

E 204442 B 861 P 786  
Date 20-JUN-2003 12:53pm  
Fee: 18.00 Check  
CALLEEN PESHELL, Recorder  
Filed By JPT  
For OQUIRRH VIEW APARTMENTS  
TOOELE COUNTY CORPORATION

After Recording, please return to:

President  
Utah Housing Corporation  
554 South 300 East  
Salt Lake City, Utah 84111

Tax Parcel I.D. No.: 09-006-0-0066, 09-006-0-0067,  
09-006-0-0068 and 09-006-0-0110

## **SUBORDINATION AGREEMENT**

This Subordination Agreement ("Agreement") is made and entered into as of the 5th day of May, 2003, by and among Oquirrh View Apartments, A Utah Limited Partnership ("Owner"), United States of America, acting through the Rural Housing Service or successor agency, United States Department of Agriculture (the "Lender"), and Utah Housing Corporation, a public corporation of the State of Utah ("UHC").

### **RECITALS**

A. The Owner is the owner of certain real property located in Tooele County, State of Utah, which property is more particularly described in Exhibit A attached hereto (the "Property"). The Owner has constructed certain residential housing and other improvements on the Property (the "Project").

B. As a part of the permanent financing of the Project, the Lender has made a loan to the Owner in the sum of Six Hundred One Thousand Four Hundred and no/100 Dollars (\$601,400.00) (the "Loan"). The Loan is evidenced by that certain Promissory Note dated as of December 29, 1993 (the "Note"), and secured by, among other things, a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of December 29, 1993 (the "Deed of Trust"), executed by the Owner in favor of the Lender, and recorded in the official real estate records of the Tooele County Recorder's Office on December 30, 1993 as Entry No. 061577 in Book 366 at Page 108-113 *et seq.* The Note, the Deed of Trust and all other documents evidencing or securing the Loan are hereinafter collectively referred to as the "Loan Documents."

C. As part of the permanent financing of the Project, the Owner also intends to use federal low-income housing tax credits ("Tax Credits") pursuant to Section 42 of the Internal Revenue Code ("Section 42"). In order for the Owner to qualify for Tax Credits, the Owner must, among other things, receive a Form 8609 from UHC for the Project. UHC may issue a Form 8609 only if the Owner satisfies certain requirements under Section 42.

D. To fulfill one of the requirements for UHC to issue a Form 8609 for the Project, UHC and the Owner have entered into that certain Low-Income Housing Credit Commitment Agreement and Declaration of Restrictive Covenants dated September 30, 1994

(the "Extended Use Agreement") and recorded in the official real estate records of the Tooele County Recorder's Office as Entry No. 070874 in Book 388 at Page 46 *et seq.*, which encumbers the Property and the Project on December 23, 1994.

E. The Extended Use Agreement provides in Section 10 that, notwithstanding the termination of the extended use period (as such term is defined in Section 9 thereof, the "Extended Use Period"), the Owner shall not evict or terminate the tenancy (other than for good cause) of an existing low-income tenant of any low-income unit in the Project or increase the gross rent with respect to a low-income unit, not otherwise permitted under Section 42, before the close of the three year period following such termination of the Extended Use Period.

F. Because the Deed of Trust was recorded before the Extended Use Agreement was recorded, (i) the Owner is obligated under the Extended Use Agreement to obtain, and (ii) UHC cannot issue a Form 8609 for the Project until the Owner obtains, an agreement in the form hereof from the Lender pursuant to which the Lender shall agree to be bound by the provisions Section 10 of the Extended Use Agreement upon any foreclosure (or instrument in lieu of foreclosure) of the Property, in accordance with the terms of this Agreement.

