

[Date]

[Lender Name]

[Lender Address]

[City, State, Zip Code]

**Re: Subordination of Sponsor Debt - [Project Name/Loan Number]**

To Whom It May Concern,

This Sponsor Subordination Letter (the "Letter") is delivered in connection with the loan in the principal amount of \$[Loan Amount] (the "Senior Loan") being made by [Lender Name] (the "Lender") to [Borrower Name] (the "Borrower").

The undersigned, [Sponsor Name] (the "Sponsor"), has extended or may extend certain loans or advances to the Borrower (collectively, the "Sponsor Debt"). As a condition to the Lender making the Senior Loan, the Sponsor hereby agrees as follows:

1. **Subordination:** The Sponsor Debt is and shall be subordinate and junior in right of payment and priority to the prior payment in full of all obligations under the Senior Loan.
2. **Restriction on Payments:** Until the Senior Loan is paid in full, the Sponsor shall not demand, accept, or receive any payment of principal or interest on the Sponsor Debt without the prior written consent of the Lender.
3. **Default:** In the event of a default under the Senior Loan, the Lender shall be entitled to receive payment in full of the Senior Loan before the Sponsor receives any payment from the Borrower's assets.
4. **Limitation on Liens:** The Sponsor shall not seek to obtain any lien, mortgage, or security interest on any assets of the Borrower that serve as collateral for the Senior Loan.

This agreement shall be binding upon the Sponsor and its successors and assigns, and shall inure to the benefit of the Lender and its successors and assigns.

Sincerely,

\_\_\_\_\_  
[Signature of Authorized Representative]

[Printed Name and Title]

[Sponsor Company Name]

**Acknowledged and Agreed by Borrower:**

\_\_\_\_\_  
[Signature of Borrower Representative]

[Printed Name and Title]

[Borrower Entity Name]