

**SUBORDINATION LANGUAGE FOR THE NOTE  
AND DEED OF TRUST**

**Note**

For Hard Debt Notes:

“As long as the Missouri Housing Development Commission (“MHDC”) is the holder of that certain Deed of Trust and Security Agreement executed by and between MHDC and \_\_\_[Borrower]\_\_\_ on \_\_\_\_\_, \_\_\_\_\_ (the “MHDC Deed of Trust”), and the Deed of Trust Note secured thereby (the “MHDC Note” and referred to collectively with the MHDC Deed of Trust as the “MHDC Loan”), \_\_\_[Borrower]\_\_\_ may make payments on this Note in accordance with the terms hereof and the loan documents related hereto; provided, however, that without the prior written consent of MHDC, \_\_\_[Borrower]\_\_\_ shall only be entitled to make regularly scheduled debt service payments under this Note which payments shall be limited to \_\_\_[ interest rate stated in Note]\_\_\_% per annum on indebtedness not to exceed \$\_\_\_[ face amount of the Note]\_\_\_ in the aggregate. Neither \_\_\_[Junior Lender]\_\_\_, nor its successors and assigns, will accept any payments from \_\_\_[Borrower]\_\_\_ except for regularly schedule principal and interest payments required under this Note; provided, however, that upon receipt of any notice from MHDC that a monetary payment event of default has occurred under the MHDC Loan, then \_\_\_[Junior Lender]\_\_\_, its successors and assigns, will not accept any further payments from \_\_\_[Borrower]\_\_\_ unless and until \_\_\_[Junior Lender]\_\_\_ has been notified by MHDC that such monetary payment event of default under the MHDC Loan has been cured. Any payments received by \_\_\_[Junior Lender]\_\_\_ from \_\_\_[Borrower]\_\_\_ which are prohibited hereunder shall be immediately forwarded to MHDC to be applied by MHDC toward the outstanding balance of the MHDC Loan.”

For Cash Flow Notes:

“As long as the Missouri Housing Development Commission (“MHDC”) is the holder of the Deed of Trust and Security Agreement on \_\_\_\_\_, any payments due from project income under this Note shall be payable only from permissible distributions from surplus cash of the said project, as that term is defined in the MHDC Regulatory Agreement dated \_\_\_\_\_ between MHDC and \_\_\_\_\_. The restriction on payment imposed by this paragraph shall not excuse any default caused by the failure of the Maker to pay the indebtedness evidenced by this Note.”

**Deed of Trust and Security Agreement**

“Mortgagee, for itself and its successors and assigns, covenants and agrees that all of its rights and powers under this Deed of Trust are subordinate and subject to the rights of the Missouri Housing Development Commission (MHDC) under that certain Deed of Trust and Security Agreement (Deed of Trust) dated \_\_\_\_\_ and recorded \_\_\_\_\_ in the Office of the Recorder of Deeds for \_\_\_\_\_ County, \_\_\_\_\_, Missouri at Book \_\_\_\_\_, Page \_\_\_\_\_ and the rights of MHDC

under that certain Regulatory Agreement dated \_\_\_\_\_ and incorporated by reference in the above described Deed of Trust.”

“Mortgagee, for itself and its successors and assigns, further covenants and agrees that in the event of the appointment of a receiver or of the appointment of the mortgagee as mortgagee-in-possession, in any action by the mortgagee, its successors or assigns, to foreclose the mortgage, no rents, revenue or other income of the project collected by the receiver or by the mortgagee-in-possession shall be utilized for the payment of interest, principal or any other charges due and payable under this mortgage, except from surplus cash available for distribution, if any, as the term is defined in the Regulatory Agreement; and further, the receiver or mortgagee-in-possession shall operate the project in accordance with all the provisions of the first Deed of Trust and the Regulatory Agreement.”

“In the event the Missouri Housing Development Commission (MHDC) acquires title to the project by a deed-in-lieu of foreclosure, the lien of the second mortgage will automatically terminate subject to the conditions hereinafter described. The holder of the second mortgage may cure a default under the first mortgage prior to a conveyance by deed-in-lieu of foreclosure. MHDC shall give written notice to the holder of the second mortgage of a proposed tender of title in the event MHDC decides to accept a deed-in-lieu of foreclosure if, at the time of the placing of the subordinate lien against the project, MHDC receives a copy of an endorsement to the title policy of the mortgagor or the holder of the subordinate lien which indicates that the second mortgage has been recorded; and MHDC is required to give notice of any proposed election to or tender of a deed-in-lieu of foreclosure.”