

SUBORDINATION AGREEMENT
(Mortgage Lienholder)

THIS AGREEMENT is entered into on _____, 200_ by and between [Name of Mortgagee] (“Subordinated Lienholder”) and Public Service Electric and Gas Company or its subsidiary (“Priority Lienholder”).

WHEREAS, Subordinated Lienholder is the holder of a Promissory Note (the “Note”) from [Name of Borrower] (“Borrower”) secured by a [Mortgage] or [Security Agreement] dated [Month Day, Year] on real property located at [property address] (“Premises”).

WHEREAS, Borrower owns certain solar panel equipment, more particularly described on Schedule A attached hereto, together with all related equipment, components, additions, wiring, meters, replacement parts and consumables with respect thereto, all of which located on and/or affixed to Premises (collectively, the “Collateral”).

WHEREAS, Priority Lienholder has made and/or may in the future make loans and other credit accommodations (collectively, the “Priority Loan”) to Borrower secured by, among other things, the Collateral.

WHEREAS, as a condition of making the Priority Loan to Borrower, Priority Lienholder has required Borrower to obtain and deliver a valid, binding, enforceable and unconditional subordination of all current and future rights, powers, and privileges of Subordinated Lienholder in the Collateral to the rights, powers, and privileges of Priority Lienholder in the Collateral. Subordinated Lienholder has determined that the execution and delivery of this Agreement is in its best interest and in furtherance of its corporate purposes.

NOW, THEREFORE, in order to induce Priority Lienholder to extend or maintain the Priority Loan, and for other good and valuable consideration, Subordinated Lienholder hereby agrees as follows:

1. Subordination. Subordinated Lienholder hereby absolutely and unconditionally subordinates all of its current and future rights, powers, and privileges in any security interest, lien or levy in the Collateral to the security interest of Priority Lienholder in the Collateral. Subordinated Lienholder further agrees that so long as Priority Lienholder has any security interest in such Collateral, Subordinated Lienholder will not exercise any rights (if any) with respect to the Collateral, including the rights of distress, repossession or foreclosure.

2. Rights to Enter Premises. Priority Lienholder shall have the right, from time to time, without obligation or charge, to enter upon the Premises for the purpose of inspecting, repairing, maintaining and servicing the Collateral. Furthermore, in the course of exercising its rights, Priority Lienholder shall also have the right to enter upon

Premises and take possession of any or all of the Collateral (including fixtures) in a reasonable and lawful manner, notwithstanding that the Borrower may be in default of its obligation(s) to Subordinated Lienholder. The Collateral shall remain the property of Borrower and may be removed by Priority Lienholder notwithstanding that it may be now or hereafter affixed to Premises; provided, however, that Priority Lienholder shall reasonably repair such damage caused to the Premises by removal of the Collateral, or at Priority Lienholder's option, Priority Lienholder shall provide Subordinated Lienholder reasonable compensation for such damage. Subordinated Lienholder will not hinder Priority Lienholder's actions in assembling all of the Collateral located on or affixed to Premises, will permit Priority Lienholder to remove the Collateral from Premises without charge, will grant Priority Lienholder access to Premises at a time reasonably convenient to the parties, and will not hinder Priority Lienholder's actions in enforcing its lien on the Collateral. If Borrower vacates Premises or its right to possession or occupancy is otherwise terminated, Subordinated Lienholder shall provide written notice to Priority Lienholder and allow Priority Lienholder to have a reasonable time following said written notice to remove the Collateral. Subordinated Lienholder further agrees that Priority Lienholder may use Premises to conduct a sale of the Collateral and that potential buyers may have access to Premises for the purpose of inspecting or bidding upon the Collateral.

3. No Default. Subordinated Lienholder represents to Priority Lienholder that (i) Borrower is not in default under the Note and (ii) Subordinated Lienholder has full right, power and authority to execute and perform this Agreement without the necessity of obtaining the consent of any person or entity.

4. Successors and/or Assigns. The provisions of this Agreement shall be binding upon (a) the Subordinated Lienholder and its successors and assigns; and (b) the Borrower and its successors and assigns including any person now or hereafter holding any interest in the Premises; and shall inure to the benefit of the Priority Lienholder and its successors and assigns, including any assignee or transferee of, or participant in, the Priority Loan.

5. Final Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporary agreements, commitments and understandings between the parties with respect to the subject matter hereof. There are no unwritten agreements between the parties.

6. Notices. Notices required by this Agreement shall be in writing, and shall be deemed delivered upon receipt, to the following addresses:

Priority Lienholder: Public Service Electric and Gas Company
80 Park Plaza
Newark, NJ 07102
Attention: _____

Subordinated Lienholder: [Name]

[Contact]
[Street Address]
[City, State, Zip]

The above addresses may be changed by written notice as provided herein to the other party.

