

## **SUBORDINATION AGREEMENT**

**THIS SUBORDINATION AGREEMENT**, dated as of March \_\_\_\_, 2017, is by and between STERLING NATIONAL BANK, a national banking association(together with its successors and assigns, the “**Senior Creditor**”), and the FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY, a Community Redevelopment Agency created pursuant to Chapter 163, Part III, Florida Statutes, as lender under the Junior Debt Documents (as defined below) (together with its successors and assigns, the “**Junior Creditor**”), and is acknowledged by LPF REALTY – FL, LLC, a Florida limited liability company (“**Borrower**”).

### **RECITALS:**

A. Borrower and Senior Creditor have entered into the Senior Loan Agreement (as further defined below) pursuant to which Senior Creditor has made, upon certain terms and conditions, loans and provided other financial accommodations to Borrower, secured by a security interest in all or substantially all of the assets and properties of Borrower, including without limitation the Real Property.

B. Junior Creditor has made one or more loans to Borrower, secured by the Real Property, and Borrower’s repayment and other obligations with respect to such loans are evidenced by the Junior Debt Documents (as defined below).

C. Senior Creditor and Junior Creditor wish to enter into this Subordination Agreement to subordinate the Junior Debt (as hereinafter defined) to the Senior Debt (as hereinafter defined) and the Junior Liens to the Senior Liens in favor of Senior Creditor.

In consideration of the mutual benefits accruing to the parties hereunder, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Senior Creditor and Junior Creditor hereby agree as follows:

#### 1. **DEFINITIONS.**

As used in this Subordination Agreement, the following terms shall have the following meanings:

1.1 “**Agreements**” shall mean, collectively, the Senior Loan Documents and the Junior Debt Documents, and “**Agreement**” shall mean any one of them, as the context requires.

1.2 “**Bankruptcy Code**” shall mean Title 11 of the United States Code (as amended from time to time and any successor statute).

1.3 “**Bankruptcy Law**” shall mean the Bankruptcy Code and any similar federal, state or foreign bankruptcy, insolvency, reorganization or other law of any jurisdiction affecting creditors’ rights generally.

1.4 “**Borrower**” shall have the meaning set forth in the preamble of this Subordination Agreement.

1.5 “**Business Day**” shall mean any day, other than a Saturday, Sunday, or other day on which commercial banks are authorized or required to close under the laws of the State of Texas or New York and a day on which Senior Creditor and Junior Creditor are open for the transaction of business.

1.6 “**Collateral**” shall mean all assets and properties of any kind or character whatsoever, real or personal, tangible or intangible, and wherever located, whether now owned or hereafter acquired, upon which a Lien is now or hereafter granted by any Obligor or otherwise exists in favor of any Creditor, and includes, without limitation, the Real Property.

1.7 “**Creditors**” or “**Creditor**” shall mean, collectively, Senior Creditor and Junior Creditor, and their respective successors and assigns.

1.8 “**Default**” shall mean an event that with the passage of any notice or cure period would become a default under any Agreement.

1.9 “**Event of Default**” shall mean a default or event of default under, as such term is used and defined in, any Agreement.

1.10 “**Insolvency Proceeding**” shall mean, as to any Person, any of the following: (a) any case or proceeding with respect to such Person under the Bankruptcy Code, or any other Bankruptcy Law or any other or similar proceedings seeking any stay, reorganization, arrangement, composition or readjustment of the obligations and indebtedness of such Person, (b) any proceeding seeking the appointment of any trustee, receiver, liquidator, custodian or other insolvency official with similar powers with respect to such Person or any of its assets, (c) any proceeding for liquidation, dissolution or other winding up of the business of such Person, or (d) any assignment for the benefit of creditors or any marshaling of assets of such Person.

1.11 “**Junior Creditor**” shall have the meaning set forth in the preamble of this Subordination Agreement.

1.12 “**Junior Debt**” shall mean all obligations, liabilities and indebtedness of every kind, nature and description owing by any Obligor to Junior Creditor arising under the Junior Debt Documents or any other indebtedness or obligations owing by any Obligor to Junior Creditor, whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, including principal, interest, charges, fees, costs, indemnities and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Junior Debt Documents or after the commencement of any Insolvency Proceeding with respect to any Obligor (and including, without limitation, the payment of interest, fees, expenses and other amounts which accrue and become due after the commencement of such Insolvency Proceeding, whether or not such amounts are allowed or allowable in whole or in part in any such Insolvency Proceeding).

