



LAKE WORTH
COMMUNITY REDEVELOPMENT AGENCY
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MEMORANDUM

TO: Chair, Vice-Chair and Members of the Board

FROM: Joan Oliva, Executive Director

DATE: December 9, 2014

SUBJECT: Subordination Agreement for La Joya

EXPLANATION:

La Joya, the 55 unit, apartment complex by La Joya Villages, Ltd began construction in January 2014 and will soon be completed. This project was partially funded through the CRA with NSP-2 monies from the federal government. As with many large-scale projects, funding was needed from various sources, including both private and public resources. Although the project is receiving the majority of its funds from bonds issued by the Housing Finance Authority of Palm Beach County, La Joya also received financing from the CRA, Housing Partnership, Inc., and Nationwide Capital, LLC., and Palm Beach County.

In April, the CRA subordinated their interests and took fourth position behind U.S. National Bank, Community and Southern Bank and the County. HPI and Nationwide took fifth and sixth positions respectfully. In the Amended and Restated Subordination Agreement (Exhibit "A"), the CRA will retain its fourth position; however, Realtex Development Southeast will have fifth lien position in place of Nationwide Mortgage. HPI will remain in sixth position. Funding from Realtex Development Southeast is provided through an Affordable Housing Program grant. With respect to the Debt Subordination Agreement, this is a document provided by Palm Beach County which maintains the County's position with respect to its funding for the La Joya project.

Both the revised Subordination Agreement (Exhibit "A"), and the Debt Subordination Agreement (Exhibit "B") need to be approved by the Board.

RECOMMENDATION:

Staff recommends the Board approve both the Amended and Restated Subordination Agreement between U.S. Bank National Association, Community and Southern Bank, Palm Beach County, Realtex Development Southeast, LLC, Housing Partnership, Inc. the Lake Worth Community Redevelopment Agency, and La Joya Villages, Ltd., and the Debt Subordination Agreement between Palm Beach County, Housing Partnership, Inc., Realtex Development Southeast, LLC, the Lake Worth Community Redevelopment Agency, and La Joya Villages, Ltd.

This instrument prepared by and
after recording return to:

Greenberg Traurig, LLP
2700 Two Commerce Square
2001 Market Street
Philadelphia, Pennsylvania 19103
Attention: Dianne Coady Fisher

AMENDED AND RESTATED SUBORDINATION AGREEMENT

Among

U.S. BANK NATIONAL ASSOCIATION, as trustee,

COMMUNITY & SOUTHERN BANK,

PALM BEACH COUNTY,

LAKE WORTH COMMUNITY REDEVELOPMENT AGENCY,

HOUSING PARTNERSHIP, INC.,

REALTEX DEVELOPMENT SOUTHEAST, LLC,

and

LA JOYA VILLAGES, LTD.

Dated as of December 1, 2014

AMENDED AND RESTATED SUBORDINATION AGREEMENT

THIS AMENDED AND RESTATED SUBORDINATION AGREEMENT dated as of December 1, 2014 (as amended, modified, supplemented or assigned from time to time, this “**Agreement**”) by and among U.S. BANK NATIONAL ASSOCIATION, a national banking association, duly organized and validly existing under the laws of the United States of America, as trustee (together with its permitted successors and assigns, “**Trustee**”), COMMUNITY & SOUTHERN BANK, a banking corporation, duly organized and validly existing under the laws of the State of Georgia, as the issuer of the Letter of Credit (as defined below) (together with its permitted successors and assigns, “**Bank**”) (Trustee and Bank hereinafter collectively referred to as the “**Senior Lender**”), PALM BEACH COUNTY, a political subdivision of the State of Florida (together with its permitted successors and assigns, “**County**”), LAKE WORTH COMMUNITY REDEVELOPMENT AGENCY, a public agency created pursuant to Chapter 163, Florida Statutes, duly organized and validly existing under the laws of the State of Florida (together with its permitted successors and assigns, “**CRA**”), HOUSING PARTNERSHIP, INC., a not-for-profit corporation duly organized and validly existing under the laws of the State of Florida (together with its permitted successors and assigns, “**HPI**”), REALTEX DEVELOPMENT SOUTHEAST, LLC, a limited liability company duly organized and validly existing under the laws of the State of Texas (together with its permitted successors and assigns, “**Southeast**”) (County, CRA, HPI and Southeast hereinafter collectively referred to as the “**Subordinate Lender**”), and LA JOYA VILLAGES, LTD., a limited partnership duly organized and validly existing under the laws of the State of Florida (together with its permitted successors and assigns, the “**Borrower**”), amending and restating in its entirety that certain Subordination Agreement, dated as of November 1, 2013 and recorded in O.R Book 26445, Page 1938, Public Records of Palm Beach County Florida, by an among Senior Lender, Borrower CRA, Nationwide Capital, LLC (“**Nationwide**”) and HPI (the “**Original Agreement**”),

WITNESSETH:

WHEREAS, the Borrower is the owner of certain property located in Lake Worth, Florida, more particularly described on Exhibit A attached hereto, on which the Borrower intends to construct certain improvements consisting of a 55-unit multifamily apartment facility, together with related amenities (such property and the improvements described above are collectively referred to herein as the “**Property**”);

WHEREAS, the Property was acquired and is being constructed, in part, with the proceeds of those certain Multifamily Housing Revenue Bonds (La Joya Villages Apartments), Series 2013 in the original aggregate principal amount of \$5,200,000 (the “**Bonds**”), the proceeds of which were loaned to the Borrower pursuant to the terms of a Loan Agreement dated as of November 1, 2013 among Housing Finance Authority of Palm Beach County, Florida (the “**Issuer**”) and the Borrower (as amended, modified or supplemented from time to time, the “**Loan Agreement**”);

WHEREAS, the Borrower’s obligations under the Loan Agreement are evidenced by a non-recourse promissory note dated November 13, 2013 (as amended, modified or supplemented from time to time, the “**Note**”), and are secured by, among other things, a first-priority mortgage lien on the Property granted pursuant to a First Mortgage, Assignment of Rents, Security Agreement and Fixture Filing from the Borrower to the Issuer, dated as of November 1, 2013 and recorded in O.R Book 26445, Page 1833, Public Records of Palm Beach County, Florida, as assigned by the Issuer to the Trustee pursuant to an Assignment of Mortgage Documents, dated as of November 1, 2013 and recorded in O.R Book 26445, Page 1861, Public Records of Palm Beach County, Florida (collectively, and as amended, modified or supplemented from time to time, the “**First Mortgage**”), an Assignment of Leases, Rents and Other Income dated as of November 1, 2013 and recorded in O.R Book 26445, Page 1868, Public Records of Palm Beach County, Florida (as amended, modified or supplemented from time to time, the “**First Assignment**”), and a UCC-1 Financing Statement relating to the First Mortgage and recorded in O.R

