

AGENDA ITEM SUMMARY

Submitted By: Housing and Community Development

1. Subordination Agreement

Department Director

Date _____

Assistant County Administrator

Date _____

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

| Fiscal Years | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------|------|------|------|------|------|
| Capital Expenditures | | | | | |
| Operating Costs | | | | | |
| External Revenues | | | | | |
| Program Income (County) | | | | | |
| In-Kind Match (County) | | | | | |
| NET FISCAL IMPACT | -0- | | | | |

| | | | | | |
|---|-----|--|--|--|--|
| # ADDITIONAL FTE POSITIONS (Cumulative) | -0- | | | | |
|---|-----|--|--|--|--|

Is Item Included In Current Budget? Yes ___ No ___
Budget Account No.:

Fund ___ Unit ___ Org ___ Object ___ Program Code/Period BG ___-GY ___

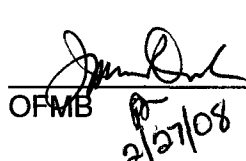
B. Recommended Sources of Funds/Summary of Fiscal Impact:
Source:

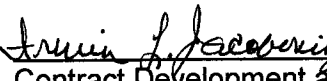
NO FISCAL IMPACT

C. Departmental Fiscal Review:  2-25-08
Shairette Major Fiscal Manager

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:
The original principal amount of the "Senior Loan" is \$5,000,000 and \$972,000 for the "Subordinate Loan."

 2-27-08
OFMB 2/27/08 CN 02/28/08

 2/28/08
Contract Development and Control

B. Legal Sufficiency: This item complies with current County policies.

 2/28/08
Senior Assistant County Attorney

C. Other Department Review:

Department Director

This summary is not to be used as a basis for payment.

THIS INSTRUMENT PREPARED
BY AND RETURN TO:
David F. Leon, L.L.C.
Broad and Cassel
390 North Orange Avenue
Suite 1400
Orlando, Florida 32801

ABOVE SPACE RESERVED FOR
RECORDING PURPOSES ONLY

SUBORDINATION AGREEMENT

(Green Cay Village Apartments)

THIS SUBORDINATION AGREEMENT (this "**Agreement**") is made and entered into as of _____, 2008 by and among (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, its successors and assigns (the "**Senior Lender**"), (ii) **PALM BEACH COUNTY**, a political subdivision of the State of Florida, its successors and assigns (the "**Subordinate Lender**"), and (iii) **RSG BOYNTON APARTMENTS, LTD.**, a Florida limited partnership, its successors and assigns (the "**Borrower**").

RECITALS

A. A loan to the Borrower in the original principal amount of \$5,000,000 (the "**Senior Loan**") has been made by the Senior Lender to the Borrower on even date herewith, which Senior Loan was advanced with the proceeds of a Florida State Apartment Incentive Loan (SAIL). The Senior Loan has been secured by a Mortgage and Security Agreement from the Borrower to Senior Lender dated _____, 2008 and recorded on _____, 2008 in the Official Records of Palm Beach County, Florida at Book _____, Page _____ (the "**Senior Security Instrument**") in connection with a multifamily housing project located in Palm Beach County, Florida, and commonly known as Green Cay Village Apartments (the "**Property**"). The Property is more fully described in **Exhibit "A"** attached hereto. The Borrower's obligation to repay the Senior Loan is evidenced by a Promissory Note, dated as of _____, 2008 (the "**Senior Note**").

B. The Subordinate Lender previously advanced a SHIP loan to Green Cay Village Apartments, Ltd., a Florida limited partnership f/k/a Heritage at Green Cay, Ltd. (the "**Original Borrower**") in the aggregate principal amount of \$972,000 (the "**Subordinate Loan**"), which Subordinate Loan was advanced pursuant to the terms of a Loan Agreement dated February 7, 2006 between the Subordinate Lender and the Original Borrower (the "**Subordinate Loan Agreement**"), is evidenced by a Promissory Note from the Original Borrower dated March 31, 2006 (the "**Subordinate Note**"), and is secured by that certain Mortgage and Security Agreement dated March 31, 2006 from the Original Borrower in favor of the Subordinate Lender

