

INTERCREDITOR AGREEMENT

This Intercreditor Agreement is made as of *** by and between*** (the "Senior Lender"), whose address is ***, *** LIMITED DIVIDEND HOUSING ASSOCIATION ***, a Michigan *** (the "Borrower"), whose address is ***and the MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY, a public body corporate and politic of the State of Michigan (the "Authority"), whose address is 735 East Michigan Avenue, P.O. Box 30044, Lansing, Michigan 48909.

RECITALS:

A. The Authority is making a loan (the "Authority Loan"), to aid the Borrower in financing a housing development for persons of low and moderate income, known as ***, MSHDA Development No. *** (the "Development"). The Authority Loan is to be made by the Authority with funds from the Tax Credit Assistant Program ("TCAP") funded by the U.S. Department of Housing and Urban Development ("HUD") under the American Recovery and Reinvestment Tax Act of 2009 (Public Law 111-5). The Borrower and Authority have executed a mortgage, mortgage note, regulatory agreement and other loan documents (the "Authority Loan Documents") in connection with the Authority Loan.

B. Senior Lender is making a mortgage loan in the amount of \$*** (the "Senior Loan") to aid the Borrower in financing the Development. The Borrower and the Senior Lender have executed a mortgage, mortgage note and other loan documents (the "Senior Loan Documents") in connection with the Senior Loan.

C. Since the Authority and Senior Lender (who may be collectively referred to herein as "the Lenders") have interests in the same real and personal property, they wish to set forth their priorities and other agreements relating to the Development and also coordinate some of their activities relating to the Loans.

NOW, THEREFORE, for and in consideration of the mutual covenants set forth below and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are acknowledged, the parties agree as follows:

1. Priority.

a. The Lenders hereby agree that the priority of the documents evidencing each of their respective loans (the "Loan Documents") and the security title, liens, and security interests created or granted under the Authority Loan Documents and the Senior Loan Documents and the rights, powers, and privileges granted to the Lenders under their respective Loan Documents shall be as follows:

first priority--Senior Loan Documents; and

second priority--Authority Loan Documents.

From and after the date of this Agreement, all of the debt, rights, title, lien, and interests of the Authority created or evidenced by the Authority Loan Documents shall be subject and subordinate to all of the debt, rights, title, lien, and interests created or evidenced by the Senior Loan Documents provided, however, the subordinations and relative priorities contained in this Agreement with respect to the Development are conditioned upon the prior interest or interests being properly perfected or recorded and non-voidable by a bankruptcy trustee.

b. Each Lender acknowledges that the Development is intended to receive the benefits of low income housing tax credits ("Credits") pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), and that it is a condition of the receipt of the Credits that the Borrower record an "extended low-income housing commitment" (as defined in Section 42(h)(6)(B) of the Code) the "Extended Use Agreement"). Each Lender agrees that, in the event that it shall acquire title to the Development by foreclosure or instrument in lieu of foreclosure, it will comply with the Extended Use Agreement limitations on evictions, termination of tenancy and increases in rents for the three year period following such Lender's acquisition of the Development by foreclosure or instrument in lieu of foreclosure, as set forth in Code Section 42(h)(6)(E)(ii).

2. Loan Administration and Funding. The work of construction/rehabilitation of the Development (the "Work") will be performed pursuant to the Development Proforma that Borrower has submitted to Lenders and Lenders have approved. As set forth in the Development Proforma, the total amount to develop the Project is \$***. The Lenders and Borrower agree the costs set forth in the Development Proforma shall be funded as follows:

a. Equity in the amount of \$***to be received by Borrower before or at the closing of the Lenders' Loans shall be deposited with the Authority and disbursed to the Borrower to fund any soft costs associated with the Work or for land acquisition. None of the proceeds of the Authority Loan shall be used to fund costs ineligible pursuant to TCAP Regulations and other TCAP requirements. If there is Equity remaining after the payment of the soft costs and land acquisition, that Equity shall be disbursed to fund hard costs of construction until it is exhausted and before the proceeds of the Lenders' Loans are used.

b. The portion of Equity in the amount of \$***to be received by Borrower following the closings of the Lenders' Loans, shall be deposited with the Authority and disbursed to the Borrower to fund any costs associated with the Work until it is exhausted and before the proceeds of the Lenders' Loans are used.

c. After the Equity is exhausted, the proceeds of the Lenders' Loans shall be disbursed pursuant to the schedule set forth as Exhibit A, as the Draw Requests from Borrower are received and approved by them.

d. Borrower shall be responsible for funding any remaining amounts owed for the Work from Equity or some other source.

