

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY**

Meeting Date: June 5, 2007

Consent Regular
 Public Hearing

Department: Housing and Community Development

Submitted By: COUNTY ATTORNEY

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to receive and file: A. A Mortgage Subordination Agreement with Bank of America and MerryPlace at Pleasant City Associates, Ltd., dated March 30, 2007, for the MerryPlace at Pleasant City Associates, Ltd., project. B. A Mortgage Subordination Agreement with West Palm Beach Housing Authority and MerryPlace at Pleasant City Associates, Ltd., dated March 30, 2007. C. A Mortgage Subordination Agreement with Florida Housing Finance Authority and MerryPlace at Pleasant City Associates, Ltd., dated May 17, 2007.

Summary: The Board of County Commissioners authorized the Chairperson to execute these Subordination Agreements pursuant to the Loan Agreement approved on March 27th, 2007 (Document R-2007-0442). District 7 (TKF)

Background and Policy Issues: N/A

Attachments:

1. Mortgage Subordination Agreement with Bank of America
2. Mortgage Subordination Agreement with West Palm Beach Housing Authority
3. Mortgage Subordination Agreement with Florida Housing Finance Authority

Recommended by: _____

County Attorney

Date

5/24/07

Approved by: _____

N/A

Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2007	2008	2009	2010	2011
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	750,000	_____	_____	_____	_____
External Revenues	<750,000>	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	0	_____	_____	_____	_____
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included in Current Budget? Yes X No _____

Budget Account No.: Fund 1100 Department 143 Unit 7508 Object 8201

Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

C. Departmental Fiscal Review: _____

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

Funding provided through Florida Housing Finance Corp.

[Handwritten signatures and dates]
 OFMB 5/23/07
 5/23/07
 5/23/07
 5/17/07

[Handwritten signatures and dates]
 Contract Development and Control
 5/24/07
 5/24/07

B. Legal Sufficiency:

[Handwritten signature]
 Assistant County Attorney

C. Other Department Review:

[Handwritten signature]
 Department Director

THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT.

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
Richard I. Blinderman, Esq.)
Stearns Weaver Miller Weissler)
Alhadeff & Sitterson, P.A.)
150 West Flagler Street, Suite 2200)
Miami, Florida 33130)

SUBORDINATION AGREEMENT

Among

PALM BEACH COUNTY, FLORIDA,

BANK OF AMERICA, N.A.,

and

MERRYPLACE AT PLEASANT CITY ASSOCIATES, LTD.

SUBORDINATION AGREEMENT

This SUBORDINATION AGREEMENT dated March 30, 2007 (as amended, modified, supplemented or assigned from time to time, this "**Agreement**"), by and among the PALM BEACH COUNTY, FLORIDA (together with its successors and assigns, the "**Subordinate Lender**"), BANK OF AMERICA, N.A. (together with any successor trustee under the Indenture described below and their respective successors and assigns, the "**Bank**") and MERRYPLACE AT PLEASANT CITY ASSOCIATES, LTD. (together with its permitted successors and assigns, the "**Borrower**"),

WITNESSETH:

WHEREAS, the Borrower is the owner of certain property located in the City of West Palm Beach, Palm Beach County, Florida, more particularly described on Exhibit A attached hereto, on which the Borrower intends to construct certain improvements consisting of a 128-unit multifamily garden apartment facility, together with related amenities (such property and the improvements described above are collectively referred to herein as the "**Property**");

WHEREAS, the Property is being acquired, constructed and equipped, in part, with the proceeds of a construction loan (the "Construction Loan") and a bridge loan (the "**Bridge Loan**", and together with the Construction Loan, collectively, the "**Senior Indebtedness**"), the proceeds of which are being loaned to the Borrower pursuant to the terms of a Construction and Bridge Loan Agreement dated December 14, 2006 between the Bank and the Borrower (as amended, modified or supplemented from time to time, the "**Loan Agreement**") and the Borrower's obligations under the Loan Agreement pertaining to the Construction Loan are evidenced, in part, by a Construction Promissory Note dated December 14, 2006 (as amended, modified or supplemented from time to time, the "**Construction Note**"), and secured by, among other things, a first-priority mortgage lien on the Property granted pursuant to a Construction Mortgage, Assignment of Lease and Security Agreement dated December 14, 2006 (as amended, modified or supplemented from time to time, the "**First Mortgage**"). Borrower's obligations under the Loan Agreement pertaining to the Bridge Loan are evidenced, in part, by a Bridge Promissory Note dated December 14, 2006 (as amended, modified or supplemented from time to time, the "**Bridge Note**"), and secured by, among other things, a second-priority mortgage lien on the Property granted pursuant to a Bridge Mortgage, Assignment of Lease and Security Agreement dated December 14, 2006 (as amended, modified or supplemented from time to time, the "**Second Mortgage**"). The Loan Agreement, the Construction Note, Bridge Note, the First Mortgage, the Second Mortgage and all other agreements contemplated therein or evidencing or securing the Borrower's obligations under the Loan Agreement are hereinafter collectively referred to as the "**Senior Loan Documents**". The principle amount of the "**Senior Indebtedness**" is in the amount of \$13,072,723.00.;

WHEREAS, the Subordinate Lender has agreed to make a loan to the Borrower in the amount of \$750,000 pursuant to the terms of a Loan Agreement dated as of March 27, 2007 (as amended, modified or supplemented from time to time, the "**Subordinate Loan Agreement**") and evidenced by a Promissory Note dated March 30, 2007 in the original face amount of \$750,000 (as amended, modified or supplemented from time to time, the "**Subordinate Note**");

WHEREAS, the Borrower's obligations to the Subordinate Lender under the Subordinate Loan Agreement and the Subordinate Note (the "**Subordinate Indebtedness**") are secured by a Mortgage and Security Agreement dated as of March 30, 2007 (as the same may be amended, modified or supplemented from time to time, the "**Subordinate Mortgage**") (the Subordinate Loan Agreement, the Subordinate Note, the Subordinate Mortgage and all other agreements contemplated therein or evidencing or securing the Subordinate Indebtedness are hereinafter referred to as the "**Subordinate Loan Documents**"); and

WHEREAS, it is a condition precedent to the Issuer's issuance and the initial purchaser's purchase of the Bonds that the Senior Mortgage Documents and shall be and remain liens or charges upon the Property prior and superior to the lien or charge of the Subordinate Mortgage Documents, and that the Subordinate Indebtedness be subordinated in right of payment to the Senior Indebtedness.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, it is hereby declared, understood, and agreed as follows:

1. Subordination of Subordinate Mortgage. The Subordinate Lender declares, agrees and acknowledges that the Senior Mortgage Documents, and any renewals or extensions thereof, and any modifications thereof or substitutions therefor which do not increase the principal balance secured thereby (except increases by reason of protective advances or payment of the Bank' costs) and all advances made pursuant to the Senior Mortgage Documents, all costs and expenses secured thereby and interest on the foregoing shall unconditionally be and remain at all times liens or charges on the Property prior and superior to the lien or charge of the Subordinate Mortgage Documents. Any foreclosure, deed in lieu of foreclosure or similar event with respect to the Senior Mortgage Documents will terminate and extinguish the Subordinate Mortgage Documents, including the Regulatory Agreement, and the same shall thereafter be of no further force or effect.

2. Subordination of Subordinate Indebtedness. The Subordinate Indebtedness is hereby subordinated in right of payment to any and all of the Senior Indebtedness. Notwithstanding the foregoing, unless and until Bank gives the Subordinate Lender notice of the occurrence of a Default under the Senior Loan Documents, the Subordinate Lender may receive and accept payments on account of principal and interest payable under the Subordinate Note. If the Subordinate Lender shall receive any payments or other rights in any property of the Borrower after Bank has given the Subordinate Lender notice of a Default under the Senior Loan Documents, such payment or property shall be received by the Subordinate Lender in trust for the Bank and shall immediately be delivered and transferred to the Bank.

3. Exercise of Remedies.

(a) The Subordinate Lender declares, agrees, and acknowledges that it will not, without prior written notice to the Bank: (i) accelerate the Subordinate Indebtedness; (ii) commence any action to foreclose or exercise any power of sale under the Subordinate Mortgage; (iii) accept a deed or assignment in lieu of foreclosure for the Property or any part or portion thereof; (iv) seek or obtain a receiver for the Property or any part or portion thereof; (v) take possession or control of the Property, or collect or accept any rents from the Property; (vi) sue the Borrower under any of the Subordinate Loan Documents; (vii) take any action that would terminate any leases or other rights held by or granted to or by third parties with respect to the Property; (viii) initiate any petition for bankruptcy, assignment for the benefit of creditors or creditor's agreement with respect to the Borrower; (ix) incur any obligation to the Borrower other than as provided in the Subordinate Note; or (x) take any other enforcement action against the Property or any part or portion thereof.