1.13 “**Junior Debt Documents**” shall mean the Junior Note, the Junior Security Documents and all other notes, agreements, documents and instruments at any time entered into, executed or delivered by any Obligor or any other person with, to or in favor of Junior Creditor

in connection therewith or related thereto, as all of the foregoing now exist or, in accordance with the terms hereof, may hereafter be amended, modified, supplemented, extended, renewed, restated, replaced or refinanced.

1.14 “**Junior Enforcement Action**” shall mean any action by Junior Creditor against, or the assertion of any claims or interests by Junior Creditor in, any Collateral or any Obligor or the taking of any action by Junior Creditor which would interfere with or impair the rights of Senior Creditor against the Collateral or any Obligor (including, without limitation, the right to (i) accelerate the Junior Debt, (ii) take any action to foreclose, repossess, marshal control or exercise any remedies with respect to any assets or property of any Obligor, (iii) contact, communicate with or notify any account debtor or obligor with respect to any account, chattel paper, instrument or general intangible of any Obligor, or (iv) take any other action which would interfere with or impair the rights of Senior Creditor against any Collateral or any Obligor).

1.15 “**Junior Enforcement Notice**” means a written notice by Junior Creditor to Senior Creditor within 10 days after the expiration of a Standstill Period, therein specifically referencing the Standstill Notice that commenced such Standstill Period and stating that Junior Creditor intends to take a Junior Enforcement Action.

1.16 “**Junior Lien**” shall mean, collectively, the Liens and security interests granted by any Obligor in all or any part of the Collateral of such Obligor to or in favor of Junior Creditor under the Junior Security Documents as set forth therein and any and all other Liens of Junior Creditor in any of Obligor’s assets or properties, or any of its rights, titles or interests therein or in respect thereof whether now existing or hereafter arising or acquired. “**Junior Maturity Date**” shall mean either the “First Loan Maturity Date” or the “Second Loan Maturity Date”, as such terms are defined in the Junior Debt Documents as of the date hereof, as such dates may be extended in accordance with the terms of the Junior Debt Documents. “**Junior Note**” shall mean, collectively, (a) that certain Promissory Note in the original principal amount of \$900,000, dated [\_\_\_\_], 2017, executed by Borrower and payable to Junior Creditor and (b) that certain Promissory Note in the original principal amount of \$600,000, dated [\_\_\_\_], 2017, executed by Borrower and payable to Junior Creditor, in each case, as amended, modified, supplemented, extended, renewed, restated, replaced, refinanced or otherwise modified from time to time.

1.19 “**Junior Security Documents**” shall mean that certain Second Mortgage, dated as of [\_\_\_\_], 2017, between Borrower, as mortgagor, and Junior Creditor, as mortgagee, under which Borrower granted the Junior Liens in the Real Property to Junior Creditor and all other agreements, instruments, financing statements and other documents made or entered into in connection therewith as any of the foregoing may be amended, restated, modified, extended or renewed from time to time.

1.20 “**Lien**” shall mean any right or interest in property securing an obligation owed to, or a claim by, a Person other than the owner of the property or any other arrangement with such Person which provides for the payment of such liabilities out of such property or assets or which allows such Person to have such liabilities satisfied out of such property or assets prior to the general creditors of any owner thereof, whether such interest is based on the common law, statute, or contract, and including a security interest, collateral assignment, charge, claim, or lien

arising from a security agreement, mortgage, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, conditional sale, trust receipt, lease, consignment or bailment for security purposes or similar agreement, or any contingent or other agreement to provide any of the foregoing, but excluding any right of offset which arises without agreement in the ordinary course of business.

1.21 “**Obligors**” shall mean, individually and collectively, Borrower, and any other person liable on or in respect of the Senior Debt or the Junior Debt, and each of their successors and assigns, including, without limitation, a receiver, trustee or debtor-in-possession on behalf of such Person or on behalf of any such successor or assign.

1.22 “**Permitted Junior Debt Payments**” shall mean the payment of the outstanding principal balance of, and accrued interest in respect of, the Junior Debt that is due and payable on the applicable Junior Maturity Date, to the extent (and only to the extent) that: (a) no Default or Event of Default shall have occurred and be continuing under the Senior Loan Documents at the time of such payment and (b) no Default or Event of Default would result, after giving pro forma effect to such payment, under the Senior Loan Agreement (including, without limitation, under any financial covenants under the Senior Loan Agreement).

1.23 “**Person**” shall mean any individual, sole proprietorship, partnership, corporation (including, without limitation, any corporation which elects Subchapter S status under the Internal Revenue Code of 1986, as amended), limited liability company, limited liability partnership, business or statutory trust, unincorporated association, joint stock company, trust, joint venture, or other entity or any government or any agency or instrumentality or political subdivision thereof.

