

After recording,
return to:

CITY CLERK
ORIGINAL

Jackson Walker L.L.P.
901 Main St., Suite 6000
Dallas, Texas 75202
Attn: Justin Shipley

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "Agreement") is entered into this 24 day of February, 2015 by and among (i) BANK OF AMERICA, N.A., a national banking association (the "Senior Lender"), (ii) CITY OF GLENDALE, an Arizona municipal corporation (the "Subordinate Lender"), and (iii) NORWOOD VILLAGE APARTMENTS, LLC, a Wisconsin limited liability company (the "Borrower").

Recitals

A. The Senior Lender has made a loan (the "First Mortgage Loan") to the Borrower in the original principal amount of Seven Million Eight Hundred Twenty-One Thousand Four Hundred Thirty-Eight and No/100 Dollars (\$7,821,438.00). The First Mortgage Loan is secured by that certain Construction Deed of Trust, Assignment, Security Agreement and Fixture Filing dated February 22, 2013 (the "First Mortgage") executed by Borrower and recorded as Document No. 20130186266 in the real property records of Maricopa County, Arizona and covering a multifamily housing project located in the City of Glendale, Maricopa County, Arizona (the "Property"). The land comprising the Property is more fully described in Exhibit A attached hereto. The Borrower's obligation to repay the First Mortgage Loan is evidenced by a Promissory Note February 22, 2013 (the "First Mortgage Note"), and is due in full on February 22, 2015 (subject to being extended to August 22, 2015 pursuant to an extension option).

B. Subordinate Lender previously made a first subordinate loan to Borrower under the Neighborhood Stabilization Program in the amount of One Million Eight Hundred Thousand Dollars (\$1,800,000.00) (the "First Subordinate Loan") to Borrower, which was subordinated to the First Mortgage Loan pursuant to a prior Subordination Agreement executed by the Subordinate Lender on February 15, 2013. With this Subordination Agreement, the City of Glendale is agreeing to subordinate a second subordinate loan made to the Borrower under the Neighborhood Stabilization Program in the amount of Three Hundred Ninety Thousand and No/100 Dollars (\$390,000.00) (the "Second Subordinate Loan"). Borrower has requested that the Senior Lender permit the Subordinate Lender to secure the Second Subordinate Loan by, among other things, placing a mortgage lien against the Property.

C. Upon satisfaction of all conditions set forth in Section 2.6 of the Construction Loan Agreement between Borrower and Senior Lender dated February 22, 2013, the First Mortgage Loan will convert (the "Conversion") to a \$301,956 permanent loan (the "Permanent Loan") evidenced

by that certain Promissory Note (Term Only) (the "Permanent Note") executed by Borrower and payable to the order of Senior Lender in the principal amount of the Permanent Loan and secured by that certain Multifamily Deed of Trust, Assignment of Rents and Security Agreement executed by Borrower for the benefit of Senior Lender (the "Permanent Deed of Trust"; together with the Permanent Note and all other documents executed in connection with the Permanent Loan, collectively, the "Permanent Loan Documents") covering the Property.

D. As a condition to the Senior Lender making the Permanent Loan, Senior Lender is requiring the execution of this Agreement.

NOW, THEREFORE, in order to induce the Senior Lender make the Permanent Loan, 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 (^{Official Document} ~~Official Document~~ 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.

"Declaration of Deed Restrictions" means that certain Declaration of Deed Restrictions dated January 28, 2014 by and between Subordinate Lender and Borrower and recorded as Document No. 20140140275 in the Official Public Records of Maricopa County, Arizona.

"Default Notice" means: (a) a copy of the written notice from the Senior Lender to the Borrower stating that a First Mortgage Loan Default has occurred under the First Mortgage 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 Second

Subordinate Loan. Each Default Notice shall specify the default upon which such Default Notice is based.