(b) The Subordinate Lender agrees that the Bank shall have, as determined in accordance with and subject to the terms of the Senior Loan Documents, upon the occurrence of an Event of Default under and as defined in the Senior Loan Documents, the right to (i) accelerate any Senior Indebtedness; (ii) commence any action to foreclose or exercise any power of sale under the Senior Mortgage; (iii) accept a deed or assignment in lieu of foreclosure for the Property or any part or portion thereof; (iv) seek or obtain a receiver for the Property or any part or portion thereof; (v) take possession or control of the Property, and collect and accept rents from the Property; (vi) sue the Borrower under any of the Senior Loan Documents; (vii) exercise any rights of set-off or recoupment that Bank may have against the Borrower; or (viii) take any other enforcement action against the Property or any part or portion thereof, all without any responsibility or liability to the Subordinate Lender with respect to the Property.

(c) The Subordinate Lender agrees that the Bank shall have absolute power and discretion, to deal in any manner with the Senior Indebtedness, including interest, costs and expenses payable by the Borrower to the Bank, and any security and guaranties therefor, including, but not by way of limitation, release, surrender, extension, renewal, acceleration, compromise or substitution; provided that the Bank shall not increase the principal amount of the indebtedness to which the Subordinate Loan Documents are subordinate (other than increases resulting from protective advances or payment of the

Bank' costs) without the prior written consent of the Subordinate Lender, which shall not be unreasonably withheld or delayed.

(d) The Subordinate Lender further agrees that if at any time the Subordinate Lender should commence any foreclosure proceeding, or commence any action to execute on any lien obtained by way of attachment or otherwise on the Property, or otherwise take any action prohibited under Paragraph 3(a), the Bank shall (unless the Bank have consented to such action or remedy) be entitled to have the same vacated, dissolved and set aside by such proceedings at law or otherwise as the Bank may deem proper, and this Agreement shall be and constitute full and sufficient grounds therefor and shall entitle the Bank to become a party to any proceedings at law or otherwise in or by which the Bank may deem it proper to protect their interests hereunder.

(e) No act, omission, breach or other event under this Agreement shall defeat, invalidate or impair in any respect the absolute, unconditional and irrevocable subordination of the Subordinate Loan Documents to the Senior Loan Documents as provided in this Agreement.

4. No Marshaling of Assets. The Subordinate Lender specifically waives and renounces any right which it may have under any applicable statutes, whether at law or in equity, to require the Bank to marshal collateral or to otherwise seek satisfaction from any particular assets or properties of the Borrower or from any third party.

5. Bankruptcy Matters. The subordination provided for in this Agreement shall apply, notwithstanding the availability of other collateral to the Bank or the actual date and time of execution, delivery, recordation, filing or perfection of the Senior Mortgage Documents or the Subordinate Mortgage and, insofar as the Subordinate Lender is concerned, notwithstanding the fact that the Senior Indebtedness or any claim for the Senior Indebtedness may be subordinated, avoided or disallowed, in whole or in part, as against the Borrower under the Bankruptcy Code or other applicable federal or state law. In the event of any proceeding, whether voluntary or involuntary, for insolvency, liquidation, reorganization, dissolution or bankruptcy, or any other similar proceeding pursuant to the Bankruptcy Code or other applicable federal or state law (a "**Reorganization Proceeding**"), the Senior Indebtedness shall include all interest and fees accrued on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Reorganization Proceeding, even if the claim for such interest and/or fees is not allowed as against the Borrower pursuant to applicable law.

6. Payment Set Aside. To the extent any payment under any of the Senior Loan Documents (whether by or on behalf of the Borrower, as proceeds of security or enforcement of any right of set-off, or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to a trustee, receiver or other similar party under the Bankruptcy Code or any federal or state bankruptcy, insolvency, receivership or similar law, then if such payment is recovered by, or paid over to, such trustee, receiver or other similar party, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

7. Casualty and Condemnation Proceeds. The Subordinate Lender shall have no right to participate in the adjustment of the proceeds of insurance payable as the result of any casualty to the Improvements, or to participate in any manner whatsoever in activities relating to restoration or reconstruction, and the Bank shall have the exclusive right to receive, administer and apply all such proceeds as set forth in the Senior Loan Documents. In the event the Bank shall release, for the purposes of restoration of all or any part of the Property, their right, title and interest in and to the proceeds under policies of insurance thereon, and/or their right, title and interest in and to any awards, or their right, title and interest in and to other compensation made for any damages, losses or compensation for other rights by reason of a taking in eminent domain, the Subordinate Lender shall simultaneously release for such purpose all of the Subordinate Lender's right, title and interest, if any, in and to all such insurance proceeds, awards or compensation. The Subordinate Lender agrees that the balance of such proceeds remaining after such restoration, or all of such proceeds in the event such proceeds are not released for any such restoration pursuant to the Senior Loan Documents, shall be applied to the

payment of amounts due under the Senior Loan Documents until all such amounts have been paid in full, prior to being applied to the payment of any amounts due under the Subordinate Loan Documents. If the Bank hold such proceeds, awards or compensation and/or monitor the disbursement thereof, the Subordinate Lender agree that the Bank shall also hold and monitor the disbursement of such proceeds, awards and compensation to which the Subordinate Lender is or may be entitled. Nothing contained in this Agreement shall be deemed to require the Bank, in any way whatsoever, to act for or on behalf of the Subordinate Lender or to hold or monitor any proceeds, awards or compensation in trust for or on behalf of the Subordinate Lender.

8. Indemnification and Subrogation. If the Subordinate Lender or any affiliate shall acquire, by indemnification, subrogation or otherwise, any lien, estate, right or other interest in the Property, that lien, estate, right or other interest shall be subordinate to the Senior Mortgage Documents and the other Senior Loan Documents as provided herein, and the Subordinate Lender or such affiliate hereby waives, until all amounts owed under the Senior Indebtedness have been indefeasibly paid in full, the right to exercise any and all such rights it may acquire by indemnification, subrogation or otherwise.

9. Subordination Effective. This Agreement, the subordination effected hereby, and the respective rights and priorities of the parties hereto in and to the Property, shall be effective as stated herein, notwithstanding any modification or amendment of any Senior Loan Documents (other than any modification or amendment of any Senior Loan Documents that increases the amount of indebtedness to which the Subordinate Indebtedness is subordinate for reasons other than protective advances or costs of the Bank), or the obtaining by the Bank or the Subordinate Lender of any additional document confirming, perfecting or otherwise affecting the Senior Loan Documents or the Subordinate Loan Documents, as the case may be.

10. Amendments of Subordinate Loan Documents and Senior Loan Documents. The Borrower and the Subordinate Lender agree that they will not enter into any amendment, modification or supplement to any of the Subordinate Loan Documents without the express prior written consent of the Bank (which consent shall not be unreasonably withheld). No consent of the Subordinate Lender shall be required for any amendment, modification or supplement to any of the Senior Loan Documents, provided that no amendment, modification or supplement to any of the Senior Loan Documents shall increase the amount of indebtedness to which the Subordinate Loan Documents are subordinate other than increases resulting from protective advances or costs of the Bank.

11. Further Assurances. The parties hereto shall cooperate fully with each other in order to carry out promptly and fully the terms and provisions of this Agreement. Each party hereto shall from time to time execute and deliver such other agreements, documents or instruments and take such other actions as may be reasonably necessary or desirable to effectuate the terms of this Agreement.

12. No Waiver. No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

13. Equitable Remedies. Each party hereto acknowledges that, to the extent that no adequate remedy at law exists for breach of its obligations under this Agreement, in the event any party fails to comply with its obligations hereunder, the aggrieved party shall have the right to obtain specific performance of the obligations of such defaulting party, injunctive relief, or such other equitable relief as may be available, other than consequential or punitive damages.

14. Notices. Any notice to be given under this Agreement shall be in writing and shall be deemed to be given when received by the party to whom it is addressed. Notwithstanding the foregoing, if any such notice is not received or cannot be delivered due to a change in the address of the receiving party of which notice was not previously given to the sending party or due to a refusal to accept by the receiving party, such notice shall be deemed received on the date delivery is attempted. Notices shall be in writing and sent by certified U.S. mail, hand delivery, or by special courier (in each case, return receipt

requested). Notices to any other party hereto shall be sent to the parties at the following addresses or such other address or addresses as shall be designated by such party in a written notice to the other parties:

If to the Bank:

Bank of America, N.A.
Loan Administration
Mail Code: FL 1-400-06-08
101 E. Kennedy Blvd., 6th Floor
Tampa, FL 33602
Attention: Loan Administration Manager

If to Subordinate Lender:

Palm Beach County
c/o County Attorney's Office
301 North Olive Avenue, Suite 601
West Palm Beach, FL 33401
Attention: Tammy K. Fields, Esq.