and recorded on April 3, 2006 in the Official Records of Palm Beach County, Florida at book 20142, page 0867 (the "**Subordinate Security Instrument**"), and such Subordinate Loan was assigned pursuant to that certain Consent and Assumption Agreement dated as of May 25, 2006 between Palm Beach County and the Borrower as recorded in the Official Records of Palm Beach County, Florida at book 20400, page 0508 (the "Assumption") (the "Subordinate Loan Agreement, the Subordinate Note, Subordinate Security Instrument, Assumption, and each of the other documents executed by the Borrower or the Subordinate Lender in connection with the Subordinate Loan are hereinafter referred to collectively as the "**Subordinate Loan Documents**").

C. The Senior Lender has agreed to issue the Senior Loan to the Borrower on the condition that Subordinate Lender subordinate all of its right, title and interest in the Subordinate Loan Documents to the lien of the Senior Loan Documents (as hereinafter defined).

D. The Subordinate Lender has agreed to subordinate all of its right, title and interest in the Subordinate Loan Documents to the lien of the Senior Loan Documents.

NOW, THEREFORE, in order to induce the Senior Lender to issue the Senior Loan to the Borrower, the Senior Lender, Subordinate Lender and Borrower agree as follows:

1. Definitions.

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

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

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

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

"**Default Notice**" means: (a) a copy of the written notice from the Senior Lender to the Borrower stating that a Senior Loan Default has occurred under the Senior Loan; or (b) a copy of the written notice from the Subordinate Lender to the Borrower stating that a Subordinate Loan

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

"Land Use Restriction Agreement" means the Land Use Restriction Agreement entered into between Borrower and Subordinate Lender in connection with the Subordinate Loan.

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

"Senior Lender" means the Person named as such in the first paragraph on page 1 of this Agreement and any other Person who becomes the legal holder of the Senior Note after the date of this Agreement.

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

"Senior Loan Documents" means the Senior Note, the Senior Security Instrument, the Land Use Restriction Agreement, and all other documents evidencing, securing or otherwise executed and delivered in connection with the Senior Loan.

"Subordinate Lender" means the Person named as such in the first paragraph on page 1 of this Agreement and any other Person who becomes the legal holder of the Subordinate Note after the date of this Agreement.

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

"Subordinate Loan Documents" means the Subordinate Note, the Subordinate Security Instrument, the Subordinate Loan Agreement, the Land Use Restriction Agreement and all other documents evidencing, securing or otherwise executed and delivered in connection with the Subordinate Loan.

"Subordinate Note" means the Promissory Note made by the Borrower to the Subordinate Lender, or order, to evidence the Subordinate Loan.

"Subordinate Security Instrument" means the Mortgage and Security Agreement encumbering the Property as security for the Subordinate Loan, which the Subordinate Lender will cause to be recorded among the applicable land records.

2. Permission to Place Mortgage Lien Against Property.

The Subordinate Lender agrees, notwithstanding any prohibition contained in the Subordinate Loan Documents and subject to the provisions of this Agreement, to permit the

Senior Lender to record the Senior Security Instrument and other recordable Senior Loan Documents against the Property (which Senior Security Instrument and Senior Loan Documents shall have priority in all respects to the lien of the Subordinate Security Instrument and Subordinate Loan Documents) to secure the Borrower's obligation to repay the Senior Note and all other obligations, indebtedness and liabilities of the Borrower to the Senior Lender under and in connection with the Senior Loan.

3. Borrower and Subordinate Lender Representations and Warranties.

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

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

(1) Intentionally left blank.

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

(3) **[Subordinate Loan Term.** The term of the Subordinate Note does not end before the term of the Senior Note.]

(4) **Subordinate Loan Documents.** The Subordinate Loan Documents have not been modified or amended as of the date of the Agreement.

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

(b) The Subordinate Lender makes the following representations and warranties to the Senior Lender:

(1) Intentionally left blank.

(2) **Subordinate Loan Term.** The term of the Subordinate Note does not end before the term of the Senior Note.

(3) **Subordinate Loan Documents.** The Subordinate Loan Documents have not been amended or modified since the date of this Agreement.

