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STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

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MICHELLE R. FAJMAN
RECORDER

**INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009
SUBORDINATION AGREEMENT**

THIS SUBORDINATION AGREEMENT (the "Agreement"), is effective as of the 30 day of JUNE, 2010, by and among **INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY**, a public body corporate and politic of the State of Indiana ("Senior Lender"), **NORTHTOWN VILLAGE TOWNHOMES II, LP**, an Indiana limited partnership ("Borrower"), and **THE COMMUNITY BUILDERS, INC.**, a Massachusetts charitable corporation, ("TCB").

RECITALS

WHEREAS, Senior Lender is legal holder and owner of a certain real estate mortgages and security agreements or other evidence of obligation, which were or will be executed by Borrower in favor of Senior Lender as of June 30, 2010, in the aggregate amount not to exceed Six Million Four Hundred Thousand Seven Hundred Fifty-Seven and No/100 Dollars (\$6,400,757.00) (the "Senior Obligation"), and recorded or to be recorded in Lake County on or no later than July 2, 2010 covering the real estate described on Exhibit A, attached hereto and made a part hereof (the "Real Estate"), pursuant to these certain loan agreements by and between Senior Lender and Borrower of even date herewith (collectively the "Loan Agreement"), along with all other agreements, notes, pledges and collateral documents from time to time granted by Borrower to Senior Lender (hereafter the "Senior Documents").

WHEREAS, Borrower has granted to TCB an option and right of first refusal to purchase the Real Estate pursuant to that certain Purchase Option and Right of First Refusal Agreement by and among Senior Lender, Borrower, TCB, Northtown Village Townhomes II, Inc., Garnet LIHTC Fund XXI, LLC and Transamerica Affordable Housing, Inc., dated as of June 30, 2010 (hereafter the "TCB Option Agreement").

WHEREAS, as an inducement to Senior Lender to extend to Borrower the Senior Obligation, Borrower and TCB agree to subordinate its rights in and under the TCB Option Agreement to the prior payment and satisfaction in full of the Senior Obligation. All capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Loan Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the following mutual promises, covenants and conditions, the sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. **Definitions.** Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement.
2. **Subordination.** TCB, its successors and/or assigns, hereby subordinates all of its rights

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under the TCB Option Agreement to the prior payment and satisfaction in full of the Senior Obligation.

3. Default Under TCB Option Agreement. TCB shall deliver to Senior Lender a default notice within five (5) business days in each case where TCB has given a notice of default to the Borrower and TCB has given notice that it intends to exercise or is exercising its option rights or right of first refusal. TCB shall not exercise any enforcement remedies with respect to the TCB Option Agreement or under the TCB Option Agreement so long as the Senior Obligations are outstanding. Furthermore, so long as the Senior Obligations are outstanding, the property shall not be conveyed to TCB and TCB shall not accept any conveyance of the Real Estate.

4. Rights of Senior Lender. No action which Senior Lender, or Borrower with the consent of Senior Lender, may take or refrain from taking with respect to any Senior Obligation, or any note or notes representing the same, or any collateral therefor, including a waiver or release thereof, or any agreement or agreements (including guaranties) in connection therewith, shall affect this agreement or the obligations of TCB hereunder. Without limitation, the subordination of the TCB Option Agreement shall in no way be affected or impaired by, and TCB hereby irrevocably consents to: (a) any amendment, alteration, extension, renewal, waiver, indulgence or other modification of the documents evidencing the Senior Obligation; (b) any settlement or compromise in connection with the Senior Obligation; (c) any substitution, exchange, release or other disposition of all or any part of the Senior Obligation; (d) any failure, delay, neglect, act or omission by the Senior Lender to act in connection with the Senior Obligation; or (e) any advances for the purpose of performing or curing any term or covenant contained in the documents or agreements evidencing the Senior Obligation to which Borrower shall be or would otherwise be in default.