“Development Agreement” means that certain Development Agreement for Multi-Family Housing Development Under the Neighborhood Stabilization Program III dated February 28, 2012 by and between Subordinate Lender and Borrower and recorded as Document No. 20120200635 in the Official Public Records of Maricopa County, Arizona, as amended by that certain First Amendment to Development Agreement for Multifamily Housing Development Under the Neighborhood Stabilization Program III dated January 28, 2014 by and between Subordinate Lender and Borrower and recorded as Document No. 20140140275 in the Official Public Records of Maricopa County, Arizona.

“First Mortgage Loan Default” means the occurrence of an “Event of Default” as that term is defined in the First Mortgage Loan Documents.

“First Mortgage Loan Documents” means (i) the First Mortgage Note and all other documents evidencing, securing or otherwise executed and delivered in connection with the First Mortgage Loan; and (ii) following Conversion of the First Mortgage Loan, the Permanent Loan Documents.

“Permanent Note” shall have the meaning given to such term in the Recitals.

“Permanent Mortgage” shall have the meaning given to such term in the Recitals.

“Permanent Loan Documents” means the Permanent Note, the Permanent Mortgage and all other documents evidencing, security or otherwise executed and delivered in connection with the Permanent Loan.

“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.

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“Senior Lender” means the Person named as such in the first paragraph on page one of this Agreement. When any other Person becomes the legal holder of the First Mortgage Note or of the Permanent Loan Documents, such other Person shall automatically become the Senior Lender.

“Subordinate Lender” means the Person named as such in the first paragraph on page one of this Agreement and any other Person who becomes the legal holder of the Subordinate Note after the date of this Agreement.

“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 Mortgage, the Declaration of Deed Restrictions, the Development Agreement and all other documents evidencing, securing or otherwise executed and delivered in connection with the Second Subordinate Loan.

"Subordinate Mortgage" means that certain Recapture Provision Deed of Trust dated January 28, 2014 executed by Borrower for the benefit of Subordinate Lender encumbering the Property as security for the City's Second Subordinate Loan, and recorded as Document No. 20140140275 in the Official Records of Maricopa County, Arizona.

"Subordinate Note" means that certain Promissory Note Deferred Loan dated on or about January 28, 2014 executed by Borrower and payable to the order of Subordinate Lender in the principal amount of \$390,000, which evidences the City's Second 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 First Mortgage Loan Documents or the Permanent Loan Documents and subject to the provisions of this Agreement, to permit the Subordinate Lender to record the Subordinate Mortgage and other recordable Subordinate Loan Documents against the Property (which are subordinate in all respects to the lien of the First Mortgage and the Permanent 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 First Mortgage Loan Documents and the Permanent Loan Documents applicable to unpermitted liens on the Property shall apply.

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

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

(a) Term. The term of the Subordinate Note does not end before the term of the First Mortgage Note.

(b) Restrictions. Subordinate Lender confirms, notwithstanding anything to the contrary in the Subordinate Loan Documents, that the covenants, conditions and restrictions set forth in the Declaration of Deed Restrictions and the Development Agreement restrict not more than eleven (11) units in the Property to low income units at or below fifty percent (50%) of the average median income. The Declaration of Deed Restrictions and Development Agreement do not restrict the remaining units in the Property.

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 First Mortgage Loan Documents, and (ii) the Subordinate Mortgage 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 First Mortgage and the other First Mortgage Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the First Mortgage and the other First Mortgage Loan Documents (including but not limited to, all sums advanced for the purposes of (1) protecting or further securing the lien of the First Mortgage, curing defaults by the Borrower under the First Mortgage Loan Documents or for any other purpose expressly permitted by the First Mortgage, 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, 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 First Mortgage, then, in that event, such lien shall be subject and subordinate to the lien of the First Mortgage.

(c) **Subordination of Restrictions.** Subordinate Lender agrees that the Declaration of Deed Restrictions and Development Agreement shall be subject and subordinate in all respects to the terms, conditions and covenants of the First Mortgage and First Mortgage Loan Documents.

(d) **Payments Before First Mortgage Loan Default.** Until the Subordinate Lender receives a Default Notice of a First Mortgage 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.

