receives written notice from the Senior Lender that the Senior Loan Default which gave rise to the Subordinate Lender's obligation not to accept payments has been cured, waived, or otherwise suspended by the Senior Lender, the restrictions on payment to the Subordinate Lender in this Section 4 shall terminate, and the Senior Lender shall have no right to any subsequent payments made to the Subordinate Lender by the Borrower prior to the Subordinate Lender's receipt of a new Default Notice from the Senior Lender in accordance with the provisions of this Section 4(d).

(e) Remitting Subordinate Loan Payments to Senior Lender. If, after the Subordinate Lender receives a Default Notice from the Senior Lender in accordance with subsection (d) above, the Subordinate Lender receives any payments under the Subordinate Loan Documents, the Subordinate Lender agrees that such payment or other distribution will be received and held in trust for the Senior Lender and unless the Senior Lender otherwise notifies the Subordinate Lender in writing, will be promptly remitted, in kind to the Senior Lender, properly endorsed to the Senior Lender, to be applied to the principal of, interest on and other amounts due under the Senior Loan Documents in accordance with the provisions of the Senior Loan Documents. By executing this Agreement, the Borrower specifically authorizes the Subordinate Lender to endorse and remit any such payments to

the Senior Lender, and specifically waives any and all rights to have such payments returned to the Borrower or credited against the Subordinate Loan. Borrower and Senior Lender acknowledge and agree that payments received by the Subordinate Lender, and remitted to the Senior Lender under this Section 4, shall not be applied or otherwise credited against the Subordinate Loan, nor shall the tender of such payment to the Senior Lender waive any Subordinate Loan Default which may arise from the inability of the Subordinate Lender to retain such payment or apply such payment to the Subordinate Loan.

(f) Agreement Not to Commence Bankruptcy Proceeding. The Subordinate Lender agrees that during the term of this Agreement it will not commence, or join with any other creditor in commencing any bankruptcy reorganization, arrangement, insolvency or liquidation proceedings with respect to the Borrower, without the Senior Lender's prior written consent.

5. Default Under Subordinate Loan Documents.

(a) Notice of Default and Cure Rights. The Subordinate Lender shall deliver to the Senior Lender a Default Notice within five (5) Business Days in each case where the Subordinate Lender has given a Default Notice to the Borrower. Failure of the Subordinate Lender to send a Default Notice to the Senior Lender shall not prevent the exercise of the Subordinate Lender's rights and remedies under the Subordinate Loan Documents, subject to the provisions of this Agreement. The Senior Lender shall have the right, but not the obligation, to cure any Subordinate Loan Default within thirty (30) days following the date of such notice; provided, however that the Subordinate Lender shall be entitled, during such thirty (30) day period, to continue to pursue its rights and remedies under the Subordinate Loan Documents. All amounts paid by the Senior Lender in accordance with the Senior Loan Documents to cure a Subordinate Loan Default shall be deemed to have been advanced by the Senior Lender pursuant to, and shall be secured by the lien of, the Senior Deed of Trust.

(b) Subordinate Lender's Agreement to Standstill.

(i) Prior to the Completion Date, if a Subordinate Loan Default occurs and is continuing, the Subordinate Lender agrees that, without the Senior Lender's prior written consent, it will not accelerate the Subordinate Loan, commence foreclosure proceedings with respect to the Property, collect rents, appoint (or seek the appointment of) a receiver or institute any other collection or enforcement action.

(ii) From and after the Completion Date, if a Subordinate Loan Default occurs and is continuing, the Subordinate Lender agrees that, without the Senior Lender's prior written consent, it will not collect rents, appoint (or seek the appointment of) a receiver or institute any other collection or enforcement action; provided, however, that Subordinate Lender may accelerate the Subordinate Loan and commence foreclosure proceedings with respect to the Property, (A) if no Senior Loan Default has occurred and is continuing, at any time, and (B) if a Senior Loan Default has occurred and is continuing, thirty (30) days after written notice to Senior Lender (provided that

such 30-day period shall be extended if Senior Lender commences and thereafter diligently pursues foreclosure proceedings to completion).