3. Draw Procedures. The Loan Documents contain provisions relating to how and when the proceeds of the Loans are to be disbursed to or for the benefit of Borrower. Except as specifically and expressly modified by this Agreement, the requirements and conditions for disbursing funds under those Loan Documents are not superseded by this Agreement. The Lenders and Borrower agree, however, that the following unified draw procedures shall apply:

a. The initial Draw at closing shall be made on the Application for Payment attached hereto as Exhibit ***. Subsequent Draws shall be made on the Application for Payment attached hereto as Exhibit ***.

b. A mutually agreed upon day once a month, beginning in ***, shall be the date (the "Walk-Through Date") upon which *** (the "Contractor"), *** (the "Architect"), the Borrower, the Senior Lender's inspecting consultant (the "Senior Lender Inspector") and the Authority inspector (the "Authority Inspector"), and any other authorized party shall conduct an on-site inspection of the progress of the construction work on the Development (an "Inspection Meeting"). Each month, five (5) days prior to the Walk-Through Date, the Borrower shall submit to the Architect, the Senior Lender Inspector and

the Authority Inspector, a Draw Request for work that is completed through the final day of the current application period that is the subject of the Draw Request (less, when applicable, construction retainage amounts calculated in accordance with the Construction Contract). In addition, the Borrower will furnish to the Architect, the Senior Lender Inspector, and the Authority Inspector, on or before the Walk-Through Date, copies of any proposed change order to be reviewed at the Inspection Meeting.

c. At each Inspection Meeting, the Architect, the Borrower, the Senior Lender Inspector and the Authority Inspector, shall determine whether they agree with the Contractor's Draw Request. If the Architect, after consideration of objections or comments by any other party attending the Inspection Meeting or presented in writing by any party not attending the Inspection Meeting, agrees with the Draw Request, he shall approve same and shall execute the Architect's Certificate. If Architect approves the Draw Request and the Draw Request is approved by the Senior Lender Inspector and the Authority Inspector, such parties shall signify such approval by initialing the Contractor's Draw Request for payment. If the Architect or either or both of the Lenders do not approve the Draw Request, then the objecting party shall inform Contractor and require Contractor to immediately amend said draw request, and until so amended to the satisfaction of Architect and the Lenders, no disbursements shall be owed to Contractor.

d. The Borrower and Architect shall prepare a complete Application for Payment which shall include the approved Draw Request and all other documents comprising said Application for Payment. In accordance with the requirements of the Construction Contract, the complete Application for Payment shall be forwarded to the Lenders. The Lenders' approval of an Application for Payment shall be governed by their applicable funding agreements. If the Lenders shall find that the Application for Payment does not conform to their respective requirements, (other than by reason of a dispute regarding the amount of the Draw Request, resolution of which shall be governed by subsection c. above), such Lender shall notify the other parties and the Borrower of such deficiency. No Lender shall have any obligation to fund its share of an Application for Payment that such Lender determines does not conform to or satisfy the requirements of the pertinent Lender requirements. If any deficiency is not resolved to the satisfaction of the objecting Lender within five (5) working days after receipt of a deficiency notice, the Application for Payment shall be suspended pending resolution of such deficiency, or shall be paid as modified by the joint instructions of the Lenders.