Each Notice shall be effective the day delivered if personally delivered, the next business day if sent by overnight courier or three (3) days after being deposited in the United States Mail as aforesaid. Rejection or other refusal to accept or the inability to deliver because of changed address for which no Notice was given shall be deemed to be receipt of the Notice sent. Each of the Developer, Credit Re and Bank shall have the right from time to time and at any time during the term of this Agreement to change its respective address and the right to specify as its address any other address within the United States of America.

15. Limitations. This Agreement shall not affect or govern the rights of the Bank as among themselves.

16. No Third Party Beneficiaries. No person or entity other than the parties hereto and their respective successors and assigns shall have any rights under this Agreement.

17. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

18. Amendment, Supplement, Modification, Waiver and Termination. No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against a party against whom the enforcement of such amendment, supplement, modification, waiver or termination would be asserted, unless such amendment, supplement, modification, waiver or termination was made in a writing signed by such party.

19. Severability. In case any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and other application thereof, shall not in any way be affected or impaired thereby.

20. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida, without giving effect to its conflict of laws principles.

21. Captions. Captions and headings in this Agreement are for convenience of reference only and shall not define, expand or limit the provisions hereof.

22. Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

23. Integration. This Agreement sets forth the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, written or oral, relating thereto.

24. No Modification. This Agreement shall not be deemed or interpreted so as to expand or otherwise modify the rights and remedies of the Bank under the Senior Loan Documents or the Subordinate Lender under the Subordinate Loan Documents with respect to the Borrower, or to diminish or change the obligations of, the Borrower under any of the foregoing.

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

BANK:

BANK OF AMERICA, N.A.

By: *Diane Ross*
Name: Diane Ross
Title: Senior Vice President

SUBORDINATE LENDER:

PALM BEACH COUNTY, FLORIDA, a political subdivision of the state of Florida, by its Board of Commissioners

By: *Addie L. Greene*
Name: Addie L. Greene
Title: Addie L. Greene, Chairperson

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

[Signature]
COUNTY ATTORNEY

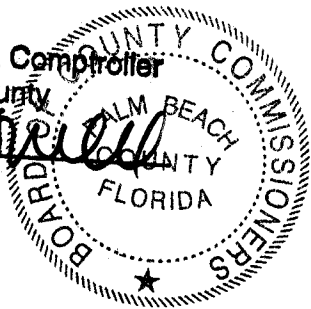
BORROWER:

MERRYPLACE AT PLEASANT CITY ASSOCIATES, LTD., a Florida limited partnership

By: MERRYPLACE, LLC, a Florida limited liability company, the managing general partner

By: Banc of America Community Development Company, a North Carolina corporation, its sole member

By: _____
Name: _____
Title: _____

Sharon R. Bock, Clerk & Comptroller
Palm Beach County
By: *Dacey Powell*
Deputy Clerk


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

BANK:

BANK OF AMERICA, N.A.

By: _____
Name: _____
Title: _____

SUBORDINATE LENDER:

PALM BEACH COUNTY, FLORIDA, a political subdivision of the state of Florida, by its Board of Commissioners

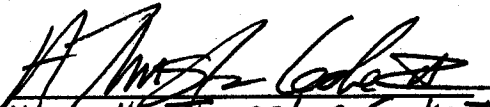
By: _____
Name: _____
Title: _____

BORROWER:

MERRYPLACE AT PLEASANT CITY ASSOCIATES, LTD., a Florida limited partnership

By: MERRYPLACE, LLC, a Florida limited liability company, the managing general partner

By: Banc of America Community Development Company, a North Carolina corporation, its sole member

By: 
Name: H. Thurston Cooke II
Title: Vice President

STATE OF FLORIDA)

COUNTY OF BROWARD)

The foregoing instrument was acknowledged before me this 20 day of April, 2007 by Diane Ross, a senior vice president of Bank of America, N.A., on behalf of such bank. She is personally known to me or has produced _____ as identification.



Printed Name: _____

Notary Public

Serial Number (if any): _____

My Commission Expires:

(NOTARY SEAL)



Deborah D. Cook
Commission #DD328250
Expires: Jun 20, 2008
Bonded Thru
Atlantic Bonding Co., Inc.

STATE OF GEORGIA)

COUNTY OF Fulton)

The foregoing instrument was acknowledged before me this 19th day of April, 2007 by Banc of America Community Development Company, a North Carolina corporation, the sole member of MerryPlace, LLC, a Florida limited liability company, the managing general partner of MerryPlace at Pleasant City Associates, Ltd., a Florida limited partnership, on behalf of the partnership. He is personally known to me or has produced _____ as identification.

Taffini Guffie

Printed Name: Taffini Guffie

Notary Public

Serial Number (if any): _____

My Commission Expires: May 16, 2009

(NOTARY SEAL)

EXHIBIT "A"

LEGAL DESCRIPTION

All of Tracts C, C1, C2, C3, D1, D2, E1, E2, F, F1, M, M1, N and Z, MERRY PLACE, according to the Plat thereof, as recorded in Plat Book 108, Page 190, of the Public Records of Palm Beach County, Florida.

FORMERLY KNOWN AS:

PARCEL A-R:

Being a portion of Lots 10, 11, 12, (Block 4) "PLEASANT CITY", according to the Plat thereof, as recorded in Plat Book 1, Page 57, TOGETHER WITH a portion of Lots 25, 26, 27, 28, 29 and 30, (Block 9) "THE UPDATE ADDITION TO PLEASANT CITY AND CURRIE ADDITION TO PALM BEACH NORTH, as recorded in Plat Book 3, Page 3, according to the Plat thereof, TOGETHER WITH portions of public road right-of-ways and alleys, lying within the above said Plats, all being of the Public Records of Palm Beach County, Florida, said lands being more particularly described as follows: Commencing at the Northwest corner of Lot 12, Block 4, of the said Pleasant City Plat; thence South $88^{\circ} 47' 12''$ East, along North line of said lot, a distance of 6.00 feet; thence South $01^{\circ} 18' 15''$ West, a distance of 5.00 feet to the Point of Beginning; thence South $88^{\circ} 47' 12''$ East, a distance of 137.51 feet; thence South $01^{\circ} 20' 32''$ West, a distance of 221.14 feet; thence North $88^{\circ} 47' 07''$ West, a distance of 137.36 feet; thence North $01^{\circ} 18' 15''$ East, a distance of 221.14 feet to the Point of Beginning.

PARCEL B-R:

Being a portion of Lots 6, 7, 8 and 9, (Block 4) "PLEASANT CITY", according to the Plat thereof, as recorded in Plat Book 1, Page 57, all being of the Public Records of Palm Beach County, Florida, said lands being more particularly described as follows: Commencing at the Northeast corner of Lot 6, Block 4, of The Pleasant City Plat; thence South $01^{\circ} 18' 17''$ West a distance of 5.00 feet to the Point of Beginning; thence South $01^{\circ} 18' 17''$ West along lot line, a distance of 103.08 feet; thence North $88^{\circ} 47' 12''$ West a distance of 153.85 feet; thence North $01^{\circ} 28' 18''$ East, a distance of 103.08 feet; thence South $88^{\circ} 47' 12''$ East, a distance of 153.55 feet to the Point of Beginning

PARCEL C-R:

Being a portion of Lots 10, 11, 12, 13, 14, 15, 19, 20, 21, 22, 23, 24, 31, 32, 33, 34, 35, 36, (Block 9) THE UPDATE ADDITION TO PLEASANT CITY AND CURRIE ADDITION TO PALM BEACH NORTH, as recorded in Plat Book 3, Page 3, TOGETHER WITH portions of public road right-of-ways and alleys, lying within the above said Plats, all being of the Public Records of Palm Beach County, Florida, said lands being more particularly described as follows: Commencing at the Northwest corner of Lot 31, Block 9 of the said Pleasant City Plat; thence South $01^{\circ} 18' 15''$ West, a distance of 20.96 feet; thence South $88^{\circ} 47' 17''$ East, a distance of 5.00 feet to the Point of Beginning; thence South $88^{\circ} 47' 07''$ East a distance of 103.31 feet; thence North $61^{\circ} 15' 16''$ East a distance of 16.02 feet; thence South $88^{\circ} 47' 07''$ East, a distance of 47.13 feet; thence Easterly and Southerly along arc of said curve concave to the West a distance of 281.34, a radius of 89.55 feet, and a central angle of $180^{\circ} 00' 18''$; thence North $88^{\circ} 46' 59''$ West, a distance of 56.06 feet; thence North $28^{\circ} 12' 06''$ West, a distance of 9.18 feet; thence North $88^{\circ} 46' 59''$ West, a distance of 104.00 feet; thence North $01^{\circ} 18' 15''$ East, a distance of 103.10 feet to the Point of Beginning.