(c) Cross Default. The Borrower and the Subordinate Lender agree that a Subordinate Loan Default shall constitute a Senior Loan Default under the Senior Loan Documents and the Senior Lender shall have the right, at its option, to exercise all rights or remedies under the Senior Loan Documents in the same manner as in the case of any other Senior Loan Default. If the Subordinate Lender notifies the Senior Lender in writing that any Subordinate Loan Default of which the Senior Lender has received a Default Notice has been cured or waived, as determined by the Subordinate Lender in its sole discretion, then provided that Senior Lender has not conducted a sale of the Property pursuant to its rights under the Senior Loan Documents, any Senior Loan Default under the Senior Loan Documents arising solely from such Subordinate Loan Default shall be deemed cured, and the Senior Loan shall be reinstated, provided, however, that the Senior Lender shall not be required to return or otherwise credit for the benefit of the Borrower any default rate interest or other default related charges or payments received by the Senior Lender during such Senior Loan Default.

6. Default Under Senior Loan Documents.

(a) Notice of Default and Cure Rights. The Senior Lender shall deliver to the Subordinate Lender a Default Notice within five (5) Business Days in each case where the Senior Lender has given a Default Notice to the Borrower. Failure of the Senior Lender to send a Default Notice to the Subordinate Lender shall not prevent the exercise of the Senior Lender's rights and remedies under the Senior Loan Documents, subject to the provisions of this Agreement. The Subordinate Lender shall have the right, but not the obligation, to cure any such Senior Loan Default as provided below. Subordinate Lender may have up to thirty (30) days from the date of the Default Notice to cure any monetary default under the Senior Loan Documents; provided, however, that the Senior Lender shall be entitled during such 30-day period to continue to pursue its remedies with respect to the Property. Subordinate Lender may have up to sixty (60) days from the date of the Default Notice to cure a non-monetary default if during such 60-day period Subordinate Lender keeps current all payments required by the Senior Loan Documents. In the event that such a non-monetary default creates an unacceptable level of risk relative to the Property, or Senior Lender's secured position relative to the Property, as determined by Senior Lender in its sole discretion, then Senior Lender may exercise during such 60-day period all available rights and remedies to protect and preserve the Property and the rents, revenues and other proceeds from the Property. All amounts paid by the Subordinate Lender to the Senior Lender to cure a Senior Loan Default shall be deemed to have been advanced by the Subordinate Lender pursuant to, and shall be secured by the lien of, the Subordinate Deed of Trust.

(b) Cross Default. The Subordinate Lender agrees that, notwithstanding any contrary provision contained in the Subordinate Loan Documents, a Senior Loan Default shall not constitute a default under the Subordinate Loan Documents if no other default occurred under the Subordinate Loan Documents until either (i) the Senior Lender has

accelerated the maturity of the Senior Loan, or (ii) the Senior Lender has taken affirmative action to exercise its rights under the Senior Deed of Trust to collect rent, to appoint (or seek the appointment of) a receiver or to foreclose on (or to exercise a power of sale contained in) the Senior Deed of Trust; provided that the Senior Lender is pursuing its remedies under the Senior Loan Documents with diligence. At any time after a Senior Loan Default is determined to constitute a default under the Subordinate Loan Documents, the Subordinate Lender shall be permitted to pursue its remedies for default under the Subordinate Loan Documents, subject to the restrictions and limitations of this Agreement. If at any time the Borrower cures any Senior Loan Default to the satisfaction of the Senior Lender, as evidenced by written notice from the Senior lender to the Subordinate Lender, any default under the Subordinate Loan Documents arising from such Senior Loan Default shall be deemed cured and the Subordinate Loan shall be retroactively reinstated as if such Senior Loan Default had never occurred.

