

**MULTI-FAMILY HOUSING PRESERVATION AND REVITALIZATION
RESTRUCTURING PROGRAM (MPR)**

**RESTRICTIVE USE
SUBORDINATION AGREEMENT**

THIS SUBORDINATION AGREEMENT ("Agreement") is made, as of [], by and between [], a [] ("Owner"), and the United States of America acting by and through the Rural Housing Service of Rural Development ("Agency"), United States Department of Agriculture.

RECITALS:

A. The Owner owns all of that certain real property located in the City of [], in the County of [], in the State of [], as more particularly described in Exhibit A attached hereto and made a part hereof ("Real Property"), on which is constructed that certain rental apartment project known as [] Apartments, RHS Project No. [] (the "Project") and together with the Real Property (the "Property").

B. The Property is encumbered by that certain mortgage loan ("Loan") made to the Owner by the Agency which Loan is evidenced and secured by that certain Promissory Mortgage Note dated [], in the original principal amount of [] and []/100 Dollars (\$[]) (as amended or assigned through the date hereof, (the "Note"), that certain Mortgage or Deed of Trust of even date therewith and recorded on [] among the land records of the jurisdiction in which the Property is located (the "Land Records") (as amended or assigned through the date hereof, (the "Mortgage"), and certain other instruments executed in connection with the Loan (the documents evidencing the Loan, including without limitation the Note and the Mortgage, shall be referred to hereinafter collectively as the "Loan Documents").

C. In connection with the Owner's participation in the section 515 MPR, the Owner and the Mortgagee have agreed, among other things, that: (i) Agency shall cause payments on the Loan to be deferred as is more fully set out in that Debt Deferral Agreement of even date herewith; and (ii) the Project shall be subject to certain rental restrictions and other requirements, as set forth in that certain Restrictive Use Covenant between the Owner and the Agency of even date herewith and to be recorded in the Land Records.

D. As a condition to the Agency's agreement to defer its loan, the Agency has agreed to subordinate the Loan to the Restrictive Use Covenant.

NOW, THEREFORE, in consideration of the foregoing premises, the sum of Ten

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Dollars (\$10.00), or other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, for themselves and for their respective successors and assigns, hereby agree as follows:

1. **Subordination.** The lien, encumbrance, charge, operation and effect of the Loan are hereby fully subordinated to the encumbrance, operation and effect of the Restrictive Use Covenant and shall at all times hereafter be and remain inferior to the Restrictive Use Covenant and any modifications or restatements of the Restrictive Use Covenant. The parties hereto agree to enter into such further subordination instruments as may be necessary to cause the Loan to be subordinate to any modification or restatement of the Restrictive Use Covenant.

2. **Other Agreements.** The Owner represents and warrants that it has not and will not execute any other agreements with provisions contradictory or in opposition to the provisions of this Agreement and that, in any event, the provisions of this Agreement are paramount and controlling as to the rights and obligations set forth herein and supersede any other conflicting requirements.

3. **Binding Effect.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and/or assigns.

4. **Amendment.** This Agreement may not be modified except by an instrument in writing executed by each of the parties hereto.

5. **Severability.** Notwithstanding anything herein contained, if any one or more of the provisions of this Agreement shall for any reason whatsoever be held to be illegal, invalid or unenforceable in any respect, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such illegal, invalid or unenforceable provision had never been contained herein.

6. **Headings.** The headings and titles to the sections of this Agreement are inserted for convenience only and shall not be deemed a part hereof nor affect the construction or interpretation of any provisions hereof.

7. **Governing Law.** This Agreement shall be governed by all applicable federal laws.

8. **Counterparts.** This Agreement may be executed in any number of counterparts, all of which counterparts shall be construed together and shall constitute but one agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Subordination Agreement to be executed and made effective as of the date first above written.

[Insert name of owner entity]

BY: _____
[Insert Name of Owner's Representative]
[Insert Title of Representative]

Date: _____

ATTEST BY: _____
[Insert name]
[Insert title]

Date: _____

United States of America acting through and by
United States Department of Agriculture

By: _____
[Insert Name of Agency Official]
[Insert Title of Agency Official]
Rural Development

Date: _____

[Insert appropriate acknowledgment form]

EXHIBIT A
LEGAL DESCRIPTION