1.24 “**Real Property**” shall mean the real property of any Obligor that is now or hereafter subject to the Junior Security Documents and/or the Senior Loan Documents and including, without limitation, all Real Property of Obligors located in Broward County, Florida.

1.25 “**Senior Creditor**” shall have the meaning set forth in the preamble of this Subordination Agreement.

1.26 “**Senior Debt**” shall mean any and all obligations, liabilities and indebtedness, however evidenced, of every kind, nature and description owing by any Obligor to the Senior Creditor arising under the Senior Loan Documents, whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, including principal, interest, charges, fees, costs, indemnities and expenses (including attorneys fees and other costs and expenses of collection), whether as principal, surety, endorser, guarantor or otherwise, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Senior Loan Agreement or after the commencement of any Insolvency Proceeding with respect to any Obligor (and including, without limitation, the payment of interest, fees, expenses and other amounts which accrue after the commencement of such Insolvency Proceeding whether or not such amounts are allowed or allowable in whole or in part in any such Insolvency Proceeding); provided, however, that the maximum amount of the Senior Debt for purposes of this Agreement only (unless specifically stated otherwise herein) shall be limited to an amount equal to: (a) \$2,306,250, less any principal payments made by

Borrower to Senior Creditor, in immediately available funds, in respect of the principal amount of the Senior Debt on or prior to such date, plus (b) all accrued but unpaid interest, fees (including, without limitation, reasonably attorneys' fees), costs and expenses owing by any Obligor to the Senior Creditor under any of the Senior Loan Documents on such date (including any such interest, fees, costs or expenses incurred after the commencement of any Insolvency Proceeding, regardless of whether the Senior Creditor's claim therefor is allowed or allowable in such Insolvency Proceeding), plus (c) all amounts required to be paid by any Obligor to the Senior Creditor on such date pursuant to any reimbursement or indemnity provisions of the Senior Loan Agreement and the other Senior Loan Documents on such date, plus (d) any additional loans or advances made by the Senior Creditor under the Senior Loan Documents solely for the purpose of making protective advances deemed necessary or appropriate by the Senior Creditor to preserve or protect all or any portion of the Collateral securing the Senior Debt and/or the Senior Liens.

1.27 **"Senior Enforcement Action"** means any act or action, whether by judicial proceedings, self-help or otherwise, in respect of enforcement, payment or collection of the Senior Debt (or any portion thereof) after occurrence and during the continuance of an Event of Default under the Senior Loan Documents, or the exercise of any rights in respect of any Senior Liens, whether by judicial foreclosure, self-help or otherwise, including without limitation, acceleration of the Senior Debt, repossession or marshaling of property subject to any Senior Liens, notice to an account debtor or other Person in respect of the enforcement of any Senior Liens, or any other act or action to exercise any other rights or remedies with respect to the Senior Debt (or any portion thereof) or any Senior Liens after the occurrence and during the continuance of an Event of Default under the Senior Loan Documents, whether under the Senior Loan Documents or applicable law.

1.28 **"Senior Liens"** shall have the meaning set forth in Section 2.1.

1.29 **"Senior Loan Agreement"** shall mean that certain Loan Agreement dated as of May 27, 2016, among Borrower and Senior Creditor, as the same may hereafter be amended, modified, supplemented, extended, renewed, restated, replaced or refinanced from time to time.

1.30 **"Senior Loan Documents"** shall mean the Senior Loan Agreement, the "Loan Documents" (as such term is defined in the Senior Loan Agreement) and all other agreements, documents and instruments at any time executed or delivered by any Obligor with, to or in favor of Senior Creditor in connection therewith or related thereto, as any of the foregoing may be amended, modified, supplemented, extended, renewed, restated, replaced or refinanced from time to time.

1.31 **"Senior Loan Termination Date"** shall mean the date that Senior Creditor has received indefeasible payment in full in cash, other immediately available funds or other consideration acceptable to Senior Creditor of all of the Senior Debt and on which Senior Creditor shall have no further obligation to make any loans or advances under the Senior Loan Documents and such Senior Loan Documents have been terminated. In the event that Senior Creditor is required by a decision of a court of competent jurisdiction (or by another governmental authority in a decision tantamount thereto) to return any payments received by it in respect of the Senior Debt after it had otherwise received payment in full, the Senior Debt to

which such payment had been applied shall be reinstated as if it had never been repaid and a Senior Loan Termination Date shall not be deemed to have occurred (in which case, any actions taken hereunder as a result of the occurrence of the Senior Loan Termination Date shall be reversed and unwound retroactively).