e. Within the thirty (30) working day period following receipt of the Application for Payment, *** (the "Title Company") shall prepare and transmit endorsements to each applicable Lender's title insurance policy as appropriate, updating title to the Development and showing all recorded liens, easements and encumbrances thereon since the date of issuance of said loan title insurance policy or the immediately preceding title guarantee or insurance, as applicable. If any construction liens have been filed, the Contractor shall bond over such liens in accordance with governing law or post adequate security, as determined by the Title Company, to enable the Title Company to affirmatively insure all parties against any and all loss or damage in connection therewith. Upon receipt of all necessary approvals and certificates, Senior Lender shall transfer Senior Loan funds to the Authority, who shall then forward such funds to Borrower or other payee as may be indicated on the Application for Payment. Payment shall be made via wire transfer or such means as agreed upon by the Authority, Borrower and any applicable payees. Concurrent with the Authority's disbursement of Construction Funds to Borrower or its payees, the Authority shall provide notice to Senior Lender, the Borrower and the Title Company of said disbursement.

f. The Authority shall not make any disbursements hereunder unless and until all funds required to fund a particular Application for Payment have been deposited with the Authority, or as otherwise agreed among Borrower and the Lenders. Upon expiration of the thirty (30) working day period following receipt by the Lenders of the Application for Payment, if the Authority shall not have received

required funds from any source, the Authority shall notify the Borrower and Senior Lender of such fact by telephone, fax or e-mail on the first business day following the expiration of such thirty (30) day period.

g. No Lender shall have any obligation to fund more than its respective share, if any, of any pending Application for Payment as calculated in accordance with Section 2.

h. Each Lender's inspection is for the sole benefit of such Lender, and each Lender acknowledges that no Lender will be subject to liability to any other Lender as a result of such other Lender's reliance on an inspection by such Lender.

i. The Authority will provide oversight monitoring for compliance with its applicable labor standards. In the event of notification by the Authority of potential or demonstrated violations of applicable labor standards resulting in an underpayment of wages of employees of the Contractor or one or more subcontractors, the Authority shall be authorized to implement withholding or escrow arrangements satisfactory to it to ensure payment of back wages and/or liquidated damages. Nothing herein shall relieve Borrower of its obligations to ensure compliance with applicable labor standards.

j. Borrower must obtain the prior written approval of both Lenders for all change orders. Any proposed change order shall be submitted to both Lenders along with any supporting information or documentation, including any consents or documents required under the Loan Documents. Upon request of a Lender, Borrower shall promptly provide any additional information or documentation the Lender may request. If a Lender approves or disapproves the change order, it shall notify Borrower and the other Lender in writing of that approval or disapproval and, if it is a disapproval, the reasons for it. In the event of disapproval, the disapproving Lender(s) and Borrower shall diligently and in good faith attempt to resolve any differences relating to the change order request, but no Lender shall be liable to Borrower or any other person for its failure to approve a change order.

k. Upon full completion of the Work (as required by the individual Lender and its Loan Documents for the final disbursement) and satisfaction of any requirements or conditions in the Loan Documents for a final disbursement, the Lenders shall disburse the amounts previously withheld as retainage (if any) plus any additional amounts approved pursuant to the final Draw Request not previously disbursed.

4. Additional Advances. Without the prior consent of the other Lender, a Lender shall not make advances under its Loan Documents that would cause the outstanding principal balance to exceed the maximum principal amounts set forth in the Recitals, unless the advance is needed to protect the Lender's interest in the Development (such as payment for real estate taxes, property insurance premiums that are in arrears, repairs, completion of the Work, or payments under sections 8 or 9. The foregoing does not, however, prohibit a Lender from waiving any of its rights and privileges under its Loan Documents or permitting any departure by Borrower from the performance of its duties and obligations, and any such waiver or departure shall not require the consent of any other Lender. No Lender shall make any other loans to Borrower that are secured by the Development without the prior written consent of the other Lender.