4. Terms of Subordination.

(a) **Agreement to Subordinate.** The Senior Lender and the Subordinate Lender agree that: (i) the indebtedness evidenced by the Subordinate Loan Documents is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement to the prior payment in full of the indebtedness evidenced by the Senior Loan Documents, and (ii) the Subordinate Security Instrument and the other Subordinate Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Senior Security Instrument and the other Senior Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the Senior Security Instrument and the other Senior Loan Documents (including but not limited to, all sums advanced for the purposes of (1) protecting or further securing the lien of the Senior Security Instrument, curing defaults by the Borrower under the Senior Loan Documents or for any other purpose expressly permitted by the Senior Security Instrument, or (2) constructing, renovating, repairing, furnishing, fixturing or equipping the Property).

(b) **Subordination of Subrogation Rights.** The Subordinate Lender agrees that if, by reason of the advance payment by Subordinate Lender of real estate taxes, casualty insurance premiums or other monetary obligations of the Borrower to protect the Property, the Subordinate Lender, by reason of its exercise of any other right or remedy under the Subordinate Loan Documents, acquires by right of subrogation or otherwise a lien on the Property which would (but for this subsection) be senior to the lien of the Senior Security Instrument, then, in that event, such lien shall be subject and subordinate to the lien of the Senior Security Instrument, only to the extent of the amount advanced, provided that Subordinate Lender gives Senior Lender prior written notice of its intent to advance sums for real property taxes and/or casualty insurance.

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

(d) **Payments After Senior Loan Default.** The Borrower agrees that, after it receives notice (or otherwise acquires knowledge) of a Senior Loan Default, it will not make any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Security Instrument) without the Senior Lender's prior written consent excluding, however, such sums which were due and owing and received by the Subordinate Lender prior to receipt of said notice or the time it otherwise acquires knowledge of the Senior Loan Default. The Subordinate Lender agrees that, after it receives a Default Notice from the Senior Lender with written instructions directing the Subordinate Lender not to accept payments from the Borrower on account of the Subordinate Loan, it will not accept any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Security Instrument) without the Senior Lender's prior written consent. If the Subordinate Lender receives written notice from the Senior Lender

that the Senior Loan Default which gave rise to the Subordinate Lender's obligation not to accept payments has been cured, waived, or otherwise suspended by the Senior Lender, the restrictions on payment to the Subordinate Lender in this Section 4 shall terminate, and the Senior Lender shall have no right to any subsequent payments made to the Subordinate Lender by the Borrower prior to the Subordinate Lender's receipt of a new Default Notice from the Senior Lender in accordance with the provisions of this Section 4(d).

(e) **Remitting Subordinate Loan Payments to Senior Lender.** If, after the Subordinate Lender receives a Default Notice from the Senior Lender in accordance with subsection (d) above, the Subordinate Lender receives any payments under the Subordinate Loan Documents, the Subordinate Lender agrees that such payment or other distribution will be received and held in trust for the Senior Lender and unless the Senior Lender otherwise notifies the Subordinate Lender in writing, will be promptly remitted, in kind to the Senior Lender, properly endorsed to the Senior Lender, to be applied to the principal of, interest on and other amounts due under the Senior Loan Documents in accordance with the provisions of the Senior Loan Documents. By executing this Agreement, the Borrower specifically authorizes the Subordinate Lender to endorse and remit any such payments to the Senior Lender, and specifically waives any and all rights to have such payments returned to the Borrower or credited against the Subordinate Loan. Borrower and Senior Lender acknowledge and agree that payments received by the Subordinate Lender, and remitted to the Senior Lender under this Section 4, shall not be applied or otherwise credited against the Subordinate Loan, nor shall the tender of such payment to the Senior Lender waive any Subordinate Loan Default which may arise from the inability of the Subordinate Lender to retain such payment or apply such payment to the Subordinate Loan.

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

(g) Intentionally left blank.