1.32 “**Standstill Notice**” means a written notice from Junior Creditor to Senior Creditor stating that an Event of Default under the Junior Debt Documents has occurred, therein reasonably describing such Event of Default and specifically designating such notice as a “Standstill Notice”.

1.33 “**Standstill Period**” has the meaning prescribed for such term in Section 2.5(b).

1.34 “**Subordination Agreement**” shall mean this agreement as may from time to time hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

1.35 “**UCC**” means the Uniform Commercial Code as in effect in the State of Texas from time to time.

All terms used herein and defined in the UCC, unless otherwise defined herein, shall have the meanings ascribed to such terms in the UCC as in effect on the date hereof. All references to any term in the plural shall include the singular and all references to any term in the singular shall include the plural.

## 2. SECURITY INTERESTS; PRIORITIES; REMEDIES.

2.1 Liens in Collateral. Junior Creditor hereby acknowledges that Senior Creditor has been granted Liens upon the Collateral pursuant to the Senior Loan Documents (the “Senior Liens”) to secure the Senior Debt. Junior Creditor agrees that it will not contest or challenge the validity, perfection, priority or enforceability of the Senior Liens. Junior Creditor hereby agrees with Senior Creditor that Junior Creditor shall not obtain or be granted any Liens in or upon the assets or properties of any Obligor to secure the Junior Debt or other indebtedness or liabilities owing to it by the Obligors other than the Junior Liens.

### 2.2 Priority of Debt and Liens.

(a) Junior Creditor hereby, expressly and in all respects, subordinates and makes junior and inferior in all respects (i) all Junior Debt to the Senior Debt and (ii) the payment and enforcement of the Junior Debt to the payment and enforcement of the Senior Debt.

(b) Notwithstanding the order or time of attachment, or the order, time or manner of perfection, or the order or time of filing or recordation of any document, financing statement or instrument, or other method of perfecting a Lien in favor of a Creditor in any Collateral, and notwithstanding any conflicting or inconsistent terms or conditions which may be contained in any of the Agreements, the Senior Liens have and shall have priority over all Junior Liens, to the extent of the Senior Debt, and such Junior Liens are and shall be junior and subordinate in right of payment and enforcement to the Senior Liens, in each case, regardless of whether the Senior Liens are heretofore, now or at any time hereafter valid, enforceable or

perfected and regardless of the relative priority of the Junior Liens and the Senior Liens under the UCC.

(c) The priorities of the Liens provided in this Section 2.2 shall not be altered or otherwise affected by any amendment, modification, supplement, extension, renewal, restatement, replacement or refinancing of the Senior Debt or the Junior Debt, nor by any action or inaction which any Creditor may take or fail to take in respect of any Collateral.

2.3 Payments on Junior Debt. Solely for the benefit of Senior Creditor, other than in respect of Permitted Junior Debt Payments, Junior Creditor agrees that it will not demand, accept, hold or retain any payment or prepayment of principal, interest or any other amounts (whether in cash, property or by offset) in respect of the Junior Debt (including, without limitation, any balloon payment at maturity) prior to the Senior Loan Termination Date without the prior written consent of Senior Creditor.

2.4 Rights of Senior Creditor.

(a) If there shall occur any Insolvency Proceeding, in respect of any Obligor, the following provisions shall apply: (i) the Senior Creditors shall first be entitled to receive payment in full of the Senior Debt, including without limitation, the principal thereof, premium, if any, and interest (including post-petition interest) due thereon before Junior Creditor or the holder of any Junior Debt is entitled to receive any payment on account of the principal of or interest on or any other amount owing in respect of the Junior Debt; (ii) any payment, dividend or distribution of assets of such Obligor of any kind or character whether in cash, property or securities to which Junior Creditor or the holder of the Junior Debt would be entitled except for the provisions of this Agreement, shall be paid by the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or other trustee or agent, directly to Senior Creditor, to the extent necessary to make payment in full of all Senior Debt remaining unpaid; (iii) in any such proceeding, Senior Creditor is hereby irrevocably authorized and empowered (in the name of Junior Creditor or otherwise), but shall have no obligation, to demand, sue for, collect and receive every payment or distribution referred to in clauses (i) and (ii) of this subsection (a) and given acquittance therefor and to file claims and proofs of claim and take such other action as it may deem necessary or advisable for the exercise or enforcement of any of the rights or interests of the Senior Creditors hereunder; and (iv) upon the failure of Junior Creditor to do so prior to 15 days before expiration of the time in which to vote, make, prove and vote any and all claims for the Junior Debt in such Insolvency Proceeding, regardless of the existence or value of any Collateral held by Senior Creditor as security for payment of the Senior Debt, including, without limitation, voting such claims at any meeting of creditors of any Obligor and voting such claims for or against any proposed plan in any such Insolvency Proceeding, all as Senior Creditor deems in its sole discretion appropriate to protect its interest.