PARCEL D-R:

Being all of Lots 5, 6, 7, 8, 9, 10 and a portion of Lot 11, (Block 11) TOGETHER WITH all of Lots 11, 12, 13, 14, 15 and a portion of Lots 16, 17, (Block 12) TOGETHER WITH that portion of the alley and right-

of-way for 17th Street, THE UPDATE ADDITION TO PLEASANT CITY AND CURRIE ADDITION TO PALM BEACH NORTH, as recorded in Plat Book 3, Page 3, according to the Plat thereof; TOGETHER WITH a portion of Lot 5 and all of Lots 6, 7, 12, 13, 14, 15, 16, 17, (Block 9) PALM BEACH NORTH RESUBDIVISION OF BLOCKS 7 AND 8, as recorded in Plat Book 8, Page 77, according to the Plat thereof; TOGETHER WITH portions of public road right-of-ways and alleys, lying within the above said Plats, all being of the Public Records of Palm Beach County, Florida, said lands being more particularly described as follows: Commencing at the Northwest corner of Lot 11, (Block 11); thence North 88° 46' 59" West, a distance of 9.41 feet; thence South 07° 27' 50" West, a distance of 4.00 feet, to the Point of Beginning; thence South 88° 46' 59" East along lot line, a distance of 183.89 feet; thence North 01° 27' 50" East, a distance of 2.02 feet; thence Easterly along arc of said curve concave to the Northwest, a distance of 78.12 feet, a radius of 141.55 feet, and a central angle of 31° 37' 07"; thence South 49° 51' 12" East, a distance of 13.69 feet; thence Easterly along arc of said curve concave to the Northeast, a distance of 29.49 feet, a radius of 102.00 feet, and a central angle of 16° 33' 50"; thence South 01° 27' 50" West, a distance of 132.74 feet; thence North 88° 46' 53" West, a distance of 10.00 feet; thence South 01° 27' 50" West, a distance of 200.31 feet; thence South 88° 56' 02" East, a distance of 110.12 feet; thence South 01° 18' 19" West, a distance of 68.56 feet; thence South 88° 56' 16" East, a distance of 100.00 feet; thence South 01° 18' 19" West, a distance of 22.85 feet; thence South 88° 56' 21" East, a distance of 88.03 feet; thence South 01° 18' 19" West, a distance of 45.70 feet; thence North 88° 56' 30" West, a distance of 338.06 feet; thence North 01° 18' 19" East, a distance of 68.58 feet; thence South 88° 56' 161" East, a distance of 33.14 feet; thence North 01° 03' 58" East, a distance of 118.57 feet; thence North 88° 56' 02" West, a distance of 229.79 feet; thence North 07° 21' 30" West, a distance of 275.08 feet to the Point of Beginning.

*Merritt's
orig.*

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
Terry M. Lovell, Esq.)
Stearns Weaver Miller Weissler)
Alhadeff & Sitterson, P.A.)
150 West Flagler Street, Suite 2200)
Miami, Florida 33130)

SUBORDINATION AGREEMENT

Among

PALM BEACH COUNTY, FLORIDA,

WEST PALM BEACH HOUSING AUTHORITY

and

MERRYPLACE AT PLEASANT CITY ASSOCIATES, LTD.

SUBORDINATION AGREEMENT

This SUBORDINATION AGREEMENT dated March 30, 2007 (as amended, modified, supplemented or assigned from time to time, this "**Agreement**"), by and among the PALM BEACH COUNTY, FLORIDA (the "**Senior Lender**"), WEST PALM BEACH HOUSING AUTHORITY, the "**Subordinate Lender**") and MERRYPLACE AT PLEASANT CITY ASSOCIATES, LTD. (together with its permitted successors and assigns, the "**Borrower**"),

WITNESSETH:

WHEREAS, the Borrower is the owner of a leasehold interest in certain property located in the City of West Palm Beach, Palm Beach County, Florida, more particularly described on Exhibit A attached hereto, on which the Borrower intends to construct certain improvements consisting of a 128-unit multifamily garden apartment facility, together with related amenities (such property and the improvements described above are collectively referred to herein as the "**Property**");

WHEREAS, the Property is being acquired, constructed and equipped, in part, with the proceeds of a \$750,000 loan (the "**Senior Indebtedness**"), the proceeds of which are being loaned to the Borrower pursuant to the terms of a Loan Agreement dated March 27, 2007 between the Senior Lender and the Borrower (as amended, modified or supplemented from time to time, the "**Loan Agreement**") and the Borrower's obligations under the Loan Agreement pertaining to the Senior Indebtedness are evidenced, in part, by a Promissory Note dated March 30, 2007 (as amended, modified or supplemented from time to time, the "**Senior Note**"), and secured by, among other things, a mortgage lien on the Property granted pursuant to a Mortgage and Security Agreement dated March 30, 2007 (as amended, modified or supplemented from time to time, the "**First Mortgage**"), which First Mortgage is an amended and restated mortgage of that certain Mortgage Deed dated as of December 20, 2006, by the Borrower, as mortgagor, to MerryPlace Development, LLC, as mortgagee, recorded on December 22, 2006, in Official Records Book 21233, Page 104 of Palm Beach County, Florida (the "**Original Mortgage**"), which Original Mortgage is being assigned to the Senior Lender concurrently herewith. The Loan Agreement, the Senior Note, the First Mortgage and all other agreements contemplated therein or evidencing or securing the Borrower's obligations under the Loan Agreement are hereinafter collectively referred to as the "**Senior Loan Documents**");

WHEREAS, the Subordinate Lender has made a loan to the Borrower in the amount of \$1,121,000 pursuant to the terms of an Authority Note dated December 20, 2006 in the original face amount of \$1,121,000 (as amended, modified or supplemented from time to time, the "**Subordinate Note**");

WHEREAS, the Borrower's obligations to the Subordinate Lender under the Subordinate Note (the "**Subordinate Indebtedness**") are secured by a Leasehold Mortgage and Security Agreement dated as of December 20, 2006 and recorded on December 22, 2006, in Official Records Book 21233, Page 87 of Palm Beach County, Florida (as the same may be amended, modified or supplemented from time to time, the "**Subordinate Mortgage**") (the Subordinate Note, the Subordinate Mortgage and all other agreements contemplated therein or evidencing or securing the Subordinate Indebtedness are hereinafter referred to as the "**Subordinate Loan Documents**"); and

WHEREAS, it is a condition precedent to the Senior Lender's closing of the Senior Indebtedness that the Senior Loan Documents shall be and remain liens or charges upon the Property prior and superior to the lien or charge of the Subordinate Loan Documents, and that the Subordinate Indebtedness be subordinated in right of payment to the Senior Indebtedness.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, it is hereby declared, understood, and agreed as follows:

1. Subordination of Subordinate Mortgage. The Subordinate Lender declares, agrees and acknowledges that the Senior Loan Documents, and any renewals or extensions thereof, and any modifications thereof or substitutions therefor which do not increase the principal balance secured thereby (except increases by reason of protective advances or payment of the Senior Lender' costs) and all advances made pursuant to the Senior Loan Documents, all costs and expenses secured thereby and interest on the foregoing shall unconditionally be and remain at all times liens or charges on the Property prior and superior to the lien or charge of the Subordinate Loan Documents. Any foreclosure, deed in lieu of foreclosure or similar event with respect to the Senior Loan Documents will terminate and extinguish the Subordinate Loan Documents and the same shall thereafter be of no further force or effect.

2. Subordination of Subordinate Indebtedness. The Subordinate Indebtedness is hereby subordinated in right of payment to any and all of the Senior Indebtedness. Notwithstanding the foregoing, unless and until Senior Lender gives the Subordinate Lender notice of the occurrence of a Default under the Senior Loan Documents, the Subordinate Lender may receive and accept payments on account of principal and interest payable under the Subordinate Note. If the Subordinate Lender shall receive any payments or other rights in any property of the Borrower after Senior Lender has given the Subordinate Lender notice of a Default under the Senior Loan Documents, such payment or property shall be received by the Subordinate Lender in trust for the Senior Lender and shall immediately be delivered and transferred to the Senior Lender.