Book 26445, Page 1878, Public Records of Palm Beach County, Florida (as amended, modified or supplemented from time to time, the “**First Mortgage UCC**” and, collectively with the First Mortgage and the First Assignment, the “**First Mortgage Documents**”, which, together with the Loan Agreement, the Note 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 “**Bond Documents**”);

WHEREAS, the Borrower’s obligation to complete construction of the Property is supported by a standby letter of credit (the “**Letter of Credit**”) issued by Bank in favor of Trustee for the account of the Borrower, pursuant to a Letter of Credit and Reimbursement Agreement dated as of November 1, 2013 (as amended, modified or supplemented from time to time, the “**Reimbursement Agreement**”) by and between the Borrower and Bank;

WHEREAS, in connection with the issuance of the Bonds and the delivery of the Letter of Credit, the Borrower and the Issuer, together with certain other parties thereto, entered into a Land Use Restriction Agreement dated as of November 1, 2013 and recorded in O.R Book 26445, Page 1788, Public Records of Palm Beach County, Florida (as amended, modified or supplemented from time to time, the “**LURA**”) and an Intercreditor Agreement dated as of November 1, 2013 and recorded in O.R Book 26445, Page 1884, Public Records of Palm Beach County, Florida (as amended, modified or supplemented from time to time, the “**Intercreditor Agreement**”);

WHEREAS, the Borrower’s obligations to Bank under the Reimbursement Agreement are secured by a Second Mortgage, Assignment of Rents, Security Agreement and Fixture Filing dated as of November 1, 2013 and recorded in O.R Book 26445, Page 1909, Public Records of Palm Beach County, Florida (as amended, modified or supplemented from time to time, the “**Second Mortgage**”) and a UCC-1 Financing Statement relating to the Second Mortgage and recorded in O.R Book 26445, Page 1934, Public Records of Palm Beach County, Florida (as amended, modified or supplemented from time to time, the “**Second Mortgage UCC**” and, together with the Second Mortgage, the “**Second Mortgage Documents**” and collectively with the First Mortgage Documents, the LURA, and the Intercreditor Agreement, the “**Senior Mortgage Documents**”) (the Reimbursement Agreement, the Second Mortgage and all other agreements contemplated therein or evidencing or securing the Borrower’s obligations under the Reimbursement Agreement are hereinafter collectively referred to as the “**Reimbursement Documents**”; the Reimbursement Documents and the Bond Documents are collectively referred to as the “**Senior Loan Documents**” and the indebtedness evidenced and secured by the Reimbursement Documents and the Bond Documents is hereinafter collectively referred to as the “**Senior Indebtedness**”);

WHEREAS, Borrower and County have entered into a Loan Agreement, dated as of October 31, 2013, as amended by Amendment 001 to the Loan Agreement dated February 26, 2014, Amendment 002 to the Loan Agreement dated May 29, 2014, Amendment 003 to the Loan Agreement dated July 10, 2014, Amendment 004 to the Loan Agreement dated September 11, 2014, and Amendment 005 to the Loan Agreement of even date herewith (collectively, and as the same may be further amended, modified or supplemented from time to time, the “**County Loan Agreement**”), the for the utilization of HOME funds, which is evidenced by a promissory note in the original face amount of \$600,000 (as amended, modified or supplemented from time to time, the “**County Note**”) and secured by a third-lien Mortgage and Security Agreement of even date herewith and recorded in the Public Records of Palm Beach County, Florida (as amended, modified or supplemented from time to time, the “**County Mortgage**”) (the County Loan Agreement, the County Note, and the County Mortgage are hereinafter referred to as the “**County Loan Documents**”; the indebtedness evidenced by the County Loan Agreement and the County Note, including, without limitation, all loan compliance fees and rental compliance monitoring fees payable thereunder, is hereinafter collectively referred to as the “**County Indebtedness**”);

WHEREAS, Southeast has agreed to make a loan of AHP funds to the Borrower, which is evidenced by a Mirror Promissory Note in the original face amount of \$500,000 (as amended, modified or supplemented from time to time, the “**AHP Note**”) and that certain Affordable Housing Program Agreement, dated as of May 29, 2014 (as amended, modified or supplemented from time to time, the “**AHP Agreement**”), and secured by a sixth lien Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date herewith and recorded in the Public Records of Palm Beach County, Florida (as amended, modified or supplemented from time to time, the “**AHP Mortgage**”) (the AHP Note, the AHP Agreement, the AHP Mortgage and any other documents executed in connection therewith are hereinafter referred to as the “**AHP Loan Documents**”; the indebtedness evidenced by the AHP Loan Documents is hereinafter referred to as the “**AHP Indebtedness**”);

WHEREAS, the Property was acquired and is being constructed, in part, with the proceeds of (i) a loan to the Borrower made by CRA, pursuant to a Loan Agreement dated May 17, 2013 (the “**CRA Loan Agreement**” and, collectively with the County Loan Agreement, the “**Subordinate Loan Agreement**”), evidenced by a promissory note in the original face amount of \$1,832,807 (the “**CRA Note**”) and subject to a Declaration of Restrictions for Rental Properties dated May 17, 2013 and recorded in O.R. Book 26100, Page 139, Public Records of Palm Beach County, Florida (the “**CRA Declaration**”); and (ii) a loan to the Borrower made by HPI, evidenced by a promissory note in the original face amount of \$50,000 (the “**HPI Note**” and, collectively with the County Note, the CRA Note and the AHP Note, the “**Subordinate Note**”; the indebtedness evidenced and secured by the Subordinate Loan Agreement and the Subordinate Note, including the County Indebtedness and the AHP Indebtedness, is hereinafter collectively referred to as the “**Subordinate Indebtedness**”);

WHEREAS, the Borrower’s obligations to CRA under the CRA Loan Agreement and the CRA Note are secured by a fourth lien Non-Recourse Mortgage and Security Agreement dated May 17, 2013 and recorded in O.R Book 26100, Page 143, Public Records of Palm Beach County, Florida (the “**CRA Mortgage**”), and the Borrower’s obligations to HPI under the HPI Note are secured by a fifth lien Non-Recourse Mortgage and Security Agreement dated as of November 1, 2013 and recorded in O.R Book 26445, Page 1982, Public Records of Palm Beach County, Florida (the “**HPI Mortgage**” and, collectively with the County Mortgage, the CRA Mortgage, the CRA Declaration, and the AHP Mortgage, the “**Subordinate Mortgage Documents**”) (the Subordinate Loan Agreement, the Subordinate Note, the Subordinate Mortgage Documents and all other agreements contemplated therein or evidencing or securing the Subordinate Indebtedness are hereinafter referred to as the “**Subordinate Loan Documents**”);