(b) Junior Creditor authorizes Senior Creditor, without notice or demand and without affecting Junior Creditor's obligations hereunder, from time to time: (i) to renew, extend, increase, accelerate or otherwise change the time for payment of the terms of, or the interest on, the Senior Debt or any portion thereof; (ii) to take from any party and hold Collateral for the payment of the Senior Debt or any portion thereof, and to exchange, enforce or

release such collateral or any portion thereof; (iii) to accept and hold any endorsement or guaranty of payment of the Senior Debt or any portion thereof and to release or substitute any such endorser or guarantor, or any party who has given any security interest in any collateral as security for the payment of the Senior Debt or any portion thereof, or any other party in any way obligated to pay the Senior Debt or any portion thereof; (iv) to direct the order or manner of the disposition of any and all other Collateral and the enforcement of any and all endorsements and guaranties relating to the Senior Debt or any portion thereof as Senior Creditor, in its sole discretion, may determine; (v) to settle or compromise any of the Senior Debt or any security therefor; (vi) to modify, amend or restate any of the Senior Loan Documents or waive any of the provisions thereto; (vii) to file UCC-3 termination and release statements in connection with (A) the Senior Creditor's exercise of remedies in respect of the Collateral as provided for herein and in the other Senior Loan Documents or (B) a sale of the Collateral permitted under the terms of the Senior Loan Documents, in each case in form suitable for filing in relevant jurisdictions with respect to financing statements filed by Junior Creditor and naming an Obligor as debtor, or (viii) to take any action or inaction with respect to the Senior Debt.

## 2.5 Enforcement by Junior Creditor.

(a) Notwithstanding any rights or remedies available to Junior Creditor under any of the Junior Debt Documents, applicable law or otherwise, except as may be expressly permitted pursuant to Section 2.5(b) hereof, prior to the Senior Loan Termination Date, Junior Creditor shall not, directly or indirectly, take or seek to take any Junior Enforcement Action. In addition to and not in limitation of the foregoing, Junior Creditor shall not commence, or join with any other Person in commencing, any Insolvency Proceeding prior to the Senior Loan Termination Date. Concurrently with the giving thereof to any Obligor, Junior Creditor agrees to give Senior Creditor a copy of any written notice of a Default or an Event of Default under the Junior Debt Documents, or written notice of demand for payment from any Obligor.

(b) Solely if and for so long as Senior Creditor has not taken a Senior Enforcement Action, then, notwithstanding Section 2.5(a) or any other provision contained in this Subordination Agreement to the contrary, Junior Creditor shall be permitted to commence and pursue any Junior Enforcement Action against the Real Property located in Broward County, Florida pursuant to the Junior Security Documents if (1) an Event of Default under the Junior Debt Documents described in a Standstill Notice is continuing after expiration of one hundred twenty (120) days following Junior Creditor's delivery to Senior Creditor of such Standstill Notice (such period, a "**Standstill Period**"), and (2) Junior Creditor has timely delivered to Senior Creditor a Junior Enforcement Notice in respect of such Event(s) of Default described in such Standstill Notice; provided, that any payment or distribution received by Junior Creditor in respect of the Junior Debt or the Junior Liens shall be held in trust by Junior Creditor for the benefit and account of Senior Creditor and promptly paid to Senior Creditor for application to the Senior Debt until the Senior Loan Termination Date.

(c) Senior Creditor shall use its best efforts to provide to Junior Creditor any notification sent to an Obligor regarding a Senior Enforcement Action simultaneously with the sending of such notice to such Obligor.



2.6 Actions Not Subject to Limitation. Nothing in this Subordination Agreement shall be construed to in any way limit or impair the right of Junior Creditor to: (a) file a claim or statement of interest with respect to the Junior Debt; (b) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of the Junior Creditor, in each case in accordance with the terms of this Subordination Agreement; (c) exercise any rights or remedies available to unsecured creditors or file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Obligors arising under the Junior Debt Documents, any Insolvency Proceeding or applicable non-bankruptcy law; and (d) vote on any plan of reorganization, file any proof of claim, make other filings and make any arguments and motions that are, in each case, in accordance with the terms of this Subordination Agreement, with respect to the Junior Debt.