3. Exercise of Remedies.

(a) The Subordinate Lender declares, agrees, and acknowledges that it will not, without prior written notice to the Senior Lender: (i) accelerate the Subordinate Indebtedness; (ii) commence any action to foreclose or exercise any power of sale under the Subordinate Mortgage; (iii) accept a deed or assignment in lieu of foreclosure for the Property or any part or portion thereof; (iv) seek or obtain a receiver for the Property or any part or portion thereof; (v) take possession or control of the Property, or collect or accept any rents from the Property; (vi) sue the Borrower under any of the Subordinate Loan Documents; (vii) take any action that would terminate any leases or other rights held by or granted to or by third parties with respect to the Property; (viii) initiate any petition for Bankruptcy, assignment for the benefit of creditors or creditor's agreement with respect to the Borrower; (ix) incur any obligation to the Borrower other than as provided in the Subordinate Note; or (x) take any other enforcement action against the Property or any part or portion thereof.

(b) The Subordinate Lender agrees that the Senior Lender shall have, as determined in accordance with and subject to the terms of the Senior Loan Documents, upon the occurrence of an Event of Default under and as defined in the Senior Loan Documents, the right to (i) accelerate any Senior Indebtedness; (ii) commence any action to foreclose or exercise any power of sale under the Senior Mortgage; (iii) accept a deed or assignment in lieu of foreclosure for the Property or any part or portion thereof; (iv) seek or obtain a receiver for the Property or any part or portion thereof; (v) take possession or control of the Property, and collect and accept rents from the Property; (vi) sue the Borrower under any of the Senior Loan Documents; (vii) exercise any rights of set-off or recoupment that Senior Lender may have against the Borrower; or (viii) take any other enforcement action against the Property or any part or portion thereof, all without any responsibility or liability to the Subordinate Lender with respect to the Property.

(c) The Subordinate Lender agrees that the Senior Lender shall have absolute power and discretion to deal in any manner with the Senior Indebtedness, including interest, costs and expenses payable by the Borrower to the Senior Lender, and any security and guaranties therefor, including, but not by way of limitation, release, surrender, extension, renewal, acceleration, compromise or substitution; provided that the Senior Lender shall not increase the principal amount of the indebtedness to which the Subordinate Loan Documents are subordinate (other than increases resulting from protective advances or payment of the Senior Lender' costs) without the prior written consent of the Subordinate Lender, which shall not be unreasonably withheld or delayed.

(d) The Subordinate Lender further agrees that if at any time the Subordinate Lender should commence any foreclosure proceeding, or commence any action to execute on any lien obtained by way of attachment or otherwise on the Property, or otherwise take any action prohibited under Paragraph 3(a), the Senior Lender shall (unless the Senior Lender have consented to such action or remedy) be entitled to have the same vacated, dissolved and set aside by such proceedings at law or otherwise as the Senior Lender may deem proper, and this Agreement shall be and constitute full and sufficient grounds therefor and shall entitle the Senior Lender to become a party to any proceedings at law or otherwise in or by which the Senior Lender may deem it proper to protect their interests hereunder.

(e) No act, omission, breach or other event under this Agreement shall defeat, invalidate or impair in any respect the absolute, unconditional and irrevocable subordination of the Subordinate Loan Documents to the Senior Loan Documents as provided in this Agreement.

4. No Marshaling of Assets. The Subordinate Lender specifically waives and renounces any right which it may have under any applicable statutes, whether at law or in equity, to require the Senior Lender to marshal collateral or to otherwise seek satisfaction from any particular assets or properties of the Borrower or from any third party.

5. Bankruptcy Matters. The subordination provided for in this Agreement shall apply, notwithstanding the availability of other collateral to the Senior Lender or the actual date and time of execution, delivery, recordation, filing or perfection of the First Mortgage or the Subordinate Mortgage and, insofar as the Subordinate Lender is concerned, notwithstanding the fact that the Senior Indebtedness or any claim for the Senior Indebtedness may be subordinated, avoided or disallowed, in whole or in part, as against the Borrower under the Bankruptcy Code or other applicable federal or state law. In the event of any proceeding, whether voluntary or involuntary, for insolvency, liquidation, reorganization, dissolution or Bankruptcy, or any other similar proceeding pursuant to the Bankruptcy Code or other applicable federal or state law (a "**Reorganization Proceeding**"), the Senior Indebtedness shall include all interest and fees accrued on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Reorganization Proceeding, even if the claim for such interest and/or fees is not allowed as against the Borrower pursuant to applicable law.

6. Payment Set Aside. To the extent any payment under any of the Senior Loan Documents (whether by or on behalf of the Borrower, as proceeds of security or enforcement of any right of set-off, or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to a trustee, receiver or other similar party under the Bankruptcy Code or any federal or state Bankruptcy, insolvency, receivership or similar law, then if such payment is recovered by, or paid over to, such trustee, receiver or other similar party, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

7. Casualty and Condemnation Proceeds. The Subordinate Lender shall have no right to participate in the adjustment of the proceeds of insurance payable as the result of any casualty to the Improvements, or to participate in any manner whatsoever in activities relating to restoration or reconstruction, and the Senior Lender shall have the exclusive right to receive, administer and apply all such proceeds as set forth in the Senior Loan Documents. In the event the Senior Lender shall release, for the purposes of restoration of all or any part of the Property, their right, title and interest in and to the proceeds under policies of insurance thereon, and/or their right, title and interest in and to any awards, or their right, title and interest in and to other compensation made for any damages, losses or compensation for other rights by reason of a taking in eminent domain, the Subordinate Lender shall simultaneously release for such purpose all of the Subordinate Lender's right, title and interest, if any, in and to all such insurance proceeds, awards or compensation. The Subordinate Lender agrees that the balance of such proceeds remaining after such restoration, or all of such proceeds in the event such proceeds are not released for any such restoration pursuant to the Senior Loan Documents, shall be applied to the payment of amounts due under the Senior Loan Documents until all such amounts have been paid in full, prior to being applied to the payment of any amounts due under the Subordinate Loan Documents. If the Senior Lender hold such proceeds, awards or compensation and/or monitor the disbursement thereof, the

Subordinate Lender agree that the Senior Lender shall also hold and monitor the disbursement of such proceeds, awards and compensation to which the Subordinate Lender is or may be entitled. Nothing contained in this Agreement shall be deemed to require the Senior Lender, in any way whatsoever, to act for or on behalf of the Subordinate Lender or to hold or monitor any proceeds, awards or compensation in trust for or on behalf of the Subordinate Lender.

8. Indemnification and Subrogation. If the Subordinate Lender or any affiliate shall acquire, by indemnification, subrogation or otherwise, any lien, estate, right or other interest in the Property, that lien, estate, right or other interest shall be subordinate to the Senior Loan Documents and the other Senior Loan Documents as provided herein, and the Subordinate Lender or such affiliate hereby waives, until all amounts owed under the Senior Indebtedness have been indefeasibly paid in full, the right to exercise any and all such rights it may acquire by indemnification, subrogation or otherwise.

9. Subordination Effective. This Agreement, the subordination effected hereby, and the respective rights and priorities of the parties hereto in and to the Property, shall be effective as stated herein, notwithstanding any modification or amendment of any Senior Loan Documents (other than any modification or amendment of any Senior Loan Documents that increases the amount of indebtedness to which the Subordinate Indebtedness is subordinate for reasons other than protective advances or costs of the Senior Lender), or the obtaining by the Senior Lender or the Subordinate Lender of any additional document confirming, perfecting or otherwise affecting the Senior Loan Documents or the Subordinate Loan Documents, as the case may be.

10. Amendments of Subordinate Loan Documents and Senior Loan Documents. The Borrower and the Subordinate Lender agree that they will not enter into any amendment, modification or supplement to any of the Subordinate Loan Documents without the express prior written consent of the Senior Lender (which consent shall not be unreasonably withheld). No consent of the Subordinate Lender shall be required for any amendment, modification or supplement to any of the Senior Loan Documents, provided that no amendment, modification or supplement to any of the Senior Loan Documents shall increase the amount of indebtedness to which the Subordinate Loan Documents are subordinate other than increases resulting from protective advances or costs of the Senior Lender.

11. Further Assurances. The parties hereto shall cooperate fully with each other in order to carry out promptly and fully the terms and provisions of this Agreement. Each party hereto shall from time to time execute and deliver such other agreements, documents or instruments and take such other actions as may be reasonably necessary or desirable to effectuate the terms of this Agreement.

12. No Waiver. No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

13. Equitable Remedies. Each party hereto acknowledges that, to the extent that no adequate remedy at law exists for breach of its obligations under this Agreement, in the event any party fails to comply with its obligations hereunder, the aggrieved party shall have the right to obtain specific performance of the obligations of such defaulting party, injunctive relief, or such other equitable relief as may be available, other than consequential or punitive damages.