(e) **Payments After First Mortgage Loan Default.** The Borrower agrees that, after it receives notice (or otherwise acquires knowledge) of a First Mortgage 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 Mortgage) 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 Second 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 Mortgage) without the Senior Lender's prior written consent. If the

Subordinate Lender receives written notice from the Senior Lender that the First Mortgage 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).

(f) **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 First Mortgage Loan Documents in accordance with the provisions of the First Mortgage 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 Second 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 Second 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 Second Subordinate Loan.

(g) **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.

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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 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 60 days following the date of such notice; provided, however that the Subordinate Lender shall be entitled, during such 60-day period, to continue to pursue its rights and remedies under the Subordinate Loan Documents to the extent permitted under Section 5(b). All amounts paid by the Senior Lender in accordance with the First Mortgage 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 First Mortgage.

(b) **Subordinate Lender's Agreement to Standstill.** 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 Second 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.

(c) **Cross Default.** The Borrower and the Subordinate Lender agree that a Subordinate Loan Default shall constitute a First Mortgage Loan Default under the First Mortgage Loan Documents and the Senior Lender shall have the right to exercise all rights or remedies under the First Mortgage Loan Documents in the same manner as in the case of any other First Mortgage 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 First Mortgage Loan Documents, any First Mortgage Loan Default under the First Mortgage Loan Documents arising solely from such Subordinate Loan Default shall be deemed cured, and the First Mortgage 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 First Mortgage Loan Default.

6. **Default Under First Mortgage Loan Documents.**

The Subordinate Lender agrees that, notwithstanding any contrary provision contained in the Subordinate Loan Documents, a First Mortgage 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 First Mortgage Loan, or (ii) the Senior Lender has taken ~~affirmative~~ action to exercise its rights under the First Mortgage 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 First Mortgage. At any time after a First Mortgage 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 First Mortgage 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 First Mortgage Loan Default shall be deemed cured and the Second Subordinate Loan shall be retroactively reinstated as if such First Mortgage 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 First Mortgage 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 First Mortgage and the Subordinate Mortgage, 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 First Mortgage Loan Default or Subordinate Loan Default, as the case may be; give the Borrower the right to notice of any First Mortgage Loan Default or Subordinate Loan Default, as the case may be other than that, if any, provided, respectively under the First Mortgage 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 First Mortgage 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 to advance funds to cure First Mortgage Loan Defaults pursuant to Section 6(a) above and advance funds pursuant to the Subordinate Mortgage 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.

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(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 First Mortgage remains a lien on the Property the following provisions shall apply:

(1) The Subordinate Lender hereby agrees that its rights (under the Subordinate Loan Documents or otherwise) to participate in any proceeding or action relating to a Taking and/or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Taking or a Casualty shall be and remain subordinate in all respects to the Senior Lender's rights under the First Mortgage Loan Documents with respect thereto, and the Subordinate Lender shall be bound by any settlement or adjustment of a claim resulting from a Taking or a Casualty made by the Senior Lender; provided, however, this subsection and/or

anything contained in this Agreement shall not limit the rights of the Subordinate Lender to file any pleadings, documents, claims or notices with the appropriate court with jurisdiction over the proposed Taking and/or Casualty; and

(2) all proceeds received or to be received on account of a Taking or a Casualty, or both, shall be applied (either to payment of the costs and expenses of repair and restoration or to payment of the First Mortgage Loan) in the manner determined by the Senior Lender in its sole discretion; provided, however, that if the Senior Lender elects to apply such proceeds to payment of the principal of, interest on and other amounts payable under the First Mortgage Loan, any proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the First Mortgage Loan shall be paid to, and may be applied by, the Subordinate Lender in accordance with the applicable provisions of the Subordinate Loan Documents, provided however, the Senior Lender agrees to consult with the Subordinate Lender in determining the application of Casualty proceeds, provided further however that in the event of any disagreement between the Senior Lender and the Subordinate Lender over the application of Casualty proceeds, the decision of the Senior Lender, in its sole discretion, shall prevail.