7. Conflict.

The Borrower, the Senior Lender and the Subordinate Lender each agrees that, in the event of any conflict or inconsistency between the terms of the Senior Loan Documents, the Subordinate Loan Documents and the terms of this Agreement, the terms of this Agreement shall govern and control solely as to the following: (a) the relative priority of the security interests of the Senior Lender and the Subordinate Lender in the Property; (b) the timing of the exercise of remedies by the Senior Lender and the Subordinate Lender under the Senior Deed of Trust and the Subordinate Deed of Trust, respectively; and (c) solely as between the Senior Lender and the Subordinate Lender, the notice requirements, cure rights, and the other rights and obligations which the Senior Lender and the Subordinate Lender have agreed to as expressly provided in this Agreement. Borrower acknowledges that the terms and provisions of this Agreement shall not, and shall not be deemed to: extend Borrower's time to cure any Senior Loan Default or Subordinate Loan Default, as the case may be; give the Borrower the right to notice of any Senior Loan Default or Subordinate Loan Default, as the case may be other than that, if any, provided, respectively under the Senior Loan Documents or the Subordinate Loan Documents; or create any other right or benefit for Borrower as against Senior Lender or Subordinate Lender.

8. Rights and Obligations of the Subordinate Lender Under the Subordinate Loan Documents and of the Senior Lender under the Senior Loan Documents.

Subject to each of the other terms of this Agreement, all of the following provisions shall supersede any provisions of the Subordinate Loan Documents covering the same subject matter:

(a) Protection of Security Interest. The Subordinate Lender shall not, without the prior written consent of the Senior Lender in each instance, take any action which has the effect of increasing the indebtedness outstanding under, or secured by, the Subordinate Loan Documents, except that the Subordinate Lender shall have the right, but not the obligation, to advance funds to cure Senior Loan Defaults pursuant to Section 6(a) above and advance funds pursuant to the Subordinate Deed of Trust for the purpose of paying real estate taxes and insurance premiums, making necessary repairs to the Property and curing other defaults by the Borrower under the Subordinate Loan Documents.

(b) Condemnation or Casualty. In the event of: a taking or threatened taking by condemnation or other exercise of eminent domain of all or a portion of the Property (collectively, a "Taking"); or the occurrence of a fire or other casualty resulting in damage to all or a portion of the Property (collectively, a "Casualty"), at any time or times when the Senior Deed of Trust remains a lien on the Property:

(1) all proceeds received or to be received on account of a Taking or a Casualty, or both, shall first be applied (either to payment of the costs and expenses of repair and restoration or to payment of the Senior Loan) in the manner consistent with the Senior Loan Documents; provided, however, any proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the Senior Loan shall be paid to, and may be applied by, the Subordinate Lender in accordance with the applicable provisions of the Subordinate Loan Documents.

(c) No Modification of Subordinate Loan Documents. The Borrower and the Subordinate Lender each agrees that, until the principal of, interest on and all other amounts payable under the Senior Loan Documents have been indefeasibly paid in full, it will not, without the prior written consent of the Senior Lender in each instance, increase the amount of the Subordinate Loan, increase the required payments due under the Subordinate Loan, decrease the term of the Subordinate Loan, increase the interest rate on the Subordinate Loan, or otherwise amend the Subordinate Loan terms in a manner that creates an adverse effect upon the Senior Lender under the Senior Loan Documents. Any unauthorized amendment of the Subordinate Loan Documents or assignment of the Subordinate Lender's interest in the Subordinate Loan without the Senior Lender's consent shall be void *ab initio* and of no effect whatsoever and Subordinate Lender agrees that it shall not transfer or assign the Subordinate Loan or the Subordinate Loan Documents without the prior written consent of the Senior Lender.

9. Takeout, Modification or Refinancing of Senior Loan.

The Subordinate Lender consents to any agreement or arrangement in which the Senior Lender waives, postpones, extends, reduces or modifies any provisions of the Senior Loan Documents, including any provision requiring the payment of money; provided that the foregoing shall not include any modification to the Senior Loan Documents which increases the principal amount of the Senior Loan, or the interest rate, the required amortization payments or the monthly debt service thereof. Subordinate Lender further agrees that its agreement to subordinate hereunder shall extend to the Senior Loan Documents, as well as to any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Loan (including reasonable and necessary costs associated with the closing and/or the refinancing) and, in the event of new mortgage debt, Subordinate Lender shall execute and deliver to Senior Lender a new subordination agreement on the same terms and conditions as this Subordination Agreement.