WHEREAS, in connection with the execution of the Original Agreement the Borrower had incurred a loan in the amount of \$500,000 from Nationwide (the “**Nationwide Loan**”), which Nationwide Loan is being paid in full concurrently with the execution and delivery of this Agreement;

WHEREAS, Senior Lender requires that the Senior Mortgage Documents 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;

WHEREAS, CRA and HPI entered into the Original Agreement with Senior Lender and Borrower, whereby the CRA and HPI agreed to subordinate their respective Subordinate Mortgage Documents to the Senior Mortgage Documents and their respective Subordinate Indebtedness to the Senior Indebtedness, which subordination shall be reaffirmed by this Agreement;

WHEREAS, as a precondition to Senior Lender’s approving the loans from County and Southeast to Borrower, and County’s and Southeast’s respective related liens upon the Property, Senior Lender

requires that County and Southeast enter into this Amended and Restated Subordination Agreement, in order to subordinate the County Mortgage and the Southeast Mortgage to the Senior Mortgage Documents and subordinate the County Indebtedness and the Southeast Indebtedness to the Senior Indebtedness; and

WHEREAS, by execution of this Agreement, CRA, HPI and Southeast have agreed to subordinate the CRA Mortgage, the HPI Mortgage and the Southeast Mortgage to the County Mortgage;

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, the parties agree to amend and restate the Original Agreement in its entirety to provide in full as follows:

1. Subordination of Subordinate Mortgage Documents.

(a) 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 Senior Lender's 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.

(b) CRA declares, acknowledges and agrees that the CRA Declaration is a Subordinate Mortgage Document and as such is subject, junior and subordinate in all respects to the Senior Mortgage Documents. Notwithstanding anything to the contrary in the CRA Declaration, the CRA Declaration and all restrictions thereunder (including all Development Restrictions and all Affordability Restrictions, as such terms are defined in the Declaration) shall terminate and be of no further force and effect in the event of a foreclosure or transfer of title by deed in lieu of foreclosure under the First Mortgage or the Second Mortgage.

2. Subordination of Subordinate Indebtedness; Remitting Subordinate Loan Payments to Senior Lender; Reinstatement; Use of Proceeds of County Loan.

(a) The Subordinate Indebtedness is hereby subordinated in right of payment to any and all of the Senior Indebtedness. Notwithstanding the foregoing, unless and until any Senior Lender gives Subordinate Lender notice of the occurrence of a default under the Senior Loan Documents, Subordinate Lender may receive and accept payments on account of principal and interest payable under the Subordinate Note.

(b) If Subordinate Lender shall receive any payments or other rights in any property of the Borrower after any Senior Lender has given Subordinate Lender notice of a default under the Senior Loan Documents, such payment or property shall be received by Subordinate Lender in trust for Senior Lender and shall immediately be delivered and transferred to Senior Lender.

(c) If at any time payment of all or any part of the Senior Indebtedness is rescinded or must otherwise be restored or returned by Senior Lender in connection with any bankruptcy, reorganization, arrangement, insolvency, liquidation or similar proceedings (a "Proceeding") in respect of Borrower or its general partner, and Subordinate Lender has received payment of all or any part of the Subordinate Indebtedness, Subordinate Lender shall forthwith turn over the same to, and for the account of, Senior Lender, until Senior Lender has received indefeasible payment in full of any such payments on the Senior Indebtedness that have been so rescinded, restored or returned.

(d) County and Senior Lender acknowledge that, under certain circumstances, the United States Department of Housing and Urban Development may require repayment by County of funds used to fund the loan evidenced by the County Note (the “County Loan”) and that, among these circumstances are the failure of the Borrower to use the proceeds of the County Loan to pay the costs of construction of the Property, the failure of such construction to be completed, and the failure to comply with deadlines established in the County Loan Agreement for completion of construction, expenditure of the County Loan, and rental of the HOME-assisted units to eligible households. In recognition thereof, it is the intention of Senior Lender to permit application of the proceeds of the County Loan only to the costs of construction of the Property and to use commercially reasonable efforts to apply other available sources to such purposes prior to application of the proceeds of the County Loan.

3. Exercise of Remedies.

(a) Subordinate Lender declares, agrees, and acknowledges that it will not, without the prior written consent of Senior Lender: (i) sue the Borrower under any of the Subordinate Loan Documents; (ii) accelerate or accept a prepayment in full of the Subordinate Indebtedness; (iii) commence any action to foreclose or exercise any power of sale under the Subordinate Mortgage Documents; (iv) accept a deed or assignment in lieu of foreclosure for the Property or any part or portion thereof; (v) seek or obtain a receiver for the Property or any part or portion thereof; (vi) take possession or control of the Property, or collect or accept any rents from the Property; (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 or join any other creditor in commencing any Proceeding with respect to the Borrower; (ix) incur any obligation to the Borrower other than as provided in the Subordinate Loan Documents; (x) exercise any other remedies under the Subordinate Loan Documents; or (xi) take any other enforcement action against the Property or any part or portion thereof; provided, however, that the foregoing shall not preclude an action by the County for specific performance by the Borrower of the Property occupancy and affordability covenants required by the United States Department of Housing and Urban Development and contained in the County Loan Documents.

(b) Subordinate Lender agrees that 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 First Mortgage or Second 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 any 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 Subordinate Lender with respect to the Property.

(c) Subordinate Lender agrees that Senior Lender shall have absolute power and discretion, without notice to Subordinate Lender, to deal in any manner with the Senior Indebtedness, including interest, costs and expenses payable by the Borrower to 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 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 Senior Lender’s costs) without the prior written consent of Subordinate Lender, which shall not be unreasonably withheld or delayed.

(d) Subordinate Lender further agrees that if at any time 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), Senior Lender shall (unless Senior Lender has 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 Senior Lender may deem proper, and this Agreement shall be and constitute full and sufficient grounds therefor and shall entitle Senior Lender to become a party to any proceedings at law or otherwise in or by which Senior Lender may deem it proper to protect its 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. Subordinate Lender specifically waives and renounces any right which it may have under any applicable statutes, whether at law or in equity, to require 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.

(a) The subordination provided for in this Agreement shall apply, notwithstanding the availability of other collateral to Senior Lender or the actual date and time of execution, delivery, recordation, filing or perfection of the Senior Mortgage Documents or the Subordinate Mortgage Documents and, insofar as 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, 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 Proceeding, even if the claim for such interest and/or fees is not allowed as against the Borrower pursuant to applicable law.