5. Default Under Subordinate Loan Documents.

(a) **Notice of Default and Cure Rights.** The Subordinate Lender shall deliver to the Senior Lender a Default Notice within five (5) Business Days in each case where the Subordinate Lender has given a Default Notice to the Borrower. Failure of the Subordinate Lender to send a Default Notice to the Senior Lender shall not prevent the exercise of the Subordinate Lender's rights and remedies under the Subordinate Loan Documents, subject to the provisions of this Agreement. The Senior Lender shall have the right, but not the obligation, to cure any Subordinate Loan Default within 60 days following the date of such notice provided, however that the Subordinate Lender shall be entitled, during such 60-day period, to continue to pursue its rights and remedies under the Subordinate Loan Documents. All amounts paid by the Senior Lender in accordance with the Senior Loan Documents to cure a Subordinate Loan

Default shall be deemed to have been advanced by the Senior Lender pursuant to, and shall be secured by the lien of, the Senior Security Instrument.

(b) Subordinate Lender's Exercise of Remedies After Notice to Senior Lender. If a Subordinate Loan Default occurs and is continuing, the Subordinate Lender agrees that, without the Senior Lender's prior written consent, it will not commence foreclosure proceedings with respect to the Property under the Subordinate Loan Documents or exercise any other rights or remedies it may have under the Subordinate Loan Documents, including, but not limited to accelerating the Subordinate Loan, 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 Lender at least 60 days' prior written notice; during such 60 day period, however, the Subordinate Lender shall be entitled to exercise and enforce all other rights and remedies available to the Subordinate Lender under the Subordinate Loan Documents and/or under applicable laws, including without limitation, rights to enforce covenants and agreements of the Borrower relating to income, rent, or affordability restrictions contained in the Land Use Restriction Agreement.

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

6. Default Under Senior Loan Documents.

(a) Notice of Default and Cure Rights. The Senior Lender shall deliver to the Subordinate Lender a Default Notice within five (5) Business Days in each case where the Senior Lender has given a Default Notice to the Borrower. Failure of the Senior Lender to send a Default Notice to the Subordinate Lender shall not prevent the exercise of the Senior Lender's rights and remedies under the Senior Loan Documents, subject to the provisions of this Agreement. The Subordinate Lender shall have the right, but not the obligation, to cure any such Senior Loan Default within 60 days following the date of such notice; provided, however, that the Senior Lender shall be entitled during such 60-day period to continue to pursue its remedies under the Senior Loan Documents. Subordinate Lender may have up to 90 days from the date of the Default Notice to cure a non-monetary default if during such 90-day period Subordinate Lender keeps current all payments required by the Senior Loan Documents. All amounts paid by the Subordinate Lender to the Senior Lender to cure a Senior Loan Default shall be deemed to

have been advanced by the Subordinate Lender pursuant to, and shall be secured by the lien of, the Subordinate Security Instrument.

(b) Cross Default. The Subordinate Lender agrees that, notwithstanding any contrary provision contained in the Subordinate Loan Documents, a Senior Loan Default shall not constitute a default under the Subordinate Loan Documents if no other default occurred under the Subordinate Loan Documents until either (i) the Senior Lender has accelerated the maturity of the Senior Loan, or (ii) the Senior Lender has taken affirmative action to exercise its rights under the Senior Security Instrument to collect rent, to appoint (or seek the appointment of) a receiver or to foreclose on (or to exercise a power of sale contained in) the Senior Security Instrument. At any time after a Senior Loan Default is determined to constitute a default under the Subordinate Loan Documents, the Subordinate Lender shall be permitted to pursue its remedies for default under the Subordinate Loan Documents, subject to the restrictions and limitations of this Agreement. If at any time the Borrower cures any Senior Loan Default to the satisfaction of the Senior Lender, as evidenced by written notice from the Senior Lender to the Subordinate Lender, any default under the Subordinate Loan Documents arising from such Senior Loan Default shall be deemed cured and the Subordinate Loan shall be retroactively reinstated as if such Senior Loan Default had never occurred.

7. Conflict.

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

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

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

(a) Protection of Security Interest. The Subordinate Lender shall not, without the prior written consent of the Senior Lender in each instance, take any action which has the effect

of increasing the indebtedness outstanding under, or secured by, the Subordinate Loan Documents, except that the Subordinate Lender shall have the right, after ten (10) business days' notice to Senior Lender, to advance funds to cure Senior Loan Defaults pursuant to Section 6(a) above and advance funds pursuant to the Subordinate Security Instrument for the purpose of paying real estate taxes and insurance premiums, making necessary repairs to the Property and curing other defaults by the Borrower under the Subordinate Loan Documents.