5. Duties and Liabilities of the Authority.

a. The Authority agrees to act as disbursing agent under this Agreement on behalf of the Lenders with regard to the construction funds. The Authority shall hold construction funds received from the Lenders and the Borrower in trust, until disbursed in accordance herewith.

b. In the event that the Authority undertakes to perform any act or service not required under this Agreement, including but not limited to, inspection or review of the progress of construction, such additional act or service shall be deemed an accommodation to the parties hereto and shall not increase or extend the liability of the Authority beyond that expressly assumed hereunder.

c. The Authority shall accept and disburse funds in accordance with the terms of this Agreement. The Authority shall have no liability hereunder arising from any other construction liens or claims of liens, and is under no duty, liability or obligation to defend any suit filed to enforce a construction lien against the property herein described. The defense of any such construction lien and suit filed to enforce same is the obligation of the Borrower.

(d) Borrower agrees to indemnify and hold the Authority harmless from all loss or damage of any nature which the Authority may sustain resulting from the acts or omissions of the Borrower in the performance of its obligations under this Agreement. Loss or damage shall include reimbursement of attorneys' fees.

6. Notice of Defaults.

a. The Lenders covenant and agree to deliver to each other a copy of any notice given to the Borrower with respect to any non-payment or default under such Lender's Loan Documents, which notice shall specify the nature of the default. Such notice (a "Default Notice") shall be delivered at the same time as the corresponding Default Notice to the Borrower and, notwithstanding any contrary provision contained in any other Lender's document, shall be delivered in the manner required by Section *** of this Agreement.

b. No Lender shall have any obligation to approve or fund all or any portion of an Application for Payment, if there exists a default (for which a Default Notice has been given) under the respective Loan Documents.

c. Notwithstanding any other provision of this Agreement, however, until the Authority receives written notice that Borrower is in monetary default under the Senior Loan Documents, the Authority may accept and retain all payments from Borrower under the Authority Loan Documents.

7. No Default Created by Loans. Each Lender agrees that Borrower's execution and delivery of the other Lender's Loan Documents* (or the assumption of liability under those Loan Documents) does not create an event of default under its Loan Documents. Notwithstanding any prohibition of inferior liens in the Senior Loan Documents, but subject to the terms of this Agreement, Senior Lender agrees that the Authority may record the Authority's TCAP Mortgage, TCAP Regulatory Agreement, and any of the other Authority Loan Documents that need to be recorded and file the Authority UCC-1.

8. Cure Provisions.

a. If a default occurs under the Authority Loan Documents, the Authority shall send the Senior Lender a Default Notice. For a period of 30 days following the date of the Default Notice (the "Senior Lender Cure Period"), the Authority will not exercise any of its remedies under the Authority Loan Documents or institute any legal action against the Borrower or the Development, including accelerating the maturity of the Authority Note or instituting Foreclosure. During the Senior Lender Cure Period, Senior Lender shall have the right (but not the obligation) to cure Borrower's default without meeting any requirements as to the assumption of the Authority Note. If Senior Lender cures the default within the Senior Lender Cure Period or if Borrower cures the default, then the Authority Loan shall be

deemed reinstated, and, in the latter case, the Authority shall notify Senior Lender of the cure. If neither Senior Lender nor Borrower cures the default within the Senior Lender Cure Period or if Senior Lender informs the Authority during the Senior Lender Cure Period that it does not intend to cure the default, the Authority may then exercise its rights and remedies under the Authority Loan Documents (including the right to waive the default or forbear from exercising its remedies) without further notice to or consent from Senior Lender (but subject to the rights of Senior Lender under this Agreement).

c. For a period of 30 days after the date of the Default Notice (the “Authority Cure Period”), the Authority shall have the right (but not the obligation) to cure the default under the Senior Loan; provided, however, if the default is a non-monetary default that the Authority is incapable of curing, the Authority shall have the right to pay the Senior Loan in full and obtain the release of the Development from any lien or security interest or title created under the Senior Loan Documents. During the Authority Cure Period, Senior Lender shall not accelerate the debt evidenced by the Senior Note, begin foreclosure proceedings, or exercise any other remedies it may have under the Senior Loan Documents. If the Authority cures the default within the Authority Cure Period or if Borrower cures the default within the Authority Cure Period, the Senior Loan shall be deemed reinstated. If Borrower cures the default, Senior Lender shall promptly notify the Authority of the cure. If neither the Authority nor Borrower cures the default within the Authority Cure Period or the Authority notifies Senior Lender during the Authority Cure Period that it does not intend to cure the default and Borrower’s right to cure has expired, Senior Lender shall have no further obligation to allow the Authority to cure the default and may exercise any rights and remedies it may have resulting from the default.