(b) Without the prior written consent of Senior Lender, Subordinate Lender shall not, and Subordinate Lender waives any and all right: (1) to request adequate protection (as that term is defined in the Bankruptcy Code) (and in the event any such adequate protection is awarded to Subordinate Lender, Subordinate Lender hereby assigns any adequate protection in the form of cash to Senior Lender and any adequate protection in the form of a lien on or security interest in the Property or any other Collateral is hereby subordinated to all of Senior Lender's rights, liens or security interests in or to the Property and such other Collateral), (2) to file or support any motion for dismissal or relief from the automatic stay (as defined in the Bankruptcy Code), (3) to request any post-petition interest, (4) to request any sale of Borrower's assets, or (5) to file, propose, support, accept or reject any plan of reorganization of Borrower. Subordinate Lender further agrees that, with respect to any Proceeding: (1) it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action in any Proceeding by or against the Borrower or General Partner without the prior written consent of Senior Lender; (2) Senior Lender may vote in any such Proceeding any and all claims of Subordinate Lender against the Borrower or General Partner, and Subordinate Lender hereby appoints Senior Lender as its agent, and grants to Senior Lender an irrevocable power of attorney coupled with an interest, and its proxy, for the purpose of exercising any and all rights and taking any and all actions available to Subordinate Lender in connection with any case by or against the Borrower or General Partner in any Proceeding, including without limitation, the right to file and/or prosecute any claims, to vote to accept or reject a plan, and to make any election under Section 1111(b) of the Bankruptcy Code; and (3) Subordinate Lender shall not challenge the validity or

amount of any claim submitted in such Proceeding by Senior Lender in good faith or any valuations of the Property or any other Collateral, or any portion of the foregoing, or other Senior Indebtedness collateral submitted by Senior Lender in good faith, in such Proceeding or take any other action in such Proceeding, which is adverse to Senior Lender's enforcement of its claim or receipt of adequate protection (as that term is defined in the Bankruptcy Code).

(c) Subordinate Lender agrees that Senior Lender does not owe any fiduciary duty to Subordinate Lender in connection with the administration of the Senior Indebtedness and the Senior Loan Documents and Subordinate Lender agrees not to assert any such claim. Subordinate Lender acknowledges that Senior Lender shall have the sole discretion to exercise or not exercise the rights set forth in this Agreement from time to time; and that such rights may be exercised solely in the interest of Senior Lender and without regard to the interest of Subordinate Lender in any action or proceeding, including in connection with any Proceeding.

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. 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 Property, or to participate in any manner whatsoever in activities relating to restoration or reconstruction of the Property, and Senior Lender shall have the exclusive right to receive, administer and apply all such proceeds as set forth in the Senior Loan Documents, subject, nevertheless to the requirements of a certain Intercreditor Agreement, executed and delivered in connection with the issuance of the Bonds. In the event Senior Lender shall release, for the purposes of restoration of all or any part of the Property, its right, title and interest in and to the proceeds under policies of insurance thereon, and/or its right, title and interest in and to any awards, or its 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, Subordinate Lender shall simultaneously release for such purpose all of Subordinate Lender's right, title and interest, if any, in and to all such insurance proceeds, awards or compensation. 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 indefeasibly paid in full, prior to being applied to the payment of any amounts due under the Subordinate Loan Documents. If Senior Lender hold such proceeds, awards or compensation and/or monitor the disbursement thereof, Subordinate Lender agrees that Senior Lender shall also hold and monitor the disbursement of such proceeds, awards and compensation to which Subordinate Lender is or may be entitled. Nothing contained in this Agreement shall be deemed to require Senior Lender, in any way whatsoever, to act for or on behalf of Subordinate Lender or to hold or monitor any proceeds, awards or compensation in trust for or on behalf of Subordinate Lender.

8. Indemnification and Subrogation. If 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 Subordinate Lender or such affiliate hereby waives, until the Subordinate Indebtedness has 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 Document (other than any modification or amendment of any Senior Loan Document that increases the amount of indebtedness to which the Subordinate Indebtedness is subordinate for reasons other than protective advances or costs of Senior Lender), or the obtaining by Senior Lender or 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 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 Senior Lender (which consent shall not be unreasonably withheld) that would affect the superiority of the Senior Loan, increase the amount of Subordinate Indebtedness, modify the payment terms of the Subordinate Loan, modify the covenants concerning occupancy or affordability of the Property, or otherwise adversely affect Senior Lender. No consent of 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 Senior Lender.

11. Notice of Defaults. Subordinate Lender hereby agrees to give notice to Senior Lender of any default (or event that, with the giving of notice or passage of time, or both, would constitute a default) under the Subordinate Loan Documents.

12. Cross Default. The Borrower and Subordinate Lender agree that a default under the Subordinate Loan Documents or Subordinate Lender's default hereunder shall, at the election of Senior Lender, constitute a default under the Senior Loan Documents and 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 default under the Senior Loan Documents. If Subordinate Lender notifies Senior Lender in writing that any default under the Subordinate Loan Documents has been cured or waived, as determined by Subordinate Lender in its sole discretion, then provided that Senior Lender has not conducted a sale of the Property pursuant to their rights under the Senior Loan Documents, any default under the Senior Loan Documents arising solely from such default under the Subordinate Loan Documents shall be deemed cured, and the Senior Indebtedness shall be reinstated.

13. 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.

14. 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.

15. 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.

16. 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 Trustee:

U.S. Bank National Association
550 W. Cypress Creek Road, Suite 380
Ft. Lauderdale, Florida 33309
Attention: Peter Fowler

If to Bank:

Community & Southern Bank
3333 Riverwood Parkway, Suite 350
Atlanta, Georgia 30339
Attention: Kells Carroll

If to Subordinate Lender:

County: 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, Esq., Chief Assistant County Attorney

CRA: Lake Worth Community Redevelopment Agency
29 South J Street, Suite 1
Lake Worth, Florida 33460
Attention: Joan C. Oliva, Executive Director

HPI: Housing Partnership, Inc.
2001 Blue Heron Boulevard
Riviera Beach, Florida 30404
Attention: Patrick McNamara, President and CEO

Southeast: Realtex Development Southeast, LLC
c/o RealTex Development Corporation
1101 S. Capital of Texas Highway South
Building F, Suite 200
Austin, Texas 78746
Attention: Rick J. Deyoe

If to the Borrower:

La Joya Villages, Ltd.
c/o RealTex Development Corporation
1101 S. Capital of Texas Highway South
Building F, Suite 200
Austin, Texas 78746
Attention: Rick J. Deyoe

With a copy to:

Locke Lord LLP
600 Congress Avenue, Suite 2200
Austin, Texas 78701
Attention: Cynthia Bast, 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 parties hereto 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.

17. Limitations. This Agreement shall not affect or govern the rights of Trustee and Bank as among themselves. Once the Letter of Credit is no longer outstanding, all references herein to Senior Lender shall mean the Trustee.

18. 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.

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

20. Amendment, Supplement, Modification, Waiver and Termination. No amendment, supplement, modification, waiver or termination of this Agreement shall be effective unless (i) the party against whom the enforcement of such amendment, supplement, modification, waiver or termination would be asserted, has consented in writing to such amendment, supplement, modification, waiver or termination and (ii) the Controlling Person (as defined in the Indenture) has consented in writing to such amendment, supplement, modification, waiver or termination.