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

(1) The Subordinate Lender hereby agrees that its rights (under the Subordinate Loan Documents or otherwise) to participate in any proceeding or action relating to a Taking and/or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Taking or a Casualty shall be and remain subordinate in all respects to the Senior Lender's rights under the Senior Loan Documents with respect thereto, and the Subordinate Lender shall be bound by any settlement or adjustment of a claim resulting from a Taking or a Casualty made by the Senior Lender; provided, however, this subsection and/or anything contained in this Agreement shall not limit the rights of the Subordinate Lender to file any pleadings, documents, claims or notices with the appropriate court with jurisdiction over the proposed Taking and/or Casualty; and

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

(c) No Modification of Subordinate Loan Documents. The Borrower and the Subordinate Lender each agrees that, until the principal of, interest on and all other amounts payable under the Senior Loan Documents have been paid in full, it will not, without the prior written consent of the Senior Lender in each instance, increase the amount of the Subordinate Loan, increase the required payments due under the Subordinate Loan, decrease the term of the Subordinate Loan, increase the interest rate on the Subordinate Loan, or otherwise amend the Subordinate Loan terms in a manner that creates an adverse effect upon the Senior Lender under

the Senior Loan Documents. Any unauthorized amendment of the Subordinate Loan Documents or assignment of the Subordinate Lender's interest in the Subordinate Loan without the Senior Lender's consent shall be void ab initio and of no effect whatsoever.

9. Modification or Refinancing of Senior Loan.

The Subordinate Lender consents to any agreement or arrangement in which the Senior Lender waives, postpones, extends, reduces or modifies any provisions of the Senior Loan Documents, including any provision requiring the payment of money. Subordinate Lender further agrees that its agreement to subordinate hereunder shall extend to any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Loan (including reasonable and necessary costs associated with the closing and/or the refinancing); and that all the terms and covenants of this Agreement shall inure to the benefit of any holder of any such refinanced debt; and that all references to the Senior Loan, the Senior Note, the Senior Security Instrument, the Senior Loan Documents and Senior Lender shall mean, respectively, the refinance loan, the refinance note, the mortgage securing the refinance note, all documents evidencing securing or otherwise pertaining to the refinance note and the holder of the refinance note.

10. Default by the Subordinate Lender or Senior Lender.

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

11. Notices.

Each notice, request, demand, consent, approval or other communication (hereinafter in this Section referred to collectively as "notices" and referred to singly as a "notice") which the Senior Lender or the Subordinate Lender is required or permitted to give to the other party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered); or (b) sent by Federal Express (or other similar national overnight courier) designating early morning delivery (any notice so delivered shall be deemed to have been received on the next Business Day following receipt by the courier); or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received two (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
Phone: (850) 488-4197

with a copy to: Jan Albanese Carpenter, Esq.
Shuffield, Lowman & Wilson, P.A.
1000 Legion Place, Suite 1700
Orlando, Florida 32802-1010
Phone: (407) 581-9800
Fax: (407) 581-9801

**Subordinate
Lender:**

Palm Beach County
Housing and Community Development
3323 Belvedere Road, Building 501
West Palm Beach, Florida 33406
Attention: Remar Harvin
Phone: (561) 233-3601
Fax: (561) 233-3651

with a copy to: Board of County Commissioners
c/o Palm Beach County Attorney's Office
301 N. Olive Avenue, Suite 601
West Palm Beach, Florida 33401

Borrower:

RSG Boyton Apartments, Ltd.
c/o Housing Trust Group of Florida
3250 Mary Street, Suite 500
Coconut Grove, Florida 33133
Attention: Randy E. Rieger
Phone: (305) 860-8188
Fax: (305) 860-1856

with a copy to: Broad and Cassel
390 North Orange Avenue, Suite 1400
Orlando, Florida 32801
Attention: David F. Leon, L.L.C.
Phone: (407) 839-4200
Fax: (407) 425-8377

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

12. General.

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

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

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

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

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

(f) **Governing Law.** This Agreement shall be governed by the laws of the State in which the Property is located.