14. Notices. Any notice to be given under this Agreement shall be in writing and shall be deemed to be given when received by the party to whom it is addressed. Notwithstanding the foregoing, if any such notice is not received or cannot be delivered due to a change in the address of the receiving party of which notice was not previously given to the sending party or due to a refusal to accept by the receiving party, such notice shall be deemed received on the date delivery is attempted. Notices shall be in writing and sent by certified U.S. mail, hand delivery, or by special courier (in each case, return receipt requested). Notices to any other party hereto shall be sent to the parties at the following addresses or such other address or addresses as shall be designated by such party in a written notice to the other parties:

If to the Subordinate Lender:

West Palm Beach Housing Authority
1715 Division Avenue
West Palm Beach, FL 33407
Attention: Executive Director

If to Senior Lender:

Palm Beach County
c/o County Attorney's Office
301 North Olive Avenue, Suite 601
West Palm Beach, FL 33401
Attention: Tammy K. Fields

Each Notice shall be effective the day delivered if personally delivered, the next business day if sent by overnight courier or three (3) days after being deposited in the United States Mail as aforesaid. Rejection or other refusal to accept or the inability to deliver because of changed address for which no Notice was given shall be deemed to be receipt of the Notice sent. Each of the Subordinate Lender and Senior Lender shall have the right from time to time and at any time during the term of this Agreement to change its respective address and the right to specify as its address any other address within the United States of America.

15. Limitations. This Agreement shall not affect or govern the rights of the Senior Lender as among themselves.

16. No Third Party Beneficiaries. No person or entity other than the parties hereto and their respective successors and assigns shall have any rights under this Agreement.

17. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

18. Amendment, Supplement, Modification, Waiver and Termination. No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against a party against whom the enforcement of such amendment, supplement, modification, waiver or termination would be asserted, unless such amendment, supplement, modification, waiver or termination was made in a writing signed by such party.

19. Severability. In case any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and other application thereof, shall not in any way be affected or impaired thereby.

20. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida, without giving effect to its conflict of laws principles.

21. Captions. Captions and headings in this Agreement are for convenience of reference only and shall not define, expand or limit the provisions hereof.

22. Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

23. Integration. This Agreement sets forth the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, written or oral, relating thereto.

24. No Modification. This Agreement shall not be deemed or interpreted so as to expand or otherwise modify the rights and remedies of the Senior Lender under the Senior Loan Documents or the Subordinate Lender under the Subordinate Loan Documents with respect to the Borrower, or to diminish or change the obligations of, the Borrower under any of the foregoing.

EXHIBIT A

LEGAL DESCRIPTION

[To be provided]

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

SUBORDINATE LENDER:

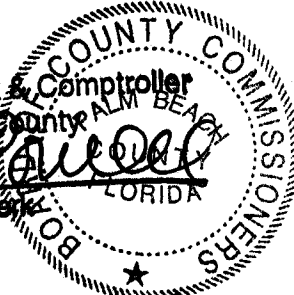
WEST PALM BEACH HOUSING AUTHORITY

By: *Laurel Robinson*
Name: LAUREL ROBINSON
Title: EXEC. DIR.

SENIOR LENDER:

PALM BEACH COUNTY, FLORIDA, a political subdivision of the state of Florida, by its Board of Commissioners

By: *Addie L. Greene*
Name: Addie L. Greene
Title: Addie L. Greene, Chairperson

Sharon R. Bock, Clerk & Comptroller
Palm Beach County
By: *Nancy Powell*
Deputy Clerk


APPROVED AS TO FORM
AND LEGAL SUFFICIENCY
[Signature]
COUNTY ATTORNEY

BORROWER:

MERRYPLACE AT PLEASANT CITY ASSOCIATES, LTD., a Florida limited partnership

By: MERRYPLACE, LLC, a Florida limited liability company, the managing general partner

By: Banc of America Community Development Company, a North Carolina corporation, its sole member

By: *H. Thurston Cooke II*
Name: H. Thurston Cooke II
Title: Vice President

STATE OF GEORGIA)

COUNTY OF Fulton)

TG

The foregoing instrument was acknowledged before me this 10th day of April, 2007 by H. Thurston Cockett as Vice President of Banc of America Community Development Company, a North Carolina corporation, the sole member of MerryPlace, LLC, a Florida limited liability company, the managing general partner of MerryPlace at Pleasant City Associates, Ltd., a Florida limited partnership, on behalf of the partnership. She/He is personally known to me or has produced _____ as identification.

Taffini Guffie

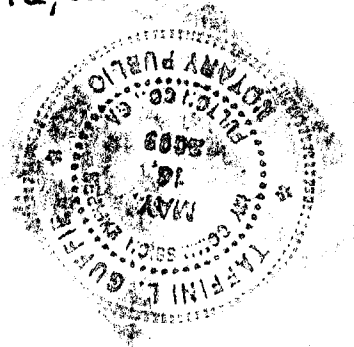
Printed Name: Taffini Guffie

Notary Public

Serial Number (if any): _____

My Commission Expires: May 16, 2009

(NOTARY SEAL)



THIS INSTRUMENT PREPARED

BY AND RETURN TO:

Rafael G. Moreno, Esq.
Adorno & Yoss, LLP
2525 Ponce de Leon Blvd., Suite 400
Coral Gables, Florida 33134

ABOVE SPACE RESERVED FOR
RECORDING PURPOSES ONLY

SUBORDINATION AGREEMENT
(Junior Mortgagee)

(MerryPlace RFP 2006-04-06 Wilma Go Zone SAIL)

THIS SUBORDINATION AGREEMENT (this "Agreement") is made and entered into as of the 17th day of May, 2007, by (i) **FLORIDA HOUSING FINANCE CORPORATION**, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida (the "Senior Mortgagee"); (ii) **PALM BEACH COUNTY**, a political subdivision of the State of Florida (the "Subordinate Mortgagee"); and (iii) **MERRYPLACE AT PLEASANT CITY ASSOCIATES, LTD.**, a Florida limited partnership (the "Borrower").

RECITALS

A. Borrower executed and delivered to the Subordinate Mortgagee a promissory note dated March 30, 2007 (the "Subordinate Note") in the original principal amount of Seven Hundred Fifty Thousand and No/100 (\$750,000.00) Dollars (the "Subordinate Loan") secured by that certain Mortgage Deed dated December 20, 2006, and recorded December 22, 2206 in Official Records Book 21233, Page 104, which Mortgage Deed was assigned to the Subordinate Mortgagee pursuant to that certain Assignment of Mortgaged Deed and Promissory Note dated March 22, 2007 and recorded on May 8, 2007 in Official Records Book 21708, Page 845, which Mortgage Deed was amended and restated by that certain Amended and Restated Mortgage and Security Agreement dated March 30, 2007 and recorded on May 8, 2007 in Official Records Book 21708, Page 849, all of the Public Records of Palm Beach County, Florida. The aforesaid mortgage encumbers the Borrower's leasehold estate in the real property described in Exhibit "A" attached hereto and made a part hereof, the improvements thereon, and certain personal property relating thereto (collectively, the "Property"). Hereinafter the aforesaid Subordinate Note and the Mortgage in favor of the Subordinate Mortgagee are collectively referred to as the "Subordinate Mortgage."

{RGM/202669.0097/M1614893_1}

B. Borrower executed and delivered to the Senior Mortgagee a Promissory Note (the "Senior Note") in the original principal amount of One Million Twenty Four and no/100 (\$1,024,000) Dollars, evidencing a loan (the "Senior Loan") secured by, among other things, a Amended and Restated Leasehold Mortgage, Security Agreement and Receipt of Future Advance dated as of May 17, 2007 (the "Senior Mortgage"). The Senior Note, the Senior Mortgage, and all other documents evidencing or securing the Senior Loan, including, without limitation, that certain Land Use Restriction Agreement of even date herewith by Borrower to be recorded in the Public Records of Palm Beach County, Florida, are collectively referred to as the "Senior Mortgage."

C. To induce the Senior Mortgagee to make the Senior Loan, the Subordinate Mortgagee is willing to subordinate the Subordinate Mortgage to the Senior Mortgage.

AGREEMENT

NOW, THEREFORE, in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, from one to the other paid, the receipt and sufficiency whereof is hereby acknowledged, and to induce Senior Mortgagee to make the Senior Loan, the parties do hereby agree:

1. **Recitals.** The Recitals are true and correct and are made a part hereof.

2. **Subordination.**

(a) The Subordinate Mortgage is now and forever hereafter made subordinate and inferior to the Senior Mortgage and to all debt evidenced or secured thereby including principal, interest, costs and expenses, and to any and all extensions, modifications, amendments, enlargements or renewals thereof or future advances made thereunder. Further, the terms of the Subordinate Mortgage and all rights and remedies of the Subordinate Mortgagee available to the Subordinate Mortgagee pursuant to the Subordinate Mortgage, including but not limited to the right to claim or receive any insurance or condemnation awards or proceeds, are hereby expressly subordinate to the terms of the Senior Mortgage and the rights and remedies of Senior Mortgagee under the Senior Mortgage.