9. Casualty and Condemnation. If there is a taking or threatened taking by condemnation or the exercise of a power of eminent domain (collectively, a “Taking”) or the Development is damaged or destroyed by fire or some other hazard (collectively, a “Casualty”), the Authority agrees that its right to participate in any action, adjustment, settlement, award, or insurance proceeds resulting from the Taking or Casualty (under the Authority Loan Documents or otherwise) is subordinate to Senior Lender’s rights under the Senior Loan Documents. Senior Lender shall have the sole right to determine how the proceeds or award received due to a Taking or Casualty shall be applied, but agrees to consult with the Authority in good faith regarding the application of such amount. However, if Senior Lender and the Authority disagree as to the application of the proceeds or award, and the Authority determines that, pursuant to the TCAP Regulations and other TCAP Requirements, it must require that the insurance proceeds or award be applied to repayment of the Authority Loan, the decision of the Authority shall control. Subject to the preceding sentence, if Senior Lender makes insurance proceeds or a condemnation award to which it is entitled under the Senior Loan Documents available to Borrower for the restoration of the Development, the Authority shall also make available to Borrower for the purpose of restoration the insurance proceeds or condemnation award (if any) to which it is entitled under the Authority Loan Documents. If Senior Lender applies such proceeds or award towards payment of the Senior Loan, its rights and interests in any such amounts shall terminate upon the Senior Loan being paid in full and any excess shall be promptly delivered to the Authority and will be applied in accordance with the Loan Agreement.

10. Escrows and Reserves. If Senior Lender is collecting payments from Borrower to be escrowed for the payment of real estate taxes, assessments, insurance premiums, and like charges, the Authority shall not enforce any similar provisions of the Authority Loan Documents, provided the escrow or reserve being administered by Senior Lender is being funded with an equal or greater amount than the amount required under the Authority Loan Documents and is otherwise sufficient to accomplish the same objectives as the escrow or reserve set forth in the Authority Loan Documents. However, if Senior Lender is separately collecting and administering a reserve that is an operating assurance reserve, operating deficit reserve or a replacement reserve (as those reserves are described in the Authority Loan

Documents), Senior Lender acknowledges and agrees that the Authority's prior written consent is required before funds may be disbursed from any such reserve. If Senior Lender stops collecting such amounts from Borrower before the Authority Loan has been paid in full, the Authority shall have the immediate right to enforce the provisions of the Authority Loan Documents relating to any such escrow or reserve. If the Senior Loan is paid in full before the Authority Loan is paid in full and if the Senior Lender is holding any escrow or reserve amounts at such time, it shall promptly transfer the balance of any such escrow or reserve to the Authority or its designee.

11. No Modification to or Approval of Loan Documents. This Agreement is not intended to modify and shall not be construed to modify any terms or provisions of the Senior Loan Documents or the Authority Loan Documents, but, if there is a conflict or inconsistency between the terms of this Agreement and the terms of a Lender's Loan Documents, the terms of this Agreement shall control as between the Lenders. By executing this Agreement, a Lender is not approving the terms of the other Lender's Loan Documents, and, apart from section 8, nothing in this Agreement limits the right of a Lender or Borrower to negotiate regarding the terms of the loan from that Lender. Each Lender has extended credit to Borrower based on the Lender's own assessment of the creditworthiness of Borrower, and neither Lender has relied upon the other Lender or any information it may have provided in making its decision. Apart from specific information or notices that must be given to the other Lender under this Agreement, a Lender is not required to notify the other Lender of its dealings with Borrower, Borrower's financial status, or any other information relating to Borrower or its loan to Borrower. By executing this Agreement, a Lender is not assuming any responsibility to oversee Borrower's application of any advances made to Borrower.