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

(h) **Term.** The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the Senior Loan Documents and the termination of the Land Use Restriction Agreement; (ii) the payment of all of the principal of, interest on and other amounts payable under the Subordinate Loan Documents, other than by reason of payments which the Subordinate Lender is obligated to remit to the Senior Lender pursuant to Section 4 hereof; (iii) the acquisition by the Senior Lender of title to the Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, the Senior Security Instrument; or (iv) the acquisition by the Subordinate Lender of title to the Property pursuant to a foreclosure or a deed in lieu of foreclosure of, or the exercise of a power of sale contained in, the Subordinate Security Instrument, but only if such acquisition of title does not violate any of the terms of this Agreement.

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

(j) Intentionally left blank.

(k) The Recitals set forth above are hereby incorporated into this Agreement and made a part hereof.

13. Intentionally left blank.

[COUNTERPART SIGNATURE PAGES TO FOLLOW]

COUNTERPART SIGNATURE PAGE TO
SUBORDINATION AGREEMENT

(Green Cay Village Apartments)

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

SUBORDINATE LENDER:

WITNESSES:

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

By its Board of County Commissioners

Print: _____

Print: _____

By: _____, Chairman

Attest:

By: _____
Deputy Clerk

Approved as to Form and
Legal Sufficiency:

By: _____
County Attorney

Approved as to Terms and Conditions

By: 
Housing and Community Development

Address: 160 Australian Avenue - 5th Floor
West Palm Beach FL 33406

STATE OF FLORIDA
COUNTY OF PALM BEACH

The foregoing instrument was acknowledged before me this ____ day of _____, 2008, by _____, as _____ of _____, on behalf of the Subordinate Lender. 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.: _____

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**COUNTERPART SIGNATURE PAGE TO
SUBORDINATION AGREEMENT**

(Green Cay Village Apartments)

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

SENIOR LENDER:

WITNESSES:

FLORIDA HOUSING FINANCE
CORPORATION

Print: _____

By: _____

Deborah Dozier Blinderman
Deputy Development Officer

Print: _____

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

STATE OF FLORIDA
COUNTY OF LEON

The foregoing instrument was acknowledged before me this ____ day of _____, 2008, by DEBORAH DOZIER BLINDERMAN, 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.

Notary Public; State of Florida

Print Name: _____

My Commission Expires: _____

My Commission No.: _____

COUNTERPART SIGNATURE PAGE TO
SUBORDINATION AGREEMENT

(Green Cay Village Apartments)

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

BORROWER:

RSG Boynton Apartments, Ltd.
a Florida limited liability partnership

By: RSG Boynton Apartments Associates,
LLC, a Florida limited liability company, its
general partner

WITNESSES:

Print: Leonardo Beres

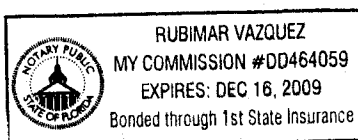
Yumis Gonzalez
Print: Yumis Gonzalez

By: [Signature]
Name: Shawn Wilson
Its: Vice Pres.

Address: 3250 Mary Street, Suite 500
Coconut Grove FL 33133

STATE OF FLORIDA
COUNTY OF Palm Beach

The foregoing instrument was acknowledged before me this 1 day of Feb,
2008, by Shawn Wilson, as VP of RSG Boynton Apartments Associates,
LLC, a Florida limited liability company, as general partner of RSG Boynton Apartments, Ltd., a
Florida limited partnership, on behalf of the limited partnership. Said person is personally
known to me or has produced a valid driver's license as identification.



[Signature]
Notary Public; State of Florida
Print Name: Ruby Vazquez
My Commission Expires: 12/16/09
My Commission No.: DD464059

EXHIBIT "A"
LEGAL DESCRIPTION
(Apartment Site)

Tract B of GREEN CAY VILLAGE II, according to the plat thereof, recorded in Plat Book 109, Pages 21 through 23, Public Records of Palm Beach County, Florida, containing 10.540 acres.