21. 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.

22. Governing Law; Venue. 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, AND APPLICABLE UNITED STATES FEDERAL LAW. The venue for any litigation filed to enforce any right, remedy, or obligation under this Agreement shall be in the appropriate state or federal court located in Palm Beach County, Florida.

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

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

25. 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.

26. No Modification. This Agreement shall not be deemed or interpreted so as to expand or otherwise modify the rights and remedies of Senior Lender under the Senior Loan Documents or 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.

27. References. All references to the "Subordination Agreement" in the Senior Loan Documents and the Subordinate Loan Documents shall be deemed to refer to this Amended and Restated Subordination Agreement.

[Remainder of page intentionally left blank.]

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

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Name: Peter H. Fowler
Title: Vice President

COMMUNITY & SOUTHERN BANK

By: _____
Name: Kells Carroll
Title: Senior Vice President

(COUNTY SEAL BELOW)

PALM BEACH COUNTY, a Political Subdivision
of the State of Florida

FOR ITS BOARD OF COUNTY
COMMISSIONERS

By: _____
Shannon LaRocque-Baas, P.E.
Assistant County Administrator

Approved as to Form and Legal Sufficiency

By: _____
Tammy K. Fields
Chief Assistant County Attorney

Approved as to Terms and Conditions
Dept. of Economic Sustainability

By: _____
Sherry Howard, Deputy Director

[Signatures continued on next page.]

**LAKE WORTH COMMUNITY
REDEVELOPMENT AGENCY**

By: _____
Name: Joan C. Oliva
Title: Executive Director

Witness

Witness Print Name

Witness

Witness Print Name

**REALTEX DEVELOPMENT SOUTHEAST,
LLC**

By: _____
Name:
Title:

HOUSING PARTNERSHIP, INC.

By: _____
Name:
Title:

LA JOYA VILLAGES, LTD., a Florida limited
partnership

By: LA JOYA VILLAGES GP, LLC,
a Florida limited liability company,
its general partner

By: _____
Name: Rick J. Deyoe
Title: Managing Member

STATE OF _____)
) ss.
COUNTY OF _____)

On December __, 2014, before me, _____, a Notary Public, personally appeared Kells Carroll, Senior Vice President of Community & Southern Bank, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument Community & Southern Bank executed the instrument.

WITNESS my hand and official seal.

Notary Public

(SEAL)

STATE OF _____)
) ss.
COUNTY OF _____)

On December ____, 2014, before me, _____, a Notary Public, personally appeared _____, _____ of Realtex Development Southeast, LLC, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument Realtex Development Southeast, LLC executed the instrument.

WITNESS my hand and official seal.

Notary Public

(SEAL)

STATE OF _____)
) ss.
COUNTY OF _____)

On December __, 2014, before me, _____, a Notary Public, personally appeared Rick J. Deyoe, managing member of La Joya Villages GP, LLC, general partner of La Joya Villages, Ltd., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument he/she executed the instrument as managing member of the general partner of, and on behalf of, La Joya Villages, Ltd..

WITNESS my hand and official seal.

Notary Public

(SEAL)

EXHIBIT A

LEGAL DESCRIPTION OF REAL ESTATE

Lots 1, 2, 3, 4, 5, 10, 11 and 12, Block 201, The Palm Beach Farms Co. Plat No.2, Townsite of Lucerne, now known as Lake Worth, according to the plat thereof, recorded in Plat Book 2, Page 29, of the Public Records of Palm Beach County, Florida.

AND

Lots 6 and Lot 7, Block 201, LESS all that portion of Lot 7, lying external of the Northwest Quadrant of a circle having a radius of 12 feet and being tangent to the West and the North line of said Lot 7; and including Lot 9, Block 201, LESS the North 50 feet thereof, The Palm Beach Farms Co. Plat No. 2, Townsite of Lucerne, now known as Lake Worth, according to the plat thereof, recorded in Plat Book 2, Page 29, of the Public Records of Palm Beach County, Florida.

TOGETHER WITH

All that portion of that certain 10 foot wide alley lying between Lots 1 through 8, Block 201, and Lots 9 through 12, Block 201, The Palm Beach Farms Co. Plat No.2, Townsite of Lucerne, now known as Lake Worth, according to the Plat thereof, recorded in Plat Book 2, Page 29, of the Public Records of Palm Beach County, Florida, lying South of the South Right-of-Way line of 6th Avenue South, as recorded in Road Book 4, Pages 41 through 47, of the Public Records of Palm Beach County, Florida.

Said lands situate in Town of Lake Worth, Palm Beach County, Florida.

Exhibit "B"

This instrument prepared by and
after recording return to:

County Attorney's Office
301 North Olive Avenue, Suite 601
West Palm Beach, Florida 33401
Attention: Tammy K. Fields, Chief Assistant County Attorney

SUBORDINATION AGREEMENT

Among

PALM BEACH COUNTY,

LAKE WORTH COMMUNITY REDEVELOPMENT AGENCY,

REALTEX DEVELOPMENT SOUTHEAST, LLC

HOUSING PARTNERSHIP, INC.

and

LA JOYA VILLAGES, LTD.

Dated as of _____, 2014

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT dated as of _____, 2014 (as amended, modified, supplemented or assigned from time to time, this "**Agreement**") by and among PALM BEACH COUNTY, a political subdivision of the State of Florida (together with its permitted successors and assigns, "**County**"), LAKE WORTH COMMUNITY REDEVELOPMENT AGENCY, a public agency created pursuant to Chapter 163, Florida statutes (together with its permitted successors and assigns, "**CRA**"), REALTEX DEVELOPMENT SOUTHEAST, LLC, a Texas limited liability company (together with its permitted successors and assigns, "**Realtex**"), HOUSING PARTNERSHIP, INC., a not-for-profit organization duly organized and validly existing under the laws of the State of Florida (together with its permitted successors and assigns, "**HPI**") (CRA, Realtex and HPI hereinafter collectively referred to as the "**Subordinate Lenders**"), and LA JOYA VILLAGES, LTD., a limited partnership duly organized and validly existing under the laws of the State of Florida (together with its permitted successors and assigns, the "**Borrower**"),

WITNESSETH:

WHEREAS, the Borrower is the owner of certain property located in Lake Worth, Florida, more particularly described in Exhibit A attached hereto, on which the Borrower is constructing certain improvements consisting of a 55-unit multifamily apartment facility, together with related amenities (such property and the improvements described above are collectively referred to herein as the "**Property**");