10. Default by the Subordinate Lender or Senior Lender.

If the Subordinate Lender or Senior Lender defaults in performing or observing any of the terms, covenants or conditions to be performed or observed by it under this Agreement, the other, non-defaulting lender shall have the right to all available legal and equitable relief.

11. Priority of Payments.

In case of any assignment by Borrower for the benefit of Borrower's creditors, any bankruptcy proceedings instituted by or against Borrower's assets, and any dissolution or other winding up of the affairs of Borrower or of Borrower's business, and in all such cases respectively, the authorized representatives and owners of that Borrower and any assignee, trustee in bankruptcy, receiver, and other person or persons in charge are hereby directed to pay Senior Lender the full amount of the Senior Loan before making any payments to Subordinate Lender, and so far as may be necessary solely for that purpose, Subordinate Lender hereby transfers, assigns and grants to Senior Lender a security interest in, and lien on, all its right, title and interest in, to and under the Junior Loan. Subordinate Lender and Senior Lender agree that this Agreement shall be valid and enforceable at all times, whether before, during or after the pendency of any bankruptcy, reorganization or other insolvency proceeding.

12. Notices.

Each notice, request, demand, consent, approval or other communication (hereinafter in this Section referred to collectively as "notices" and referred to singly as a "notice") which the Senior Lender or the Subordinate Lender is required or permitted to give to the other party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered); or (b) sent by Federal Express (or other similar national overnight courier) designating early morning delivery (any notice so delivered shall be deemed to have been received on the next Business Day following receipt by the courier); or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received two days after mailing in the United States), addressed to the respective parties as follows:

SENIOR LENDER:

Raza Development Fund, Inc.
1 East Washington St., Suite 2250
Phoenix, AZ 85004
Attention: Portfolio Manager

With a copy to:

Bergman and Alderdice
1200 Wilshire Blvd, Suite 610
Los Angeles, CA 90017
Attention: Beth Bergman

SUBORDINATE LENDER:
City of Glendale City Clerk
5850 W. Glendale Avenue
Glendale, AZ 85301

With a copy to:

Either party may, by notice given pursuant to this Section, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses for its notices, but notice of a change of address shall only be effective upon receipt.

12. General.

(a) Assignment/Successors. This Agreement shall be binding upon the Borrower, the Senior Lender and the Subordinate Lender and shall inure to the benefit of the respective legal successors and assigns of the Senior Lender and the Subordinate Lender.

(b) No Partnership or Joint Venture. The Senior Lender's permission for the placement of the Subordinate Loan Documents does not constitute the Senior Lender as a joint venturer or partner of the Subordinate Lender. Neither party hereto shall hold itself out as a partner, agent or Affiliate of the other party hereto.

(c) Senior Lender's and Subordinate Lender's Consent. Wherever the Senior Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by the Senior Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement. Wherever the Subordinate Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by the Subordinate Lender in its sole and absolute discretion, unless otherwise expressly provided in this Agreement.

(d) Further Assurances. The Subordinate Lender, the Senior Lender and the Borrower each agree, at the Borrower's expense, to execute and deliver all additional instruments and/or documents reasonably required by any other party to this Agreement in order to evidence that the Subordinate Deed of Trust is subordinate to the lien, covenants

and conditions of the Senior Deed of Trust, or to further evidence the intent of this Agreement.

(e) Amendment. This Agreement shall not be amended except by written instrument signed by all parties hereto.

(f) Governing Law. This Agreement shall be governed by the laws of the State of Arizona.