(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 First Mortgage Loan Documents have been paid in full, it will not, without the prior written consent of the Senior Lender in each instance, increase the amount of the Second Subordinate Loan, increase the required payments due under the Second Subordinate Loan, decrease the term of the Second Subordinate Loan, increase the interest rate on the Second Subordinate Loan, or otherwise amend the Second Subordinate Loan terms in a manner that creates an adverse effect upon the Senior Lender under the First Mortgage Loan Documents. Any unauthorized amendment of the Subordinate Loan Documents or assignment of the Subordinate Lender's interest in the Second 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 Second Subordinate Loan or the Subordinate Loan Documents without the prior written consent of the Senior Lender.

9. Conversion, Modification or Refinancing of First Mortgage 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 First Mortgage Loan Documents, including any provision requiring the payment of money. Subordinate Lender further agrees that its agreement to subordinate hereunder shall extend to the Permanent Loan Documents, as well as to any new mortgage debt which is for the purpose of refinancing all or any part of the First Mortgage 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. Following Conversion, all the terms and covenants of this Agreement shall inure to the benefit of any holder of the Permanent Loan; and all references to the First

Mortgage Loan, the First Mortgage Note, the First Mortgage and the First Mortgage Loan Documents shall mean, respectively, the Permanent Loan, the Permanent Note, the Permanent Mortgage and the Permanent Loan Documents.

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. 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:

Bank of America, N.A.
Loan Administration
7800 Forsyth Blvd.
Mail Code MO1-076-03-06
Clayton, MO 63105
Attention: ^{Official Document} Loan Administration Manage

With a copy to:

Jackson Walker L.L.P.
901 Main Street, Suite 6000
Dallas, Texas 75202
Attention: J. Colter Harris

SUBORDINATE LENDER:

City of Glendale
Community Revitalization
5850 West Glendale Avenue
Glendale, Arizona 85301

With required copies to:

City of Glendale
City Manager
5850 West Glendale Avenue
Glendale, Arizona 85301

City of Glendale
City Attorney
5850 West Glendale Avenue
Glendale, Arizona 85301

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 Mortgage is subordinate to the lien, covenants and conditions of the First Mortgage, 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 in which the Property is located.

(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 payment of all of the principal of, interest on and other amounts payable under the First Mortgage 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; (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 First Mortgage; or (iv) the acquisition by the Subordinate 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 Subordinate Mortgage, but only if such acquisition of title does not violate any of the terms of this Agreement.

(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.

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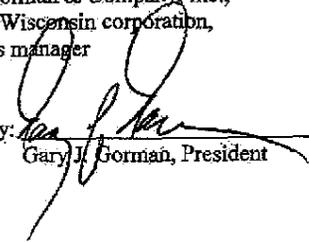
BORROWER:

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 Employee Group Norwood, LLC,
a Wisconsin limited liability company,
its manager

By: Gorman & Company, Inc.,
a Wisconsin corporation,
its manager

By: 
Gary J. Gorman, President

State of Wisconsin
County of Dane) ss.

This instrument was acknowledged before me on February 24, 2015, by Gary J. Gorman, President of Gorman & Company, Inc., a Wisconsin corporation, manager of Gorman Employee Group Norwood, LLC, a Wisconsin limited liability company, manager of Norwood Village Apartments MM, LLC, a Wisconsin limited liability company, managing member of Norwood Village Apartments, LLC, a Wisconsin limited liability company, on behalf of said limited liability company.

MEGAN E SCHUETZ
Notary Public
State of Wisconsin

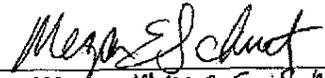

Printed Name: Megan E. Schuetz
Notary Public, State of Wisconsin



EXHIBIT A
LEGAL DESCRIPTION

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".

Unofficial Document

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EXHIBIT A - SUBORDINATION AGREEMENT (Norwood Village -- City NSP Loan -- Neighborhood Stabilization Program)

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