WHEREAS, the Property was acquired and is being constructed, in part, with the proceeds of those certain Multifamily Housing Revenue Bonds (La Joya Villages Apartments), Series 2013 in the original aggregate principal amount of \$5,200,000 (the "**Bonds**"), the proceeds of which have been loaned to the Borrower pursuant to the terms of a Loan Agreement dated as of November 1, 2013 among Housing Finance Authority of Palm Beach County, Florida (the "**Issuer**") and the Borrower (as amended, modified or supplemented from time to time, the "**Loan Agreement**");

WHEREAS, the Borrower's obligations under the Loan Agreement are evidenced by a non-recourse promissory note dated as of the date of issuance of the Bonds (as amended, modified or supplemented from time to time, the "**Note**"), and are secured by, among other things, a first-priority mortgage lien on the Property granted pursuant to a First Mortgage, Assignment of Rents, Security Agreement and Fixture Filing from the Borrower to the Issuer, dated as of November 1, 2013 and recorded in the Public Records of Palm Beach County, Florida, as assigned by the Issuer to U.S. Bank National Association (the "**Trustee**") pursuant to an Assignment of Mortgage Documents, dated as of November 1, 2013 and recorded in the Public Records of Palm Beach County, Florida (collectively, and as amended, modified or supplemented from time to time, the "**First Mortgage**"), an Assignment of Leases, Rents and Other Income dated as of November 1, 2013 and recorded in the Public Records of Palm Beach County, Florida (as amended, modified or supplemented from time to time, the "**First Assignment**"), and a UCC-1 Financing Statement relating to the First Mortgage and recorded in the Public Records of Palm Beach County, Florida (as amended, modified or supplemented from time to time, the "**First Mortgage UCC**" and, collectively with the First Mortgage and the First

Assignment, the "**First Mortgage Documents**", which, together with the Loan Agreement, the Note 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 "**Bond Documents**";

WHEREAS, the Borrower's obligation to complete construction of the Property is supported by a standby letter of credit (the "**Letter of Credit**") issued by Community & Southern Bank (the "**Bank**"; the Bank and the Trustee, collectively the "**Superior Lenders**") in favor of Trustee for the account of the Borrower, pursuant to a Letter of Credit and Reimbursement Agreement dated as of November 1, 2013 (as amended, modified or supplemented from time to time, the "**Reimbursement Agreement**") by and between the Borrower and Bank;

WHEREAS, in connection with the issuance of the Bonds and the delivery of the Letter of Credit, the Borrower and the Issuer, together with certain other parties thereto, entered into a Land Use Restriction Agreement dated as of November 1, 2013 and recorded in the Public Records of Palm Beach County, Florida (as amended, modified or supplemented from time to time, the "**LURA**") and an Intercreditor Agreement dated as of November 1, 2013 and recorded in the Public Records of Palm Beach County, Florida (as amended, modified or supplemented from time to time, the "**Intercreditor Agreement**");

WHEREAS, the Borrower's obligations to Bank under the Reimbursement Agreement are secured by a Second Mortgage, Assignment of Rents, Security Agreement and Fixture Filing dated as of November 1, 2013 and recorded in the Public Records of Palm Beach County, Florida (as amended, modified or supplemented from time to time, the "**Second Mortgage**") and a UCC-1 Financing Statement relating to the Second Mortgage and recorded in the Public Records of Palm Beach County, Florida (as amended, modified or supplemented from time to time, the "**Second Mortgage UCC**" and, together with the Second Mortgage, the "**Second Mortgage Documents**" and collectively with the First Mortgage Documents, the LURA, and the Intercreditor Agreement, the "**Senior Mortgage Documents**") (the Reimbursement Agreement, the Second Mortgage and all other agreements contemplated therein or evidencing or securing the Borrower's obligations under the Reimbursement Agreement are hereinafter collectively referred to as the "**Reimbursement Documents**"; the Reimbursement Documents and the Bond Documents are collectively referred to as the "**Senior Loan Documents**" and the indebtedness evidenced and secured by the Reimbursement Documents and the Bond Documents is hereinafter collectively referred to as the "**Senior Indebtedness**");

WHEREAS, the Property was acquired and is being constructed, in part, with the proceeds of (i) a loan to the Borrower made by CRA, pursuant to a Loan Agreement dated May 17, 2013 (the "**CRA Loan Agreement**"), evidenced by a promissory note in the original face amount of \$1,832,807 (the "**CRA Note**") and subject to a Declaration of Restrictions for Rental Properties dated May 17, 2013 and recorded in the Public Records of Palm Beach County, Florida (the "**CRA Declaration**"); (ii) a loan to the Borrower made by Realtex, evidenced by a promissory note in the original face amount of \$500,000 (the "**AHP Note**"); and (iii) a loan to the Borrower made by HPI, evidenced by a promissory note in the original face amount of \$50,000 (the "**HPI Note**" and, collectively with the CRA Note and the AHP Note, the

"**Subordinate Note**"; the indebtedness evidenced and secured by the CRA Loan Agreement and the Subordinate Note is hereinafter collectively referred to as the "**Subordinate Indebtedness**";

WHEREAS, the Borrower's obligations to CRA under the CRA Loan Agreement and the CRA Note are secured by a Non-Recourse Mortgage and Security Agreement dated May 17, 2013 and recorded in the Public Records of Palm Beach County, Florida (the "**CRA Mortgage**"), the Borrower's obligations to Realtex under the AHP Note are secured by a _____ dated as of _____ (the "**AHP Mortgage**"), and the Borrower's obligations to HPI under the HPI Note are secured by a Non-Recourse Mortgage and Security Agreement dated as of November 1, 2013 (the "**HPI Mortgage**" and, collectively with the CRA Mortgage, the CRA Declaration, and the AHP Mortgage, the "**Subordinate Mortgage Documents**") (the CRA Loan Agreement, the Subordinate Note, the Subordinate Mortgage Documents and all other agreements contemplated therein or evidencing or securing the Subordinate Indebtedness are hereinafter referred to as the "**Subordinate Loan Documents**");

WHEREAS, concurrently herewith the Borrower has entered into a Loan Agreement with County for the utilization of HOME funds (the "**County Loan Agreement**"), evidenced by a promissory note in the original face amount of \$600,000 (the "**County Note**") which is secured by a Mortgage Subordinate to the Senior Mortgage Documents of even date herewith (the "**County Mortgage**") (the County Loan Agreement, the County Note, and the County Mortgage are hereinafter referred to as the "**County Loan Documents**"; the indebtedness evidenced by the County Loan Agreement and the County Note is hereinafter collectively referred to as the "**County Indebtedness**");

WHEREAS, the parties intend that the County Mortgage be inferior to the Senior Mortgage Documents but superior to the Subordinate Mortgage Documents, with County having a third lien position, CRA having a fourth lien position, HPI having a fifth lien position, and Realtex having a sixth lien position;

WHEREAS, by execution of this Subordination Agreement, CRA, Nationwide and HPI have agreed to subordinate the CRA Mortgage, the AHP Mortgage and the HPI Mortgage, respectively, to the County Mortgage;

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 Documents. Subordinate Lenders declare, agree and acknowledge that the County 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 County's costs as a Lender) and all advances made pursuant to the County 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.