(g) Severable Provisions. If any provision of this Agreement shall be invalid or unenforceable to any extent, then the other provisions of this Agreement, shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(h) Term. The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the indefeasible payment of all of the principal of, interest on and other amounts payable under the Senior Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Subordinate Loan Documents, other than by reason of payments which the Subordinate Lender is obligated to remit to the Senior Lender pursuant to Section 4 hereof; or (iii) the acquisition by the Senior Lender of title to the Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, the Senior Deed of Trust.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

(j) Time. Time is of the essence with respect to each provision of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

SUBORDINATE LENDER:

City of Glendale,

a _____

See Signature Page Two

By: _____

Name: _____

Title: _____

SENIOR LENDER:

RAZA DEVELOPMENT FUND, INC.,
a District of Columbia nonprofit corporation

By: Signed in counterpart

Name: Mark Van Brunt

Title: Chief Operating Officer

BORROWER:

NORWOOD VILLAGE APARTMENTS, LLC,
a Wisconsin limited liability company

By: NORWOOD VILLAGE APARTMENTS MM, LLC,
a Wisconsin limited liability company, its managing member

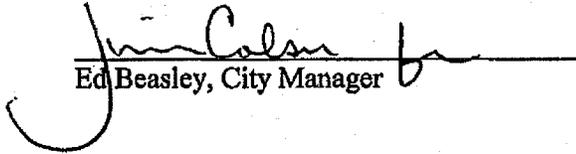
By: GORMAN & COMPANY, INC.,
a Wisconsin corporation, its manager

By: Signed in counterpart

Name: Gary J. Gorman

Title: President

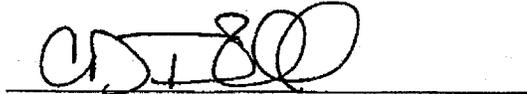
CITY OF GLENDALE, an Arizona
municipal corporation


Ed Beasley, City Manager

ATTEST:


Pamela Hanna, City Clerk (SEAL)

APPROVED AS TO FORM:

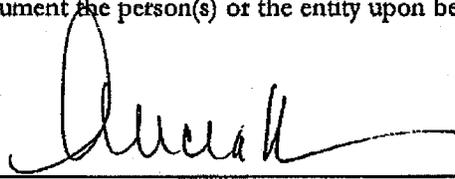

Craig Tindall, City Attorney

ACKNOWLEDGMENTS

STATE OF ARIZONA)
)SS.
COUNTY OF MARICOPA)

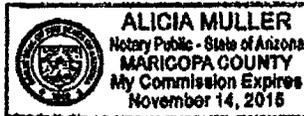
On Jim Colson, before me, the undersigned Notary Public, personally appeared Deputy City Manager, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

 4/2/12

Notary Public

My Commission Expires: 11-14-15



STATE OF ARIZONA)
)SS.
COUNTY OF MARICOPA)

On _____, before me, the undersigned Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

My Commission Expires:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

SUBORDINATE LENDER:

City of Glendale,

a _____

By: _____

Name: _____

Title: _____

SENIOR LENDER:

RAZA DEVELOPMENT FUND, INC.,
a District of Columbia nonprofit corporation

By: Mark Van Brunt

Name: Mark Van Brunt

Title: Chief Operating Officer

BORROWER:

NORWOOD VILLAGE APARTMENTS, LLC,
a Wisconsin limited liability company

By: NORWOOD VILLAGE APARTMENTS MM, LLC,
a Wisconsin limited liability company, its managing member

By: GORMAN & COMPANY, INC.,
a Wisconsin corporation, its manager

By: _____

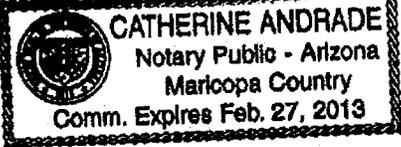
Name: Gary J. Gorman

Title: President

ACKNOWLEDGMENTS

STATE OF ARIZONA)
)SS.
COUNTY OF MARICOPA)

On March 21, 2012, before me, the undersigned Notary Public, personally appeared Mark Van Beurt, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that (he)she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal


Catherine Andrade
Notary Public

My Commission Expires:
2/27/2013

STATE OF ARIZONA)
)SS.
COUNTY OF MARICOPA)

On _____, before me, the undersigned Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

My Commission Expires:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

SUBORDINATE LENDER:

