



SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this “**Agreement**”) is entered into as of this 7th day of December, 2023, by and among (i) **MERCY COMMUNITY CAPITAL**, a Colorado nonprofit corporation, having an address of 1600 Broadway, Suite 2000, Denver, Colorado 80202 (the “**Senior Lender**”), (ii) **THE CITY OF OKLAHOMA CITY**, an Oklahoma municipal corporation, having an address of 200 N. Walker Avenue, Oklahoma City, Oklahoma 73102 (the “**Subordinate Lender**”), and (iii) **RAINBOW HIL APARTMENTS, INCORPORATED.**, an Oklahoma nonprofit corporation, having an address of 398060 West 2200 Road, Bartlesville, OK 74006 (the “**Borrower**”).

Recitals

A. Senior Lender has made a loan (the “**First Mortgage Loan**”) to the Borrower in the original principal amount of \$285,000.00. The First Mortgage Loan is or will be secured by a first mortgage lien (as amended, the “**First Mortgage**”) on real property and the improvements to be constructed thereon located on S. Madera Blvd., Oklahoma City, Oklahoma (the “**Property**”), as more particularly set out in a Mortgage, Security Agreement, Financing Statement and Fixture Filing dated of even date herewith, recorded in the land records of Oklahoma County, Oklahoma (the “**Land Records**”) immediately prior hereto. The Property is more fully described in Exhibit A attached hereto. The Borrower’s obligation to repay the First Mortgage Loan is evidenced by a Promissory Note dated of even date herewith (the “**First Mortgage Note**”).

B. Subordinate Lender has made a loan to Borrower in the amount of \$400,000.00 (the “**Subordinate Loan**”), as evidenced by a promissory note dated on or about May 9, 2023 (the “**Subordinate Note**”).

C. Senior Lender has agreed to permit the Subordinate Loan to be entered into provided Borrower and Subordinate Lender enter into this Subordination Agreement.

NOW, THEREFORE, in order to induce the Senior Lender to permit the Subordinate Loan, and in consideration thereof, the Senior Lender, the Subordinate Lender and the Borrower agree as follows:

1. Definitions.

In addition to the terms defined in the Recitals to this Agreement, for purposes of this Agreement the following terms have the respective meanings set forth below:

“**First Mortgage Loan Documents**” means the First Mortgage Note and all other documents evidencing, securing or otherwise executed and delivered in connection with the First Mortgage Loan.

“**Person**” means an individual, estate, trust, partnership, corporation, limited liability company, limited liability partnership, governmental department or agency or any other entity which has the legal capacity to own property.

“Subordinate Loan Documents” means the Subordinate Note, a Mortgage and Security Agreement dated May 9, 2023, and all other documents evidencing, securing or otherwise executed and delivered in connection with the Subordinate Loan.

2. Terms of Subordination.

(a) **Agreement to Subordinate.** The Senior Lender and the Subordinate Lender agree that: (i) the indebtedness evidenced by the Subordinate Loan Documents is and shall be subordinated in right of payment to the prior payment in full of the indebtedness evidenced by the First Mortgage Loan Documents, and (ii) the Subordinate Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Mortgage and the other First Mortgage Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the First Mortgage and the other First Mortgage Loan Documents (including but not limited to, all sums advanced for the purposes of protecting or further securing the lien of the First Mortgage, curing defaults by the Borrower under the First Mortgage Loan Documents or for any other purpose expressly permitted by the First Mortgage). Notwithstanding anything to the contrary contained herein, the Subordinate Loan Documents are Subordinate to the First Mortgage Loan Documents only to the extent of the indebtedness that has arisen or may hereafter arise from the First Mortgage Loan Documents in their present form (including but not limited to principal, interest, fees, costs, and damages), and not to any additional indebtedness that may arise as a result of any amendment or modification of the First Mortgage Loan Documents that increases the indebtedness evidenced or secured thereby.

(b) **Subordination of Subrogation Rights.** The Subordinate Lender agrees that if, by reason of its payment of real estate taxes or other monetary obligations of the Borrower, or by reason of its exercise of any other right or remedy under the Subordinate Loan Documents, it acquires by right of subrogation or otherwise a lien on the Property which (but for this subsection) would be senior to the lien of the First Mortgage, then, in that event, such lien shall be subject and subordinate to the lien of the First Mortgage.

3. Default by the Subordinate Lender or Senior Lender.

If the Subordinate Lender or Senior Lender defaults in performing or observing any of the terms, covenants or conditions to be performed or observed by it under this Agreement, the other, non-defaulting lender shall have the right to all available legal and equitable relief.