2. Subordination of Subordinate Lender Indebtedness; Remitting Subordinate Loan Payments to County; Reinstatement.

(a) The Subordinate Indebtedness is hereby subordinated in right of payment to any and all of the County Indebtedness. Notwithstanding the foregoing, unless and until County gives Subordinate Lenders notice of the occurrence of a default under the County Loan Documents, Subordinate Lenders may receive and accept payments on account of principal and interest payable under the Subordinate Notes.

(b) If Subordinate Lenders shall receive any payments or other rights in any property of the Borrower after County has given Subordinate Lenders notice of a default under the County Loan Documents, such payment or property shall be received by Subordinate Lenders in trust for County and shall immediately be delivered and transferred to County, unless a Superior Lender has claim to any such payments.

(c) If at any time payment of all or any part of the County's Indebtedness is rescinded or must otherwise be restored or returned by County in connection with any bankruptcy, reorganization, arrangement, insolvency, liquidation or similar proceedings (a "**Proceeding**") in respect of Borrower or its general partner, and Subordinate Lender has received payment of all or any part of the Subordinate Indebtedness, Subordinate Lender shall forthwith turn over the same to, and for the account of, County, until County has received indefeasible payment in full of any such payments on the County Indebtedness that have been so rescinded, restored or returned, unless a Superior Lender has a claim to any such payments.

3. Exercise of Remedies.

(a) Subordinate Lenders declare, agree, and acknowledge that they will not, without the prior written consent of County: (i) sue the Borrower under any of the Subordinate Loan Documents; (ii) commence any action to foreclose or exercise any power of sale under the Subordinate Mortgage Documents; (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) initiate or join any other creditor in commencing any Proceeding with respect to the Borrower; (vii) incur any obligation to the Borrower other than as provided in the Subordinate Loan Documents.

(b) Subordinate Lenders agree that County shall have, as determined in accordance with and subject to the terms of the County Loan Documents, upon the occurrence of an Event of Default under and as defined in the County Loan Documents, the right to (i) accelerate any County Indebtedness; (ii) commence any action to foreclose or exercise any power of sale under the County 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 County Loan Documents; (vii) exercise any rights of set-off or recoupment that the County 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 Subordinate Lender with respect to the Property.

(c) Subordinate Lenders agree that County shall have absolute power and discretion, without notice to Subordinate Lender, to deal in any manner with the County Indebtedness, including interest, costs and expenses payable by the Borrower to County, and any security and guaranties therefor, including, but not by way of limitation, release, surrender, extension, renewal, acceleration, compromise or substitution; provided that County 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 County's costs) without the prior written consent of Subordinate Lenders, which shall not be unreasonably withheld or delayed.

(d) Subordinate Lenders further agree that if at any time Subordinate Lenders 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), County shall (unless County has 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 County may deem proper, and this Agreement shall be and constitute full and sufficient grounds therefor and shall entitle County to become a party to any proceedings at law or otherwise in or by which County may deem it proper to protect its 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 County Loan Documents as provided in this Agreement.

4. No Marshaling of Assets. Subordinate Lenders specifically waive and renounce any right which they may have under any applicable statutes, whether at law or in equity, to require County 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.

(a) The subordination provided for in this Agreement shall apply, notwithstanding the availability of other collateral to County or the actual date and time of execution, delivery, recordation, filing or perfection of the County Mortgage Documents or the Subordinate Mortgage Documents and, insofar as Subordinate Lenders are concerned, notwithstanding the fact that the County 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, the County Indebtedness shall include all interest and fees accrued on the County Indebtedness, in accordance with and at the rates specified in the County Loan Documents, both for periods before and for periods after the commencement of such Proceeding, even if the claim for such interest and/or fees is not allowed as against the Borrower pursuant to applicable law.

(b) Without the prior written consent of County, Subordinate Lenders shall not, and Subordinate Lenders waive any and all right: (1) to request adequate protection (as that term is defined in the Bankruptcy Code) (and in the event any such adequate protection is awarded to Subordinate Lender, Subordinate Lenders hereby assign any adequate protection in the form of cash to County and any adequate protection in the form of a lien on or security

interest in the Property or any other Collateral is hereby subordinated to all of County's rights, liens or security interests in or to the Property and such other Collateral), (2) to file or support any motion for dismissal or relief from the automatic stay (as defined in the Bankruptcy Code), (3) to request any post-petition interest, (4) to request any sale of Borrower's assets, or (5) to file, propose, support, accept or reject any plan of reorganization of Borrower. Subordinate Lenders further agree that, with respect to any Proceeding: (1) they shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action in any Proceeding by or against the Borrower or General Partner without the prior written consent of County; (2) County may vote in any such Proceeding any and all claims of Subordinate Lenders against the Borrower or General Partner, and Subordinate Lenders hereby appoint County as their agent, and grants to County an irrevocable power of attorney coupled with an interest, and its proxy, for the purpose of exercising any and all rights and taking any and all actions available to Subordinate Lenders in connection with any case by or against the Borrower or General Partner in any Proceeding, including without limitation, the right to file and/or prosecute any claims, to vote to accept or reject a plan, and to make any election under Section 1111(b) of the Bankruptcy Code; and (3) Subordinate Lenders shall not challenge the validity or amount of any claim submitted in such Proceeding by County in good faith or any valuations of the Property or any other Collateral, or any portion of the foregoing, or other County Indebtedness collateral submitted by County in good faith, in such Proceeding or take any other action in such Proceeding, which is adverse to County's enforcement of its claim or receipt of adequate protection (as that term is defined in the Bankruptcy Code). The foregoing provisions are subject in all respects to the terms, conditions and requirements of the Senior Subordination Agreement (as defined below).

(c) Subordinate Lenders agree that County does not owe any fiduciary duty to Subordinate Lender in connection with the administration of the County Indebtedness and the County Loan Documents and Subordinate Lenders agree not to assert any such claim. Subordinate Lenders acknowledge that County shall have the sole discretion to exercise or not exercise the rights set forth in this Agreement from time to time; and that such rights may be exercised solely in the interest of County and without regard to the interest of Subordinate Lenders in any action or proceeding, including in connection with any Proceeding.

