

AFTER RECORDING, RETURN TO:

MONTANA BOARD OF HOUSING
PO Box 200528
Helena, MT 59620-0528

SUBORDINATION AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of January _____, 2015, by and between **Homeword, Inc.**, a Montana non-profit corporation, having its principal place of business at 1535 Liberty Lane #116a, Missoula, Montana 59802, hereinafter referred to as "**Homeword**"; **Montana Board of Housing**, having principal place of business at 301 S. Park Avenue, Room 240, Helena, Montana, 59601, hereinafter referred to as "**MBOH**"; **Southern Lights Limited Partnership, a Montana Limited Partnership** with Its principal place of business at 1535 Liberty Lane #116a, Missoula, Montana 59802, of which Homeword, Inc. is the General Partner, hereinafter referred to as "**Southern Lights**", and **The City of Billings, Montana**, a municipal corporation, hereinafter referred to as "**City**".

HISTORY AND RECITALS:

- A.** The property affected by this Subordination Agreement is described as follows:
Lots 13, 14, 15, 16, 17, 18 and 19, Block 231, of the Original Town of Billings, in the City of Billings, according to the official plat on file in the office of the Clerk and Recorder of Yellowstone county, Montana, under Document No 16312.
- B.** On December 1, 2005, the City of Billings executed a Warranty Deed in favor of Homeword, Inc., which was recorded on December 7, 2006, under Document No 3359510, records of Yellowstone County, Montana. Terms and conditions contained in said Deed reserved certain rights to the City, including rights of reversion and forfeiture.
- C.** On August 14, 2006, Homeword Inc. executed a Warranty Deed in favor of Southern Lights Limited Partnership, which was recorded August 23, 2006, under Document No 3390084, records of Yellowstone County, Montana.
- D.** **Southern Lights**, as Grantor, executed a trust indenture in the principal amount of Three Hundred Thousand and No/100 Dollars (\$300,000.00) to **Homeword**, as Beneficiary, which was recorded on December 29, 2006, under Document No. 3405911 of Yellowstone County, Montana, which said Trust Indenture was later subordinated to a

trust indenture in the amount of \$219,000 in favor of **MBOH**, by subordination agreement recorded April 8, 2008, under Document No 3460831.

- E.** **Southern Lights**, as Grantor, executed a trust indenture in the principal amount of One Hundred Eighty-five Thousand and No/100 Dollars (\$185,000.00) to **Homeword**, as Beneficiary, which was recorded on December 29, 2006, under Document No. 3405912 of Yellowstone County, Montana; which said Trust Indenture was later subordinated to a trust indenture in the amount of \$219,000 in favor of **MBOH**, by subordination agreement recorded April 8, 2008, under Document No 3460831.
- F.** **Southern Lights** as Grantor, executed a trust indenture in the principal amount of Two Hundred Nineteen Thousand and No/100 Dollars (\$219,000.00) to **MBOH**, as Beneficiary, which was recorded April 8, 2008, under Document No 3460829 of Yellowstone County, Montana.
- G.** **Southern Lights**, as Grantor, executed a trust indenture in the principal amount of Five Thousand Nine Hundred and No/100ths Dollars (\$5,900.00) to **Homeword**, as Beneficiary, which was recorded on December 11, 2008, under Document No 3488900, of Yellowstone County, Montana.
- H.** **Southern Lights**, as Grantor, executed a trust indenture in the principal amount of Two Hundred Thousand (\$200,000.00) to **Homeword**, as Beneficiary, which was recorded on February 26, 2009, under Document No 3496639, of Yellowstone County, Montana.

WHEREAS, **Southern Lights**, desires to obtain additional new financing from **MBOH** in the original principal amount of Three Hundred Fifty Thousand (\$350,000.00) Dollars. As a condition of approval of said new loan, **MBOH** requires priority position on the secured property, superior to any and all trust indentures in favor of Homeword, and priority over rights and privileges of the **City of Billings**, above described; and

WHEREAS, **Southern Lights** has requested approval from **Homeword** and the **City of Billings**. Both **Homeword** and the **City of Billings** have agreed and consented to this request; and

NOW, THEREFORE, in consideration of the sum of One and No/100 Dollar (\$1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, **Homeword** hereby agrees that the liens of each and every one of its trust indentures above described, are and will be subordinate to the rights of **MBOH** upon execution of the proposed trust indenture note and Montana trust indenture described above, and specifically authorize the recordation of this instrument as evidence of their agreement. By execution of this agreement, the **City of Billings** hereby consents to the above referenced loan by **MBOH** to **Southern Lights**, and acknowledges the superior priority of the liens of MBOH on the subject property, as such liens are allowed under the Montana Small Tract Financing Act; and acknowledges that the right of the forfeiture,

re-entry, and reversion of title reserved by the City are subject to and shall not impair the lien of the Trust Indentures in favor of MBOH, referred to above. However, nothing in this Agreement shall modify the current effect of the previously recorded Deed Restriction Agreement between the City of Billings, Montana, and Southern Lights, LP, dated December 9, 2008, on file and of record in the office of the Yellowstone County Clerk and Recorder as Document # 3490740, nor the Home Investment Partnerships program Development Agreement between the City of Billings, Montana, and Homeword Inc, of Missoula, Montana, dated April 15, 2008, and on file and of record in the office of the Yellowstone County Clerk and Recorder as document # 3464486. Accordingly, should the secured property be determined non-compliant with applicable HOME Investment Partnership program regulations prior to **May 5, 2028**, the priority of liens order shall be paid out as follows:

1st	\$350,000	MBOH
	\$219,000	
2nd	\$300,000	Homeword, payable to City of Billings if project is noncompliant during period of affordability which expires on May 5, 2028.
	\$200,000	
3rd	\$185,000	Homeword
	\$5,900	
\$1,259,900		

IN WITNESS WHEREOF, the parties have dated this Subordination Agreement this _____ day of January, 2015.

Homeword, Inc., a Montana non-profit corporation,

By: _____
 Its: _____

Montana Board of Housing

BY: _____
 Its: _____

Southern Lights Limited Partnership, a Montana Limited Partnership

BY: _____
Its: _____

The City of Billings, Montana, a municipal corporation,

BY: _____
Its: _____

State of Montana)
County of Yellowstone) ss

On this ____ day of _____, 2015, before me, the undersigned Notary Public in and for the State of Montana, personally appeared _____, , known to me to be the _____ of _____ and acknowledged to me that she executed the within instrument on behalf of the said _____.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

State of Montana)
County of Lewis & Clark) ss

On this ____ day of _____, 2015, before me, the undersigned Notary Public in and for the State of Montana, personally appeared _____, , known to me to be the _____ of _____ and acknowledged to me that she executed the within instrument on behalf of the said _____.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

State of Montana)
County of Lewis & Clark) ss

On this ____ day of _____, 2015, before me, the undersigned Notary Public in and for the State of Montana, personally appeared _____, , known to me to be the _____ of _____ and acknowledged to me that she executed the within instrument on behalf of the said _____.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

State of Montana)
County of Lewis & Clark) ss

On this ____ day of _____, 2015, before me, the undersigned Notary Public in and for the State of Montana, personally appeared _____, , known to me to be the _____ of _____ and acknowledged to me that she executed the within instrument on behalf of the said _____.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.