City of Glendale,

a _____

By: _____

Name: _____

Title: _____

SENIOR LENDER:

RAZA DEVELOPMENT FUND, INC.,
a District of Columbia nonprofit corporation

By: _____

Name: Mark Van Brunt

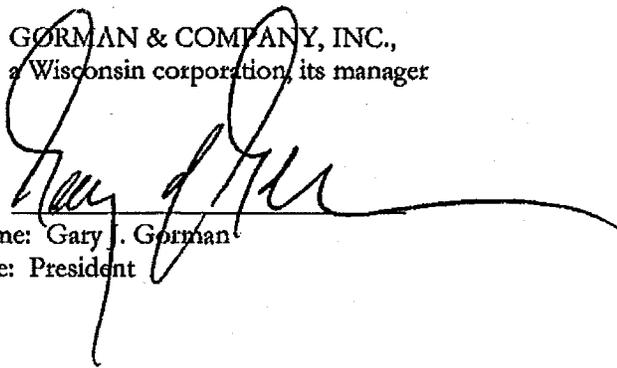
Title: Chief Operating Officer

BORROWER:

NORWOOD VILLAGE APARTMENTS, LLC,
a Wisconsin limited liability company

By: NORWOOD VILLAGE APARTMENTS MM, LLC,
a Wisconsin limited liability company, its managing member

By: GORMAN & COMPANY, INC.,
a Wisconsin corporation, its manager

By:  _____

Name: Gary J. Gorman

Title: President

ACKNOWLEDGEMENT:

STATE OF WISCONSIN)
)§
COUNTY OF DANE)

I certify that I know or have satisfactory evidence that Gary J. Gorman is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledge it as the President / CEO of Gorman & Company, Inc. a(n) Wisconsin corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 3/22/12

Rachel M. Sneath
(Print Notary Name)

(seal)

Notary Public in and for the State of Wisconsin,

Rachel M. Sneath
(Signature)

My appointment expires 12/13/15

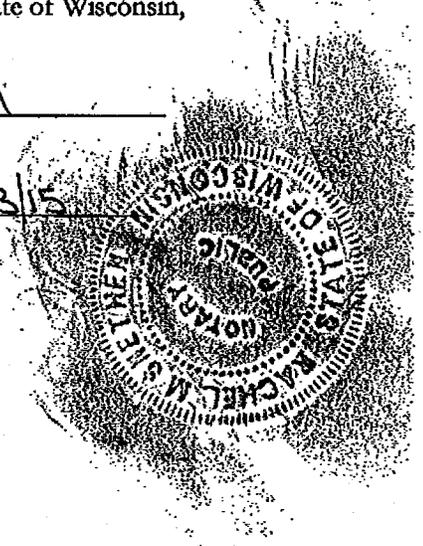


EXHIBIT A

DESCRIPTION OF PROPERTY

File No.: NCS-508049-HOU1 (AHP)
Property: Norwood Village Apartments, 6738 North 45th Avenue, Glendale, AZ 85301

PARCEL NO. 1:

TRACT "A," GRANADA VISTA, ACCORDING TO BOOK 134 OF MAPS, PAGE 42 AND CERTIFICATE OF CORRECTION RECORDED IN DOCKET 8965, PAGE 235, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 2:

THAT PORTION OF THE ABANDONED ALLEY LOCATED TO THE WEST OF TRACT "A," GRANADA VISTA, ACCORDING TO BOOK 134 OF MAPS, PAGE 42, RECORDS OF MARICOPA COUNTY, ARIZONA, AS ABANDONED BY CITY OF GLENDALE ORDINANCE NO. 2019 RECORDED IN RECORDING NO. 98-0823776, LYING BETWEEN THE WESTERLY EXTENSION OF THE NORTH AND SOUTH LINES OF SAID TRACT "A."