5. 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 Senior Lender or TCB 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 based upon the date of actual receipt), addressed to the respective parties as follows:

Senior Lender: Indiana Housing and Community Development Authority
30 S. Meridian Street, Suite 1000
Indianapolis, IN 46204
Attention: General Counsel

TCB: The Community Builders, Inc.

95 Berkeley Street, Suite 500
Boston, MA 02116-6240
Attention: General Counsel

With a copy to: The Community Builders, Inc.
1202 Linn Street
Cincinnati, OH 45203
Attention: Lou Mitsch

Borrower: Northtown Village Townhomes II Limited Partnership
One North LaSalle Street, Suite 1200
Chicago, IL 60602
Attention: Midwest Regional Counsel

(Remainder of page intentionally left blank.)

NON-COLLUSION AND ACCEPTANCE

The undersigned attest, subject to the penalties for perjury, that he/she is Borrower or TCB, as the case may be, or that he/she is the properly authorized representative, agent, member or officer of Borrower or TCB, that he/she has not, nor has any other member, employee, representative, agent or officer of Borrower or TCB, directly or indirectly, to the best of the undersigned's knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid, any sum of money or other consideration for the execution of this Agreement other than that which appears upon the face of this Agreement.

IN WITNESS WHEREOF, Borrower, Senior Lender and TCB have, through their duly authorized representatives, entered into this Agreement. The parties, having read and understood the foregoing terms of this Agreement, do by their respective signatures dated below hereby agree to the terms thereof.

Dated this 30th day of June, 2010.

NORTHTOWN VILLAGE TOWNHOMES II LIMITED PARTNERSHIP, an Indiana limited partnership

By: Northtown Village Townhomes II, Inc., an Indiana corporation, its General Partner

By: 
Louis Mitsch, Authorized Agent

THE COMMUNITY BUILDERS, INC.
an Indiana corporation

By: 
Louis Mitsch, Authorized Agent

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY

By: _____
Sherry Seiwert – Executive Director

NON-COLLUSION AND ACCEPTANCE

The undersigned attest, subject to the penalties for perjury, that he/she is Borrower or TCB, as the case may be, or that he/she is the properly authorized representative, agent, member or officer of Borrower or TCB, that he/she has not, nor has any other member, employee, representative, agent or officer of Borrower or TCB, directly or indirectly, to the best of the undersigned's knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid, any sum of money or other consideration for the execution of this Agreement other than that which appears upon the face of this Agreement.

IN WITNESS WHEREOF, Borrower, Senior Lender and TCB have, through their duly authorized representatives, entered into this Agreement. The parties, having read and understood the foregoing terms of this Agreement, do by their respective signatures dated below hereby agree to the terms thereof.

Dated this _____ day of July, 2010.

NORTHTOWN VILLAGE TOWNHOMES II LIMITED PARTNERSHIP, an Indiana limited partnership

By: Northtown Village Townhomes II, Inc., an Indiana corporation, its General Partner

By: _____
Printed: _____
Title: _____

THE COMMUNITY BUILDERS, INC.
an Indiana corporation

By: _____
Printed: _____
Title _____

INDIANA HOUSING AND COMMUNITY DEVELOPMENT AUTHORITY


Sherry Seiwert – Executive Director

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public in and for said County and State, personally appeared Louis Mitsch, by me known to be the Authorized Agent of Northtown Village Townhomes II, Inc., an Indiana corporation, which is the General Partner of Northtown Village Townhomes II Limited Partnership, who, being first duly sworn, acknowledged execution of the foregoing Subordination Agreement in such capacity as its voluntary act and deed.

WITNESS my hand and seal this 30th day of June, 2010.

Tracy L. Damore
_____, Notary Public

My Commission Expires: 8/1/2015
A Resident of Hendricks County, Indiana.

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Before me, a Notary Public in and for said County and State, personally appeared Louis Mitsch, by me known to be the Authorized Agent of The Community Builders, Inc., an Indiana corporation, who, being first duly sworn, acknowledged execution of the foregoing Subordination Agreement in such capacity as its voluntary act and deed.

WITNESS my hand and seal this 30th day of June, 2010.