12. Further Assurances. So long as this Agreement is in effect, each Lender or any subsequent holder of each Lender's Mortgage (as the case may be) shall execute, acknowledge, and deliver upon reasonable demand of the other Lender any further documents or instruments for the purpose of confirming and effecting the subordination and the agreements set forth in this Agreement.

13. Estoppel Certificates. Within 15 days after receipt of written demand from the other Lender, the Lender receiving the demand shall execute, acknowledge, and deliver to the other Lender a certificate stating the total amount of debt owed to the party and secured by the Development and whether to the Lender's knowledge a default exists under any of the Lender's Loan Documents or any condition exists, which with the giving of notice or passage of time, would result in a default. All such certificates shall be conclusive as to the matters stated in them and shall be binding upon the party giving the certificate. A Lender shall not be obligated to give such a certificate more frequently than once every calendar quarter.

14. Priority Retained. This Agreement is expressly limited in application to Senior Lender and the Authority and the Senior Loan Documents and the Authority Loan Documents, and, notwithstanding the subordination and priorities between the parties set forth in this Agreement, the parties' priorities are retained as against all third parties and other instruments or liens as if this Agreement did not exist.

15. Benefit. This Agreement shall inure to the benefit of and be binding on the parties and their respective successors and assigns (including all subsequent holders of any note, security deed, assignment, or other instrument mentioned in this Agreement).

16. Term. The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (a) the repayment in full of either the Senior Lender Loan or the Authority Loan or (b) the transfer of title to the Development either pursuant to a foreclosure of a mortgage recorded against the Development or a deed in-lieu-of foreclosure. If the proceeds of the construction funds or any interest thereon are not fully disbursed prior to the termination of this

Agreement, the Authority shall return the remaining balance to the party or parties who deposited such balance promptly following such termination.

17. Amendments. A Lender shall not amend, modify, renew, or extend the provisions of its Loan Documents without the prior consent of the other Lender.

18. Notices. Any notice, demand, or other communication required or permitted under this Agreement shall be deemed given and received on the date it is personally delivered to the party to whom it is addressed or on the third day after it is deposited in the U.S. mail, certified mail, return receipt requested, postage prepaid or when hand delivered by the party or a courier or overnight delivery service. The addresses to be used for the parties are:

If to Senior Lender:

If to the Authority:

IF BY US MAIL:

Michigan State Housing Development Authority
735 East Michigan Avenue
P.O. Box 30044
Lansing, MI 48909
Attn: Director of Legal Affairs

IF BY OVERNIGHT COURIER:

Michigan State Housing Development Authority
735 East Michigan Avenue
Lansing, MI 48909
Attn: Director of Legal Affairs

If to Borrower:

19. Miscellaneous.

(a) The Lenders acknowledge that until such time as the Authority Loan is fully repaid, the Authority Loan Documents shall control the exercise of rights under or arising out of any performance bonds and application of the proceeds of said bond. MSHDA agrees to consult with the Senior Lender in determining the application of the performance bond proceeds, but that in the event of a conflict between the Lenders over the application of the performance bond proceeds, the decision of the Authority, in its sole reasonable discretion shall control.

(c) The title and headings that appear in this Agreement have been included solely for ease of reference and shall not be considered in the interpretation or construction of this Agreement.

(d) This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and no change, modification, addition or termination of this Agreement shall be enforceable unless in writing and signed by or on behalf of all the parties hereto.

(e) No waiver of any of the provisions hereof shall be effective unless in writing and signed by the party to be charged with such waiver.

(f) This Agreement shall be governed and construed in accordance with the laws of the State of Michigan.

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IN WITNESS WHEREOF, the parties by their duly authorized representatives have executed this Agreement as of the date stated above.

*** LIMITED DIVIDEND HOUSING ASSOCIATION
***, a Michigan ***
By: ***, a Michigan ***
Its: ***

By: _____

Its: ***

a ***

By: _____

Its: ***

MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY

By: _____
Christopher L. LaGrand
Its: Director of Legal Affairs