

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "Agreement") is entered into this _____ day of _____, 2021, by and among (i) **Citizens National Bank** (the "Senior Lender"), (ii) **The City of Shreveport**, a Louisiana municipality (the "Subordinate Lender"), and (iii) **Coventry Place Limited Partnership**, a Louisiana limited partnership (the "Borrower").

RECITALS

A. The Senior Lender has committed to making a permanent mortgage loan (the "Mortgage Loan") to the Borrower in the original anticipated principal amount of \$739,820.00. The Mortgage Loan will be secured by a first mortgage lien (the "First Mortgage") on a multifamily housing project located in the City of Shreveport, Louisiana (the "Property"). The Property is more fully described as follows:

LOT TWO (2), NORTH LAKEWOOD EST. COMMERCIAL SITES, UNIT NO. 2, being a subdivision in the Northwest 1/4 of Section 4, Township 18 North, Range 14 West, Shreveport, Caddo Parish, Louisiana, according to plat recorded in Conveyance Book 2000, Page 155, Records of Caddo Parish, Louisiana.

The Borrower's obligation to repay the First Mortgage Loan will be evidenced by a Note (the "First Mortgage Note").

B. The Borrower has requested the Senior Lender to permit the Subordinate Lender to make, and the Subordinate Lender has made, a subordinate loan to Borrower in the amount of \$800,000.00 (the "Subordinate Loan") and to secure the Subordinate Loan by, among other things, placing a mortgage lien against the Property.

C. The Senior Lender has agreed to permit the Subordinate Lender to make the Subordinate Loan and to maintain a subordinate mortgage lien against the Property subject to all of the conditions contained in this Agreement. It is acknowledged and agreed that The City of Shreveport has made an \$800,000.00 Loan to the Borrower. This subordinate transaction was evidenced, *inferred*, by a Home Program Loan Agreement, Promissory Note, and other documents described in that Home Program Loan Agreement. All of the documents by and among the Subordinate Lender and Borrower shall be known as the "Subordinate Loan Documents".

D. It is a condition precedent to Senior Lender making its First Mortgage Loan that said First Mortgage shall be and remain at all times a first lien upon the Property described on Exhibit "A", prior and superior to the Mortgage and Subordinate Loan Documents of Subordinate Lender, and,

E. Senior Lender is willing to make its loan provided that Subordinate Lender will specifically and unconditionally (except as to right and opportunity to cure default set forth below)

subordinate the lien, operation and effect of its Mortgage to the First Mortgage and Loan Documents in favor of Senior Lender, and,

NOW, THEREFORE, in order to induce the Senior Lender to permit the Subordinate Loan to the Borrower and to maintain a subordinate mortgage lien against the Property, and in consideration thereof, the Senior Lender, the Subordinate Lender and the Borrower agree as follows:

1. The First Mortgage recorded, or to be recorded, in favor of Senior Lender, and securing an obligation of \$739,820.00, as to that amount and as to all obligations recited as being secured thereby, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the Property described therein, prior and superior to the lien, operation and effect of the Mortgage held by Subordinate Lender, and the Subordinate Loan Documents described above.

2. Senior Lender would not make the loan described above without this Subordination Agreement.

3. Subordinate Lender consents to and approves the specific and unconditional subordination (subject to the terms of this Agreement) of the lien, operation and effect of its Mortgage and Subordinate Loan Documents, in favor of Senior Lender's First Mortgage and the obligation described therein, and in Senior Lender's other Loan Documents as referenced in its First Mortgage.

4. Senior Lender declares, agrees and acknowledges that:

- a. It shall give written notice to Subordinate Lender, or its successor, concurrently with Borrower, of any default under the Senior Lender First Mortgage and of any event which, with the passage of time or the giving of notice, may become a default under the Senior Lender First Mortgage. The written notice shall state the date by which Subordinate Lender may cure the default.
- b. Subordinate Lender shall have the right but not the obligation to cure any default under the Senior Lender Loan Documents.
 - c. It agrees that if, prior to filing the foreclosure of the Senior Lender First Mortgage, Subordinate Lender cures the default on a timely basis on the Senior Lender First Mortgage, Senior Lender will not exercise any right it may have to accelerate the Senior Lender Note by reason of the default so cured by Subordinate Lender. This paragraph 4c. shall not be deemed to prohibit Senior Lender from accelerating the Senior Lender First Mortgage Note by reason of a later uncured default.
 - d. There shall be no material changes to the Senior Lender Loan Documents without the prior written consent of Subordinate Lender, which consent will not be unreasonably withheld or delayed.

Material changes may include but are not limited to any changes to the obligations of any party, specifically those which may affect or impair any party's ability to perform its obligations thereunder; revisions to the time frame under which the obligations of this Agreement will be performed; any change relative to secured amounts and or any assignment to a third party of any right or interest held by any party.

Failure to obtain written consent of material changes as provided for herein shall be treated as a default which shall be subject to all remedies provided for under the terms of the Promissory Note by and between the City of Shreveport and Borrower.

e. Any failure of notice by Senior Lender to Subordinate Lender or any material change in terms by Senior Lender which were not approved by Subordinate Lender does not change the terms of Agreement between Borrower and Senior Lender, and does not change the fact that Senior Lender retains its priority over Subordinate Lender under all circumstances.

5. This Agreement shall be construed and interpreted under Louisiana law, shall be binding upon the successors, agents, representatives and permitted assigns of the parties hereto, and may be signed in any number of counterparts.

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

WITNESSES:

PRINT NAME

PRINT NAME

WITNESSES:

PRINT NAME

PRINT NAME

SENIOR LENDER:

CITIZENS NATIONAL BANK

By: _____

DATE: _____

BORROWER:

**MIDLAND AFFORDABLE
HOUSING GROUP TRUST**

By: _____

**PATRICIA WACHTLER
TRUST OFFICER**

DATE: _____

WITNESSES:

PRINT NAME

PRINT NAME

SUBORDINATE LENDER:

CITY OF SHREVEPORT

By: _____

**ADRIAN PERKINS
MAYOR**

DATE: _____