4. Notices.

Each notice that the Senior Lender or the Subordinate Lender desires to give to the other party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered); or (b) sent by Federal Express (or other similar national overnight courier) designating early morning delivery (any notice so delivered shall be deemed to have been received on the next business day following receipt by the courier); or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so

sent shall be deemed to have been received two days after mailing in the United States), addressed to the respective parties as follows:

SENIOR LENDER:

Mercy Community Capital
1600 Broadway, Suite 2000
Denver, Colorado 80202
Attn: President

SUBORDINATE LENDER:

The City of Oklahoma City
200 N. Walker Avenue
Oklahoma City, Oklahoma 73102

BORROWER:

Rainbow HIL Apartments, Incorporated
398060 West 2200 Road
Bartlesville, OK 74006

Either party may, by notice given pursuant to this Section, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses for its notices, but notice of a change of address shall only be effective upon receipt.

5. General.

(a) **Assignment/Successors.** This Agreement shall be binding upon the Borrower, the Senior Lender and the Subordinate Lender and shall inure to the benefit of the respective legal successors and assigns of the Senior Lender and the Subordinate Lender.

(b) **Further Assurances.** The Subordinate Lender, the Senior Lender and the Borrower each agree, at the Borrower's expense, to execute and deliver all additional instruments and/or documents reasonably required by any other party to this Agreement in order to evidence that the Subordinate Loan is subordinate to the lien, covenants and conditions of the First Mortgage, or to further evidence the intent of this Agreement.

(c) **Amendment.** This Agreement shall not be amended except by written instrument signed by all parties hereto.

(d) **Governing Law.** This Agreement shall be governed by the internal laws of the State in which the Property is located.

(e) **Severable Provisions.** If any provision of this Agreement shall be invalid or unenforceable to any extent, then the other provisions of this Agreement, shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(f) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

[Signature Follow.]

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

SENIOR LENDER:

MERCY COMMUNITY CAPITAL,
a Colorado nonprofit corporation

By: [Signature]
Its: President

STATE OF Colorado

COUNTY OF Denver

The foregoing instrument was acknowledged before me this 28th day of November 2023, by Stefanie Joy, who is President of Mercy Community Capital, a Colorado nonprofit corporation, in the name and on behalf of the corporation.

Witness my hand and official seal.


[Signature]
Notary Public

My commission expires 8/24/2026

THERESA GALLEGOS Notary Public State of Colorado Notary ID # 20074046028 My Commission Expires 08-24-2026

BORROWER:

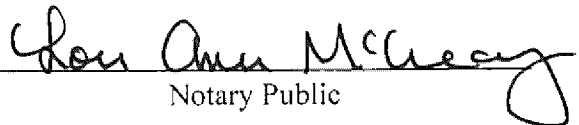
RAINBOW HIL APARTMENTS, INCORPORATED,
an Oklahoma nonprofit corporation

By: 
Thomas A. Gorman, Authorized Representative

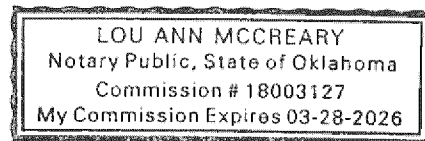
STATE OF Oklahoma
CITY/COUNTY OF Washington, to-wit:

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Thomas A. Gorman, who is the Authorized Representative RAINBOW HIL APARTMENTS, INCORPORATED, whose name is signed to the foregoing Mortgage, has acknowledged the same as the act of the limited liability limited partnership before me in my aforesaid jurisdiction.

Given under my hand and official seal this 3rd day of December, 2023.


Notary Public

03-28-2026
My Commission Expires



SUBORDINATE LENDER:

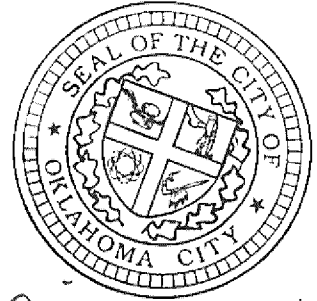
The City of Oklahoma City

By: David Holt

Print: David Holt

Title: Mayor

ATTEST:



Arny K. Simpson
City Clerk

STATE OF Oklahoma

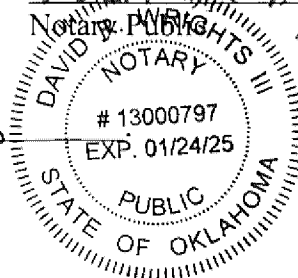
COUNTY OF Oklahoma

The foregoing instrument was acknowledged before me this 5th day of December 2023, by David Holt, known to me to be the Mayor of The City of Oklahoma City.

Witness my hand and official seal.

David R. Wright III
Notary Public

My commission expires 1/24/25



REVIEWED for form and legality.

[Signature]
Assistant Municipal Counselor

EXHIBIT A

Property Description

LOT ONE (1), IN BLOCK TWO (2), OF LUMBERMEN'S NO. 3 ADDITION, AN ADDITION TO OKLAHOMA CITY, OKLAHOMA COUNTY, OKLAHOMA, ACCORDING TO THE RECORDED PLAT THEREOF.