2.7 Advances by Senior Creditor. If Senior Creditor should honor or fail to honor a request by Borrower for a loan, advance or other financial accommodation under the Senior Loan Documents, whether or not Senior Creditor has knowledge that the honoring of such request or the failure to honor such request would result in an Event of Default, or act, condition or event which with notice or passage of time or both would constitute an Event of Default under the Junior Debt Documents, in no event shall Senior Creditor have any liability to Junior Creditor as a result of such breach or failure to act, and without limiting the generality of the foregoing, Junior Creditor agrees that Senior Creditor shall not have any liability, as a result of honoring or failing to honor such request, for tortious interference with contractual relations or for inducement by Senior Creditor of Borrower to breach their contracts or otherwise.

2.8 Prior Payment of Senior Debt in Bankruptcy.

(a) The provisions of this Subordination Agreement shall continue in full force and effect notwithstanding the occurrence of an Insolvency Proceeding against Borrower or any other Obligor or any of its or their respective properties or assets.

(b) Upon the commencement and throughout the term of any Insolvency Proceeding, all Senior Debt shall be paid in full and satisfied in cash or other immediately available funds before any payment whatsoever shall be made on account of any Junior Debt. Any payments or distributions made after the commencement of an Insolvency Proceeding which would, but for the provisions hereof, be payable or deliverable in respect of the Junior Debt, shall be paid or delivered by the liquidating trustee or any other Person making such payment or distribution directly to Senior Creditor until all amounts owing upon Senior Debt shall have been indefeasibly paid in full in cash and all commitments under the Senior Loan Documents and the Senior Loan Documents shall have been irrevocably terminated. If, notwithstanding the foregoing provisions in this Section 2.8(b), in any Insolvency Proceeding Junior Creditor receives a payment or distribution with respect to the Junior Debt, Junior Creditor (i) shall hold any such payment or distribution in trust for the Senior Creditor in the same medium in which received, (ii) shall not commingle such payment or distribution with any of the assets or properties of Junior Creditor or any other Person, and (iii) will deliver such payment or distribution to the Senior Creditor, in the form received, properly endorsed to permit collection, immediately after receipt thereof by Junior Creditor.

(c) To the extent that Junior Creditor has or acquires any rights under Section 363, Section 364 or Section 1126 of the Bankruptcy Code with respect to the Collateral, Junior Creditor hereby agrees not to assert or attempt to exercise such rights without the prior written consent of Senior Creditor. In the event and during the continuation of any Insolvency Proceeding, Junior Creditor shall not object to or oppose any cash collateral order or plan proposed or approved by Senior Creditor.

## 2.9 Bankruptcy Financing.

(a) If any Obligor shall become subject to a case under the Bankruptcy Code or any similar Bankruptcy Law and if as a debtor-in-possession, such Obligor moves for approval of financing to be provided in good faith by Senior Creditor (in such capacity, the “**DIP Lender**”) under Section 364 of the Bankruptcy Code or the use of cash collateral with the consent of the DIP Lender under Section 363 of the Bankruptcy Code or any similar Bankruptcy Law, Junior Creditor shall not object directly or indirectly to any such financing on the grounds of a failure to provide “adequate protection” for any Liens of Junior Creditor.

(b) Nothing contained herein shall be deemed to limit the rights of Junior Creditor to (i) object to post-petition financing or use of cash collateral on any grounds other than the failure to provide “adequate protection” for the Liens of Junior Creditor or (ii) offer to Obligors a proposal for a financing under Section 364 of the Bankruptcy Code to be provided by the Junior Creditor.