A.P.N. 146-25-019

20120278404

EXHIBIT B
SUBORDINATE NOTE

When recorded, mail to:
CITY OF GLENDALE
Community Revitalization
5850 West Glendale Avenue, Suite 107
Glendale, Arizona 85301

PROMISSORY NOTE
DEFERRED LOAN

Loan Amount: \$1,800,000.00

Glendale, Arizona

FOR VALUE RECEIVED, the undersigned promises to pay to the order of the City of Glendale, an Arizona municipal corporation (City), or its successors, the principal sum of **One Million Eight Hundred Thousand and 00/100 Dollars (\$1,800,000.00)**. This Note is made on a 20-year Deferred Loan, non-interest bearing basis and is secured by a Deed of Trust. The maturity date of this Note is March 28, 2032.

This Note shall become due and payable prior to the maturity date (a) upon any transfer, voluntary, involuntary, or by operation of law, of the Property identified in the Deed of Trust securing this Note or (b) if the undersigned ceases to occupy or use eleven (11) apartment units in the Property to provide services to low income multi-family clients (50% Below Average Median Income). This Note is secured by a Deed of Trust executed by the undersigned naming the City as Beneficiary; which Deed of Trust and this Note are security for the obligations of the undersigned contained in the development agreement between the City, the undersigned and Gorman & Company, Inc., a Wisconsin corporation authorized to do business in Arizona related to the Neighborhood Stabilization Program III (NSP III) funding for the multi-family development at Norwood Village Apartments located at 6738 North 45th Avenue, Glendale, Arizona 85301.

If upon maturity of this Note, the undersigned has continuously provided the services and complied with the provisions of the above-referenced development agreement, the City shall consider the obligations of this Note to have been met and shall consider its security interest in the Property to be released to the undersigned, upon repayment of the entire principal balance.

Should default be made in the payment of any amount when due, or should the undersigned default on any obligation owed to the City under the terms of this Note or the Deed of Trust providing security therefor, the whole sum of principal shall become immediately due and payable at the option of the holder of this Note.

If suit or action is instituted by City to recover on this Note, the undersigned agrees to pay reasonable attorneys' fees and costs in addition to the amount due on the Note.

Diligence, demand, protest and notice of demand and protest are hereby waived and the undersigned hereby waives, to the extent which otherwise would apply to the debt evidenced by this Note, notice of transfer of the Note by the Lender or by any subsequent holder of this Note and agrees that the terms of this Note may be enforced by any subsequent transferee or holder of this Note. Consent is hereby given to the extension of time of payment of this Note, with 30-day written notice.

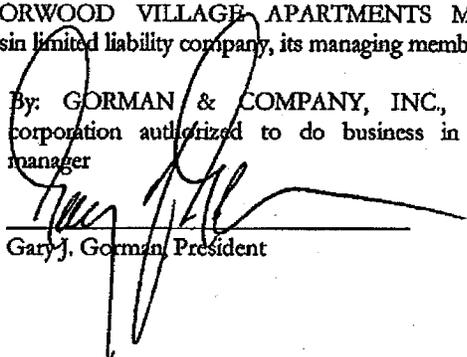
The undersigned reserves the right to repay at any time all of the principal amount of this Note in a single payment without the penalties, discounts or premiums.

IN WITNESS WHEREOF, this Note has been duly executed by the undersigned, as of the date above written.

NORWOOD VILLAGE APARTMENTS, LLC, a Wisconsin limited liability company

By: NORWOOD VILLAGE APARTMENTS MM, LLC, a Wisconsin limited liability company, its managing member

By: GORMAN & COMPANY, INC., a Wisconsin corporation authorized to do business in Arizona, its manager



Gary J. Gorman, President

STATE OF WISCONSIN)
) ss.
County of Dane)

On this the 22 day of March, 2012, before me, the undersigned Notary Public, personally appeared Gary J. Gorman, who acknowledged himself to be the President of Gorman & Company, Inc. and that he, as such official, being authorized to do so, executed the foregoing Note for and on behalf of Gorman & Company, Inc., as manager of Norwood Village Apartments MM, LLC, as member of Norwood Village Apartments, LLC for the purpose and consideration therein expressed.

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



Notary Public

My Commission Expires
12/13/15