(b) The indebtedness of Borrower, and any other obligor pursuant to the Subordinate Note, and any and all other indebtedness and other obligations of Borrower to Subordinate Mortgagee, and the Subordinate Mortgage and all other liens, encumbrances and security interests given to secure the payment of the Subordinate Note and any other obligations of payment or performance of Borrower to Subordinate Mortgagee, whether now existing or hereafter created or acquired, shall be and hereby are subordinated in lien, priority and payment of principal and interest and all other charges and fees, including, without limitation, taxes and insurance premiums paid by Senior Mortgagee and interest accruing after any default or petition in bankruptcy, to the indebtedness of Borrower pursuant to the Senior Note, and all liens, encumbrances and security interests given to secure the payment thereof, whether now existing or hereafter created or acquired, including, without limitation, the Senior Mortgage and to any and all other loans, advances, extensions of credit, or other accommodations to or for the account

of Borrower as Senior Mortgagee may elect to make from time to time, and any and all other indebtedness of Borrower to Senior Mortgagee, whether now existing or hereafter created or acquired, and any and all liens, encumbrances, and security interests given to secure the repayment or payment thereof, whether now existing or hereafter created or acquired, and to such renewals and extensions thereof as Senior Mortgagee may elect to make from time to time.

3. **Conditions Precedent to Remedial Action.** If a default occurs under the Subordinate Mortgage (a "Subordinate Loan Default") and is continuing, the Subordinate Mortgagee agrees that, without the Senior Mortgagee's prior written consent, it will not commence foreclosure proceedings with respect to the Property under the Subordinate Mortgage or exercise any other rights or remedies it may have under the Subordinate Mortgage, including, but not limited to accelerating the Subordinate Loan (and enforcing any "due on sale" provision included in the Subordinate Mortgage), collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder unless and until it has given the Senior Mortgagee at least thirty (30) days' prior written notice. The Senior Mortgagee shall have the right, but not the obligation, to cure any Subordinate Loan Default within the same time period for curing a default which is given to the Borrower under the Subordinate Loan Documents, except that the Senior Mortgagee's time period for cure shall begin on the date on which it receives notice of the Subordinate Loan Default. All amounts advanced or expended by the Senior Mortgagee to cure a Subordinate Loan Default shall be deemed to have been advanced by the Senior Mortgagee pursuant to, and shall be secured by the lien of, the Senior Mortgage.

4. **Insurance, Condemnation.** In the event of partial or total destruction of the Property which results in the payment of insurance proceeds, or in the event of a condemnation or similar proceeding which results in the payment of an award, the proceeds or award shall be applied in accordance with the relevant provisions of the Senior Mortgage.

5. **Modifications to Subordinate Mortgage.** Borrower agrees that it will not modify the Subordinate Mortgage without the prior written consent of the Senior Mortgagee.

6. **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 Mortgagee or the Subordinate Mortgagee 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 (2) days after mailing in the United States), addressed to the respective parties as follows:

Senior Lender: Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329
Attention: Executive Director

with a copy to: Adorno & Yoss, LLP
2525 Ponce de Leon Boulevard, Suite 400
Coral Gables, Florida 33134
Attention: Rafael G. Moreno, Esq.
FAX: (305) 460-1422

Subordinate Lender: Board of County Commissioners
c/o Palm Beach County Attorney's Office
301 N. Olive Avenue, Suite 601
West Palm Beach, Florida 33401
Attention: Tammy K. Fields, Senior Assistant County Attorney
FAX: (561) 355-4398

Borrower: MerryPlace at Pleasant City Associates, Ltd.
600 Peachtree Street, NE, 14th Floor
Atlanta, Georgia 30308
Attention: H. Thurston Cooke II
FAX: (404) 532-3829

with a copy to: Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street, Suite 2200
Miami, Florida 33130
Attention: Terry M. Lovell Esq.
FAX: (305) 789-3395

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.

7. **No Waiver.** The giving of consent by Senior Mortgagee to the giving of the Subordinate Mortgage is not and shall not be deemed a waiver of the Senior Mortgagee's rights to prohibit any other junior mortgage of the Property. No delay on the part of Senior Mortgagee or Subordinate Mortgagee in the exercise of any right or remedy hereunder or under the Senior Mortgage or Subordinate Mortgage, respectively, shall operate as a waiver of any right hereunder.

8. **Counterparts.** The parties hereto agree that this Subordination Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

9. **Costs of Enforcement.** Should suit be brought to enforce the provisions of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees incurred both at trial and on appeal.

10. **Paragraph Headings.** The headings of the various paragraphs of this Subordination Agreement have been inserted only for the purposes of convenience, and are not part of this Subordination Agreement and shall not be deemed in any manner to modify, explain or restrict any of the provisions of this Subordination Agreement.

11. **Choice of Law.** This Agreement shall be construed, interpreted, enforced and governed by and in accordance with the laws of the State of Florida, excluding the principles thereof governing conflicts of law. If any provision shall be held prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating any other provision of this Agreement.

12. **Binding Effect.** This Agreement shall be binding upon the Borrower and the Subordinate Mortgagee and their respective successors and assigns and shall inure to the benefit of the Senior Mortgagee, its successors and assigns.

[COUNTERPART SIGNATURE PAGES TO FOLLOW]

COUNTERPART SIGNATURE PAGE TO
SUBORDINATION AGREEMENT
(Junior Mortgagee)

(MerryPlace RFP 2006-04-06 Wilma Go Zone SAIL)

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

WITNESSES:

SENIOR MORTGAGEE:

FLORIDA HOUSING FINANCE
CORPORATION

Melanie K. Jordan
Print: Melanie K. Jordan
Blake Carson Poston
Print: BLAKE CARSON POSTON

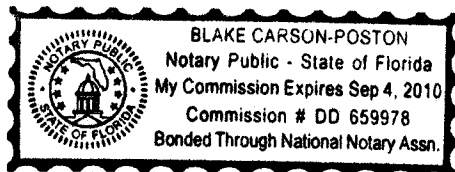
By: Vicki A. Robinson
Vicki A. Robinson
Deputy Development Officer

Address: 227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

[SEAL]

STATE OF FLORIDA
COUNTY OF LEON

The foregoing instrument was acknowledged before me this 14 day of May, 2007, by VICKI A. ROBINSON, as Deputy Development Officer of the FLORIDA HOUSING FINANCE CORPORATION, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida, on behalf of Florida Housing. Said person is personally known to me or has produced a valid driver's license as identification.



Blake Carson Poston
Notary Public; State of Florida
Print Name: Blake CARSON-POSTON
My Commission Expires: 9-4-2010
My Commission No.: DD659978

**COUNTERPART SIGNATURE PAGE TO
SUBORDINATION AGREEMENT
(Junior Mortgagee)**

(MerryPlace RFP 2006-04-06 Wilma Go Zone SAIL)

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

WITNESSES:

SUBORDINATE MORTGAGEE:

PALM BEACH COUNTY, a political subdivision
Of the State of Florida

Print: _____

By: Addie L. Greene

Print: _____

Print: Addie L. Greene

Title: Addie L. Greene, Chairperson

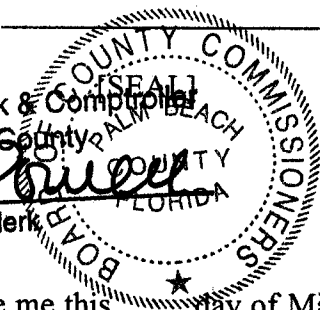
Address: _____

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY
[Signature]
COUNTY ATTORNEY

Sharon R. Bock, Clerk & Comptroller
Palm Beach County

STATE OF FLORIDA
COUNTY OF PALM BEACH

By: [Signature]
Deputy Clerk



The foregoing instrument was acknowledged before me this _____ day of May, 2007, by _____, as _____ of PALM BEACH COUNTY, a political subdivision of the State of Florida, on behalf of the County. Said person is personally known to me or has produced a valid driver's license as identification.