2.10 Junior Creditor Buy-Out Right. At any time following the occurrence and during the continuance of an Event of Default under the Senior Loan Documents or during the Standstill Period, the Junior Creditor shall have the option, exercisable at any time within seven (7) business days of any written notice of Junior Creditor’s desire to exercise such option to Senior Creditor (a “**Senior Debt Purchase Notice**”), to purchase all (but not less than all) of the outstanding Senior Debt at the Senior Debt Purchase Price (as defined below) without warranty or representation or recourse (other than with respect to the outstanding amount of the Senior Debt at the time of such sale and purchase). Senior Creditor shall delay any proposed foreclosure or sale of the Real Property during such seven (7) business day period, but Senior Creditor’s receipt of a Senior Debt Purchase Notice shall not prohibit Senior Creditor from taking any other action against any Obligor or any other Collateral prior to the actual purchase of the Senior Debt by Junior Creditor and payment therefor of the Senior Debt Purchase Price to Senior Creditor (and Senior Creditor shall have the right to continue any such enforcement against the Real Property on and after the eighth business day following Senior Creditor’s receipt of a Senior Debt Purchase Notice if Senior Creditor shall not have received the Senior Debt Purchase Price in immediately available funds). For purposes herein, the term “**Senior Debt Purchase Price**” means the sum of (which shall be paid in immediately available funds): (1) the full amount of all Senior Debt then-outstanding and unpaid at par (including principal, accrued but unpaid interest, indemnity obligations outstanding and breakage costs) and (2) all accrued and unpaid fees, expenses and other amounts (including any termination or prepayment fees and attorneys’ fees and expenses) owed to the Senior Creditor under or pursuant to the Senior Loan Documents on the date of purchase.

## 3. MISCELLANEOUS.

### 3.1 Representations and Warranties.

(a) Junior Creditor represents and warrants to Senior Creditor that:

(i) the execution, delivery and performance of this Subordination Agreement by it (A) are within its powers, (B) have been duly authorized by it, and (C) do not contravene any law, any provision of any of the Junior Debt Documents or any agreement to which it is a party or by which it is bound; and

(ii) this Subordination Agreement constitutes the legal, valid and binding obligations of Junior Creditor, enforceable against Junior Creditor in accordance with its terms and shall be binding on Junior Creditor, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by equitable principles.

(b) Senior Creditor hereby represents and warrants to Junior Creditor that:

(i) the execution, delivery and performance of this Subordination Agreement by Senior Creditor (A) are within the powers of Senior Creditor, (B) have been duly authorized by Senior Creditor, and (C) do not contravene any law, any provision of the Senior Loan Documents or any agreement to which Senior Creditor is a party or by which it is bound; and

(ii) this Subordination Agreement constitutes the legal, valid and binding obligations of Senior Creditor, enforceable against Senior Creditor in accordance with its terms and shall be binding on Senior Creditor, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by equitable principles.

3.2 Amendments. Any waiver, permit, consent or approval by either of Senior Creditor or Junior Creditor of or under any provision, condition or covenant to this Subordination Agreement must be in writing and shall be effective only to the extent it is set forth in writing and as to the specific facts or circumstances covered thereby. Any amendment of this Subordination Agreement must be in writing and signed by Senior Creditor and Junior Creditor and acknowledged by Obligors to the extent such amendment affects the obligations of Obligors under this Subordination Agreement or the Consent and Acknowledgment to this Subordination Agreement.

### 3.3 Successors and Assigns.

(a) This Subordination Agreement shall be binding upon the Creditors and their respective successors and assigns and shall inure to the benefit of the Creditors and their respective successors, participants and assigns.

(b) In the case of an assignment or transfer, the assignee or transferee acquiring any interest in the Junior Debt or the Senior Debt, as the case may be, shall execute and deliver to the applicable Creditor a written acknowledgment of receipt of a copy of this Subordination Agreement and the written agreement by such person to be bound by the terms of this Subordination Agreement which acknowledgment and agreement may be included in the assignment instrument between the assignor and assignee. In addition, in the event of an assignment or transfer by Junior Creditor of less than all of the Junior Debt, the Junior Creditor shall agree with the assignee in the assignment instrument effecting such assignment to appoint Junior Creditor as an agent to act on their behalf under this Subordination Agreement for purposes of receiving payments and notices hereunder.

3.4 Notices. Unless otherwise specifically provided herein, any notice delivered under this Subordination Agreement shall be in writing addressed to the respective party as set forth below and may be personally served, telecopied or sent by overnight courier service or certified or registered United States mail and shall be deemed to have been given (a) if delivered in person, when delivered; (b) if delivered by telecopy, on the date of transmission if transmitted on a Business Day before 4:00 p.m. (Dallas, Texas time) or, if not, on the next succeeding Business Day; (c) if delivered by overnight courier, one business day after delivery to such courier properly addressed; or (d) if by United States mail, four business days after deposit in the United States mail, postage prepaid and properly addressed as provided below:

To Senior Creditor:	Sterling National Bank 8401 N. Central Expressway, Suite 600 Dallas, Texas 75225 Fax No.: (214) 242-5840 Attention: Portfolio Manager, URGENT
To Junior Creditor:	Fort Lauderdale Community Redevelopment Agency 914 NW Sixth Street Suite 200 Fort Lauderdale, FL 33311 Fax No. 954-828-4500 Attention: Executive Director
To any Obligor:	c/o LPF Realty – FL, LLC 10 Fifth Street Valley Stream, NY 11581 Fax No. 212-575-0704 Attention: Perry Fine

Each of Senior Creditor, Junior Creditor and Borrower may change the address(es) to which all notices, requests and other communications are to be sent by giving written notice of such address change to the other parties hereto in conformity with this Section 3.4, but such change shall not be effective until notice of such change has been received by such other parties.