6. Payment Set Aside. To the extent any payment under any of the County 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. Subordinate Lenders shall have no right to participate in the adjustment of the proceeds of insurance payable as the result of any casualty to the Property, or to participate in any manner whatsoever in activities relating to restoration or reconstruction of the Property, and County shall have the exclusive right to receive, administer and apply all such proceeds as set forth in the County Loan Documents, subject, nevertheless to the requirements of the Senior Subordination Agreement (as defined below). In the event

County shall release, for the purposes of restoration of all or any part of the Property, its right, title and interest in and to the proceeds under policies of insurance thereon, and/or its right, title and interest in and to any awards, or its 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, Subordinate Lenders shall simultaneously release for such purpose all of Subordinate Lenders' right, title and interest, if any, in and to all such insurance proceeds, awards or compensation. Subordinate Lenders agree 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 County Loan Documents, shall be applied to the payment of amounts due under the County Loan Documents until all such amounts have been indefeasibly paid in full, prior to being applied to the payment of any amounts due under the Subordinate Loan Documents. If County holds such proceeds, awards or compensation and/or monitor the disbursement thereof, Subordinate Lenders agree that County shall also hold and monitor the disbursement of such proceeds, awards and compensation to which Subordinate Lender is or may be entitled. Nothing contained in this Agreement shall be deemed to require County, in any way whatsoever, to act for or on behalf of Subordinate Lenders or to hold or monitor any proceeds, awards or compensation in trust for or on behalf of Subordinate Lenders.

8. Indemnification and Subrogation. If Subordinate Lenders or any affiliates 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 County Mortgage Documents and the other County Loan Documents as provided herein, and Subordinate Lenders or such affiliate hereby waive, until all amounts owed under the Subordinate Notes have been indefeasibly paid in full, the right to exercise any and all such rights they 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 County Loan Document (other than any modification or amendment of any County Loan Document that increases the amount of indebtedness to which the Subordinate Indebtedness is subordinate for reasons other than protective advances or costs of County as lender), or the obtaining by County or Subordinate Lenders of any additional document confirming, perfecting or otherwise affecting the County Loan Documents, or the Subordinate Loan Documents, as the case may be.

10. Amendments of Subordinate Loan Documents and County Loan Documents. The Borrower and Subordinate Lenders agree that they will not enter into any amendment, modification or supplement to any of the Subordinate Loan Documents that would affect the superiority of the County Loan without the express prior written consent of County (which consent shall not be unreasonably withheld). No consent of Subordinate Lenders shall be required for any amendment, modification or supplement to any of the County Loan Documents, provided that no amendment, modification or supplement to any of the County 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 County as lender.

11. Notice of Defaults. Subordinate Lenders hereby agree to give notice to County of any default (or event that, with the giving of notice or passage of time, or both, would constitute a default) under the Subordinate Loan Documents.

12. Cross Default. The Borrower and Subordinate Lenders agree that a default under the Subordinate Loan Documents or Subordinate Lenders' default hereunder shall, at the election of County, constitute a default under the County Loan Documents and County shall have the right to exercise all rights or remedies under the County Loan Documents in the same manner as in the case of any other default under the County Loan Documents. If Subordinate Lenders notify County in writing that any default under the Subordinate Loan Documents has been cured or waived, as determined by Subordinate Lender in its sole discretion, then provided that County has not conducted a sale of the Property pursuant to their rights under the County Loan Documents, any default under the County Loan Documents arising solely from such default under the Subordinate Loan Documents shall be deemed cured, and the County Indebtedness shall be reinstated.

13. 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.

14. 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.

15. 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.

16. 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:

Palm Beach County Attorney's Office
301 N. Olive Avenue – Suite 601
West Palm Beach, FL 33401
Attention: Tammy K. Fields, Chief Assistant County Attorney

If to Subordinate Lenders:

Lake Worth Community Redevelopment Agency
29 South J Street, Suite 1
Lake Worth, FL 33460
Attention: Joan C. Oliva, Executive Director

Realtex Development Southeast, LLC
1101 S. Capital of Texas Hwy.
Building F, Suite 200
Austin, Texas 78746

Housing Partnership, Inc.
2001 Blue Heron Boulevard
Riviera Beach, FL 30404
Attention: Patrick McNamara, President and CEO

If to the Borrower:

La Joya Villages, Ltd.
c/o Realtex Development Corporation
1101 South Capital of Texas Highway South
Building F, Suite 200
Austin, TX 78746
Attention: Rick J. Deyoe

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 parties hereto 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.

17. Limitations. This Agreement shall not affect or govern the rights of Subordinate Lenders as among themselves.

18. 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.

19. 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.

20. 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.

21. 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.

22. Governing Law; Venue. 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, AND APPLICABLE UNITED STATES FEDERAL LAW. The Venue for any litigation filed to enforce any right, remedy or obligation under this Agreement shall be in the appropriate state or federal court located in Palm Beach County, Florida.

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

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

25. 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.

26. No Modification. This Agreement shall not be deemed or interpreted so as to expand or otherwise modify the rights and remedies of County under the County Loan Documents or Subordinate Lenders 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.

27. Senior Subordination Agreement. The parties agree that all rights and remedies afforded the County and Subordinate Lenders are subject to and inferior to the rights and remedies of the Superior Lenders as specified in the Amended and Restated Subordination Agreement of even date herewith among Trustee, Bank, County, Lake Worth Community Redevelopment Agency, Housing Partnership, Inc., Realtex Development Southeast, LLC and Borrower (as the same may be modified, amended or supplemented, the "**Senior Subordination Agreement**").

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

LAKE WORTH COMMUNITY
REDEVELOPMENT AGENCY

By: _____
Name: _____
Title: _____

(COUNTY SEAL BELOW)

PALM BEACH COUNTY, a Political
Subdivision of the State of Florida

FOR ITS BOARD OF COUNTY
COMMISSIONERS

By: _____
Shannon LaRocque-Baas, P.E.

Assistant County Administrator

Approved as to Form and
Legal Sufficiency

By: _____
Tammy K. Fields
Chief Assistant County Attorney

Approved as to Terms and Conditions
Dept. of Economic Sustainability

By: _____
Sherry Howard, Deputy Director

HOUSING PARTNERSHIP, INC.

By: _____
Name: _____
Title: _____

REALTEX DEVELOPMENT SOUTHEAST,
LLC

By: Realtex Development Corporation,
its managing member

By: Rick J. Deyoe
President

LA JOYA VILLAGES, LTD., a Florida limited
partnership

By: LA JOYA VILLAGES GP, LLC,
a Florida limited liability company,
its general partner

By: _____
Name: Rick J. Deyoe
Title: Managing Member

STATE OF _____)
) ss.
COUNTY OF _____)

On _____, 2014, before me, _____, a Notary Public, personally appeared Rick J. Deyoe, President of Realtex Development Corporation, managing member of Realtex Development Southeast, LLC, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument Realtex Development Southeast, LLC executed the instrument.

WITNESS my hand and official seal.

Notary Public

(SEAL)

EXHIBIT A

LEGAL DESCRIPTION OF REAL ESTATE