Tracy L. Damore
_____, Notary Public

My Commission Expires: 8/1/15
A Resident of Hendricks County, Indiana.

STATE OF INDIANA)
) SS:
 COUNTY OF Marion)

Before me, a Notary Public in and for said County and State, personally appeared Sherry Seiwert, the Executive Director of the Indiana Housing and Community Development Authority, who, being first duly sworn, acknowledged execution of the foregoing Subordination Agreement in such capacity as its voluntary act and deed.

Witness my hand and Notarial Seal this 18th day of July, 2010.

My Commission Expires:

Melissa D Ray
 Notary Public

3/18/12

Melissa D Ray

My County of Residence:
Shelby

Printed Name

This document was prepared by Michael A. Lang, Bose McKinney & Evans LLP, 111 Monument Circle, Suite 2700, Indianapolis, IN, 46204.

I affirm, under the penalties of perjury, that I have taken reasonable care to redact each Social Security number in this document, unless required by law. /s/ Michael A. Lang

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EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Real property in the City of East Chicago, County of Lake, State of Indiana, described as follows:

Parcel 1:

Lots 21, 22 and 23 in Block 1 in First Addition to Indiana Harbor, as per plat thereof recorded in plat Book 5 Page 14 in the office of the Recorder of Lake County, Indiana.

Parcel 2:

Lots 24 through 28, both inclusive in Block 2 in First Addition to Indiana Harbor, as per plat recorded in plat Book 5 Page 14 in the office of the Recorder of Lake County, Indiana.

Parcel 3:

Lot 1, Lot 2 (except the South 1 foot 6 inches), Lot 3 and the South 1 foot 6 inches of Lot 2, Lot 4 and Lot 5 in Block 52 in First Addition to Indiana Harbor, as per plat recorded in Plat Book 5, Page 14, in the office of the Recorder of Lake County, Indiana.

Parcel 4:

Lot 21, 22, 23, 24, 25, 26, 27 and 28 in Block 53 in First Addition to Indiana Harbor, as shown in Plat Book 5, Page 9, as per plat recorded in Plat Book 5, Page 14, in the office of the Recorder of Lake County, Indiana.

Parcel 5:

Tract 1:

The East 25 feet of Lot 1 in Block 53 in Resubdivision of Lots 12 to 17, both inclusive, in Block 53 in Indiana Harbor, in the City of East Chicago, as per plat thereof recorded in Plat Book 5, page 15 in the office of the recorder of Lake County, Indiana.

Tract 2:

Part of Lots 1 and 2 in Block 53 in Resubdivision of Lots 12 to 17, both inclusive in Block 53 in Indiana Harbor, in the City of East Chicago, as per plat thereof recorded in Plat Book 5, page 15, in the Office of Recorder of Lake County, Indiana, described as follows: beginning at the Northwest corner of Lot 2; thence South along the West line of said Lot 56.35 feet to a point which is 50.23 feet North of the Southwest corner of Lot 2, measured along the West line thereof; thence East 29.8 feet to a point on a line which is 25 feet West of and parallel with the East line of Lot 1; thence North, along said parallel line to a point on the North line of said Lot 1, which is 25 feet West of the Northeast corner of Lot 1; thence West along the North line of said Lots 1 and 2 a distance of 28.01 feet to the point of beginning.

Tract 3:

Part of Lots 1 and 2 in Block 53 in Resubdivision of Lots 12 to 17, both inclusive, Indiana Harbor, in the City of East Chicago, as per plat thereof, recorded in Plat Book 5, page 15, in the Office of the Recorder of Lake County, Indiana, described as beginning at a point on the West line of Lot 2, 50.23 feet North of the Southwest corner thereof; thence East 29.8 feet to point 25 feet West of the East line of Lot 1; thence South parallel and 25 feet West of the East line of said Lot 1 to the South line thereof; thence West along the South line of Lots 1 and 2 to the Southwest corner of said Lot 2; thence North 50.23 feet to the Place of Beginning.