3.5 Counterparts. This Subordination Agreement may be executed in any number of counterparts, each of which shall be an original with the same force and effect as if the signatures thereto and hereto were upon the same instrument. Delivery of an executed counterpart of this Subordination Agreement by facsimile or other method of electronic transmission shall have the same force and effect as manual delivery of an original executed counterpart of this Subordination Agreement.

3.6 Governing Law. THIS SUBORDINATION AGREEMENT HAS BEEN EXECUTED OR COMPLETED AND/OR IS TO BE PERFORMED IN NEW YORK, AND IT AND ALL TRANSACTIONS HEREUNDER OR PURSUANT HERETO SHALL BE GOVERNED AS TO INTERPRETATION, VALIDITY, EFFECT, RIGHTS, DUTIES AND REMEDIES OF THE PARTIES THEREUNDER AND IN ALL OTHER RESPECTS BY THE LAWS OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW.

3.7 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS SUBORDINATION AGREEMENT, OR UNDER ANY AMENDMENT, WAIVER, CONSENT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT DELIVERED OR WHICH IN THE FUTURE MAY BE DELIVERED IN CONNECTION HERewith, AND AGREES THAT ANY SUCH ACTION, PROCEEDINGS OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY EACH PARTY HEREBY ACKNOWLEDGES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE OTHER PARTIES TO ENTER INTO THIS SUBORDINATION AGREEMENT.

3.8 Complete Agreement. This written Subordination Agreement is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement with respect to the subject matter hereof.

3.9 No Third Parties Benefited. This Subordination Agreement is solely for the benefit of the Creditors and their respective successors, participants and assigns, and no other person shall have any right, benefit, priority or interest under, or because of the existence of, this Subordination Agreement.

3.10 Disclosures; Non-Reliance. Each Creditor has the means to, and shall in the future remain, fully informed as to the financial condition and other affairs of the Obligor and no Creditor shall have any obligation or duty to disclose any such information to the other Creditors. Except as expressly set forth in this Subordination Agreement, the parties hereto have not otherwise made to each other nor do they hereby make to each other any warranties, express or implied, nor do they assume any liability to each other with respect to: (a) the enforceability, validity, value or collectability of any of the Junior Debt or the Senior Debt or any guarantee or security which may have been granted to any of them in connection therewith, (b) any Obligor's title to or right to transfer any of the Collateral, or (c) any other matter except as expressly set forth in this Subordination Agreement.

3.11 Term. This Subordination Agreement is a continuing agreement and shall remain in full force and effect until the Senior Loan Termination Date (subject to the reinstatement provisions set forth in the definition of such term).

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]**

**IN WITNESS WHEREOF**, the parties have caused this Subordination Agreement to be duly executed as of the day and year first above written.

**SENIOR CREDITOR:**

**STERLING NATIONAL BANK**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**JUNIOR CREDITOR:**

**FORT LAUDERDALE COMMUNITY  
REDEVELOPMENT AGENCY**

By: \_\_\_\_\_  
John P. "Jack" Seiler  
Chairman

By: \_\_\_\_\_  
Lee R. Feldman  
Executive Director

By: \_\_\_\_\_  
CRA General Counsel  
Cynthia A. Everett

By: \_\_\_\_\_  
Lynn Solomon  
Assistant General Counsel

## **CONSENT AND ACKNOWLEDGMENT**

The undersigned hereby acknowledges and agrees to the terms and provisions of the foregoing Subordination Agreement. By its signature below, each of the undersigned agrees that it will, together with its successors and assigns, be bound by the provisions of this Consent and Acknowledgment.

The undersigned acknowledges and agrees that: (i) it is not a party to the Subordination Agreement and does not and will not receive any right, benefit, priority or interest under or because of the existence of the foregoing Subordination Agreement; and (ii) it will execute and deliver such additional documents and take such additional action as may be necessary or desirable in the reasonable opinion of any Creditor to effectuate the provisions and purposes of the foregoing Subordination Agreement.

**LPF REALTY – FL, LLC, as Borrower**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_