G. Because the Lender recognizes that the ability of the Owner to qualify for Tax Credits is essential to the viability of the Project and the ability of the Owner to repay the Loan, the Lender is willing to enter into this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. The Lender hereby agrees that (a) the lien of the Deed of Trust is subordinate to the obligation of the Owner under Paragraph 10 of the Extended Use Agreement and (b) that it shall not evict or terminate the tenancy (other than for good cause) of an existing low-income tenant of any low-income unit located in the Project or increase the gross rent with respect to a low-income unit, not otherwise permitted under Section 42, before the close of the three year period following termination of the Extended Use Period by reason of any foreclosure (or instrument in lieu of foreclosure) of the Property by the Lender.
2. The Lender agrees that the covenants contained in Paragraph 1 above shall unconditionally be and remain at all times an encumbrance on the Property, prior and superior to the lien or charge of the Deed of Trust, and be binding upon all successor beneficiaries under the Deed of Trust.
3. This Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Deed of Trust to the Extended Use Agreement.
4. This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of Utah.
5. This Agreement may be signed in multiple counterparts with the same effect as if all signatories had executed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

THE LENDER:

United States of America, acting through the Rural Housing Service or successor agency, United States Department of Agriculture

By: John R. Cox  
John R. Cox  
Its: State Director

UHC:

Utah Housing Corporation

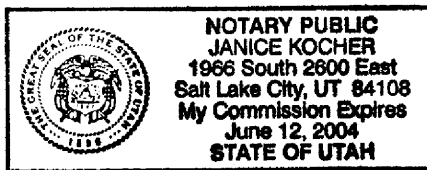
By: William H. Erickson  
William H. Erickson  
Its: President

THE BORROWER:

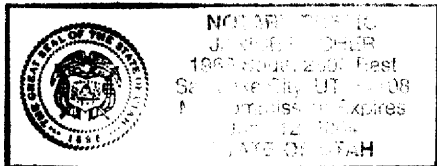
Oquirrh View Apartments, A Utah Limited Partnership

By: Wayne S. Andrews  
Wayne S. Andrews  
Its: General Partner

STATE OF UTAH )  
 : ss.  
COUNTY OF SALT LAKE )



The foregoing instrument was acknowledged before me this 6th day of May, 2003, by John R. Cox, the State Director, Rural Development, acting on behalf of the Rural Housing Service, as successor in interest to the Farmers Home Administration, United States Department of Agriculture, State of Utah.



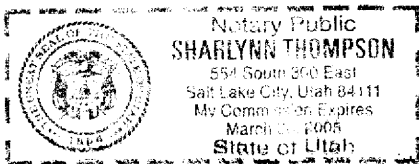
*Janice Kocher*

Notary Signature and Seal

My Commission Expires: June 12, 2004

STATE OF UTAH )  
 : ss.  
COUNTY OF SALT LAKE )

The foregoing instrument was acknowledged before me this 13 day of JUNE, 2003, by William H. Erickson, President of Utah Housing Corporation, a public corporation of the State of Utah.



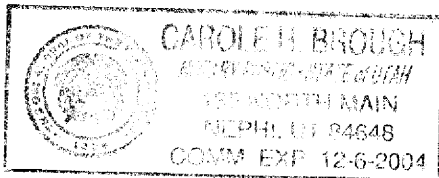
*Sharilynn Thompson*

Notary Signature and Seal

My Commission Expires: 03/26/05

STATE OF UTAH )  
 : ss.  
COUNTY OF JUAB )

The foregoing instrument was acknowledged before me this 15 day of May, 2003, by Wayne S. Andrews, the General Partner of Oquirrh View Apartments, A Utah Limited Partnership



*Carole H. Brough*

Notary Signature and Seal

My Commission Expires: 12-6-04

EXHIBIT A

Description of Property

That certain real property located in Tooele County more particularly described as follows:

BEGINNING AT THE NORTHWEST CORNER OF LOT 11, BLOCK 4, INTERNATIONAL BUILDING ASSOCIATION SUBDIVISION, RUNNING THENCE EAST 93 FEET; THENCE SOUTH 162.5 FEET; THENCE WEST 70 FEET; THENCE SOUTH 167.5 FEET; THENCE WEST 115 FEET; THENCE NORTH 40 FEET TO A POINT 60 FEET EAST OF THE WEST LINE OF 270 EAST STREET; THENCE NORTHERLY AROUND A CURVE TO THE LEFT 61.5 FEET TO A POINT PARALLEL TO THE WEST SIDE OF 270 EAST STREET AND 60 FEET EAST OF THE WEST LINE OF SAID STREET; THENCE NORTH 230.0 FEET TO THE SOUTH LINE OF 400 NORTH STREET; THENCE EAST 82.0 FEET TO THE POINT OF BEGINNING.