Notary Public; State of Florida

Print Name: _____

My Commission Expires: _____

My Commission No.: _____

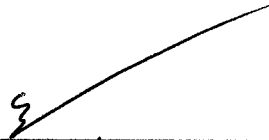
COUNTERPART SIGNATURE PAGE TO
SUBORDINATION AGREEMENT
(Junior Mortgagee)

(MerryPlace RFP 2006-04-06 Wilma Go Zone SAIL)

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

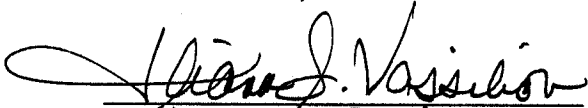
WITNESSES:

BORROWER:

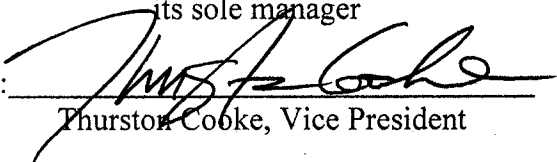

Print: Terry M. Lovell

MERRYPLACE AT PLEASANT CITY
ASSOCIATES, LTD.,
a Florida limited partnership

By: MERRYPLACE, LLC,
a Florida limited liability company,
general partner


Print: Eliana S. Vassilios

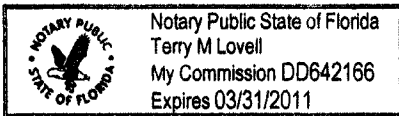
By: Banc of America Community
Development Corporation, a
North Carolina corporation,
its sole manager

By: 
Thurston Cooke, Vice President

Address: 600 Peachtree Street, NE, 14th Floor
Atlanta, GA 30308

STATE OF Florida
COUNTY OF Miami-Dade

The foregoing instrument was acknowledged before me this 10th day of May, 2007, by Thurston Cooke, as Vice President of Banc of America Community Development Corporation, a North Carolina corporation, the sole manager of MerryPlace, LLC, a Florida limited liability company, the managing partner of MERRYPLACE AT PLEASANT CITY ASSOCIATES, LTD., a Florida limited partnership, on behalf of the partnership. Said person is personally known to me or has produced a valid driver's license as identification.





Notary Public; State of _____
Print Name: _____
My Commission Expires: _____
My Commission No.: _____

EXHIBIT "A"

LEGAL DESCRIPTION

All of Tracts C, C1, C2, C3, D1, D2, E1, E2, F, F1, M, M1, N and Z, MERRY PLACE, according to the Plat thereof, as recorded in Plat Book 108, Page 190, of the Public Records of Palm Beach County, Florida.

FORMERLY KNOWN AS:

PARCEL A-R:

Being a portion of Lots 10, 11, 12, (Block 4) "PLEASANT CITY", according to the Plat thereof, as recorded in Plat Book 1, Page 57, TOGETHER WITH a portion of Lots 25, 26, 27, 28, 29 and 30, (Block 9) "THE UPDATE ADDITION TO PLEASANT CITY AND CURRIE ADDITION TO PALM BEACH NORTH, as recorded in Plat Book 3, Page 3, according to the Plat thereof, TOGETHER WITH portions of public road right-of-ways and alleys, lying within the above said Plats, all being of the Public Records of Palm Beach County, Florida, said lands being more particularly described as follows: Commencing at the Northwest corner of Lot 12, Block 4, of the said Pleasant City Plat; thence South 88° 47' 12" East, along North line of said lot, a distance of 6.00 feet; thence South 01° 18' 15" West, a distance of 5.00 feet to the Point of Beginning; thence South 88° 47' 12" East, a distance of 137.51 feet; thence South 01° 20' 32" West, a distance of 221.14 feet; thence North 88° 47' 07" West, a distance of 137.36 feet; thence North 01° 18' 15" East, a distance of 221.14 feet to the Point of Beginning.

PARCEL B-R:

Being a portion of Lots 6, 7, 8 and 9, (Block 4) "PLEASANT CITY", according to the Plat thereof, as recorded in Plat Book 1, Page 57, all being of the Public Records of Palm Beach County, Florida, said lands being more particularly described as follows: Commencing at the Northeast corner of Lot 6, Block 4, of The Pleasant City Plat; thence South 01° 18' 17" West a distance of 5.00 feet to the Point of Beginning; thence South 01° 18' 17" West along lot line, a distance of 103.08 feet; thence North 88° 47' 12" West a distance of 153.85 feet; thence North 01° 28' 18" East, a distance of 103.08 feet; thence South 88° 47' 12" East, a distance of 153.55 feet to the Point of Beginning

PARCEL C-R:

Being a portion of Lots 10, 11, 12, 13, 14, 15, 19, 20, 21, 22, 23, 24, 31, 32, 33, 34, 35, 36, (Block 9) THE UPDATE ADDITION TO PLEASANT CITY AND CURRIE ADDITION TO PALM BEACH NORTH, as recorded in Plat Book 3, Page 3, TOGETHER WITH portions of public road right-of-ways and alleys, lying within the above said Plats, all being of the Public Records of Palm Beach County, Florida, said lands being more particularly described as follows: Commencing at the Northwest corner of Lot 31, Block 9 of the said Pleasant City Plat; thence South 01° 18' 15" West, a distance of 20.96 feet; thence South 88° 47' 17" East, a distance of 5.00 feet to the Point of Beginning; thence South 88° 47' 07" East a distance of 103.31 feet; thence North 61° 15' 16" East a

distance of 16.02 feet; thence South $88^{\circ} 47' 07''$ East, a distance of 47.13 feet; thence Easterly and Southerly along arc of said curve concave to the West a distance of 281.34, a radius of 89.55 feet, and a central angle of $180^{\circ} 00' 18''$; thence North $88^{\circ} 46' 59''$ West, a distance of 56.06 feet; thence North $28^{\circ} 12' 06''$ West, a distance of 9.18 feet; thence North $88^{\circ} 46' 59''$ West, a distance of 104.00 feet; thence North $01^{\circ} 18' 15''$ East, a distance of 103.10 feet to the Point of Beginning.

PARCEL D-R:

Being all of Lots 5, 6, 7, 8, 9, 10 and a portion of Lot 11, (Block 11) TOGETHER WITH all of Lots 11, 12, 13, 14, 15 and a portion of Lots 16, 17, (Block 12) TOGETHER WITH that portion of the alley and right-of-way for 17th Street, THE UPDATE ADDITION TO PLEASANT CITY AND CURRIE ADDITION TO PALM BEACH NORTH, as recorded in Plat Book 3, Page 3, according to the Plat thereof; TOGETHER WITH a portion of Lot 5 and all of Lots 6, 7, 12, 13, 14, 15, 16, 17, (Block 9) PALM BEACH NORTH RESUBDIVISION OF BLOCKS 7 AND 8, as recorded in Plat Book 8, Page 77, according to the Plat thereof; TOGETHER WITH portions of public road right-of-ways and alleys, lying within the above said Plats, all being of the Public Records of Palm Beach County, Florida, said lands being more particularly described as follows: Commencing at the Northwest corner of Lot 11, (Block 11); thence North $88^{\circ} 46' 59''$ West, a distance of 9.41 feet; thence South $07^{\circ} 27' 50''$ West, a distance of 4.00 feet, to the Point of Beginning; thence South $88^{\circ} 46' 59''$ East along lot line, a distance of 183.89 feet; thence North $01^{\circ} 27' 50''$ East, a distance of 2.02 feet; thence Easterly along arc of said curve concave to the Northwest, a distance of 78.12 feet, a radius of 141.55 feet, and a central angle of $31^{\circ} 37' 07''$; thence South $49^{\circ} 51' 12''$ East, a distance of 13.69 feet; thence Easterly along arc of said curve concave to the Northeast, a distance of 29.49 feet, a radius of 102.00 feet, and a central angle of $16^{\circ} 33' 50''$; thence South $01^{\circ} 27' 50''$ West, a distance of 132.74 feet; thence North $88^{\circ} 46' 53''$ West, a distance of 10.00 feet; thence South $01^{\circ} 27' 50''$ West, a distance of 200.31 feet; thence South $88^{\circ} 56' 02''$ East, a distance of 110.12 feet; thence South $01^{\circ} 18' 19''$ West, a distance of 68.56 feet; thence South $88^{\circ} 56' 16''$ East, a distance of 100.00 feet; thence South $01^{\circ} 18' 19''$ West, a distance of 22.85 feet; thence South $88^{\circ} 56' 21''$ East, a distance of 88.03 feet; thence South $01^{\circ} 18' 19''$ West, a distance of 45.70 feet; thence North $88^{\circ} 56' 30''$ West, a distance of 338.06 feet; thence North $01^{\circ} 18' 19''$ East, a distance of 68.58 feet; thence South $88^{\circ} 56' 161''$ East, a distance of 33.14 feet; thence North $01^{\circ} 03' 58''$ East, a distance of 118.57 feet; thence North $88^{\circ} 56' 02''$ West, a distance of 229.79 feet; thence North $07^{\circ} 21' 30''$ West, a distance of 275.08 feet to the Point of Beginning.