7. Termination. This Agreement shall remain in full force and effect until any and all obligations or liabilities of Borrower to Priority Lienholder are paid and satisfied in full.

8. Waiver. Subject to the rights and priorities granted to Priority Lienholder herein, nothing herein shall be deemed to waive or adversely affect any rights that Subordinated Lienholder may have against Borrower.

9. Recordation. This Agreement may be recorded in the real estate records of county in which the Premises is located. Subordinated Lienholder shall execute such other agreements, amendments hereto or acknowledgements as reasonably required by Priority Lienholder in order to so record this Agreement.

10. Required Notices. Subordinated Lienholder agrees to give notice to Priority Lienholder of any declaration of an event of default under the Note or the loan agreements related to the Note. In the event Subordinated Lienholder commences any execution upon, or foreclosure proceedings with respect to, the Premises or other action upon the collateral securing the Note, such proceedings shall be, and shall be specifically advertised as being, under and subject to the terms, conditions, lien operation and payment of the Priority Loan.

11. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision.

12. Further Assurances. Until such time as the Priority Loan is fully repaid and satisfied, Subordinated Lienholder shall execute, acknowledge and deliver, upon demand, any and all further subordinations or other instruments in recordable form as the Priority Lienholder may reasonably require to effectuate the purpose and intent of this Subordination Agreement.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of New Jersey.

IN WITNESS WHEREOF, and intending to be legally bound hereby, this Agreement is duly executed, sealed and delivered as of the date first written above.

[Name of Subordinated Lienholder]

By: _____
Name:
Title:

Public Service Electric and Gas Company

By: _____
Name:
Title:

Agreed to and Acknowledged by:

[Name of Borrower]

By: _____ (Seal)
Name:
Title:

FORM ACKNOWLEDGEMENTS

Individual:

STATE OF NEW JERSEY, COUNTY OF _____, SS:

I CERTIFY that on _____, 20____, _____ personally came before me and acknowledged under oath, to my satisfaction, that this person:

- (a) is named in and personally signed the attached document; and
- (b) signed and delivered this document as his or her act and deed.

Notary Public or Attorney at Law of New Jersey

Corporation (Short form -no attestation, no Corporate Seal Required):

STATE OF NEW JERSEY, COUNTY OF _____, SS:

I CERTIFY that on _____, 20____, _____ personally came before me and this person acknowledged under oath, to my satisfaction, that:

- (a) this person signed, sealed and delivered the attached document as _____ President of _____, the corporation named in this document;
- (b) this document was signed and made by the corporation as its voluntary act and deed by virtue of authority from its Board of Directors.

Notary Public or Attorney at Law of New Jersey

Partnership:

STATE OF NEW JERSEY, COUNTY OF _____, SS:

I CERTIFY that on _____, 20____, _____ personally came before me and acknowledged under oath, to my satisfaction, that this person (or if more than one, each person):

- (a) is named in and personally signed the attached document as partner of _____, a New Jersey general partnership;
- (b) signed and delivered this document as his or her act and deed, on behalf of said partnership.

Notary Public or Attorney at Law of New Jersey

Limited Partnership (individual general partner):

STATE OF NEW JERSEY, COUNTY OF _____, SS:

I CERTIFY that on _____, 20____, _____ personally came before me and acknowledged under oath, to my satisfaction, that this person (or if more than one, each person):

- (a) is named in and personally signed the attached document as general partner of _____, a New Jersey limited partnership;
- (b) signed and delivered this document as his or her act and deed, on behalf of said limited partnership.

Notary Public or Attorney at Law of New Jersey

Limited Partnership (where corporation is general partner):

STATE OF NEW JERSEY, COUNTY OF _____, SS:

I CERTIFY that on _____, 20____, _____ personally came before me and this person acknowledged under oath to my satisfaction, that:

- (a) this person signed and delivered the attached document as _____ President of _____, the corporation named in this document; and
- (b) this document was signed, and made by the corporation as its voluntary act and deed by virtue of authority from its Board of Directors, as general partner of _____, L.P., a New Jersey limited partnership, on behalf of said limited partnership.

Notary Public or Attorney at Law of New Jersey

Limited Liability Company:

STATE OF NEW JERSEY, COUNTY OF _____, SS.:

I CERTIFY that on _____, 20____, _____ personally came before me and acknowledged under oath, to my satisfaction, that this person:

- (a) is named in and personally signed the attached document as _____ [insert appropriate title] of _____, a New Jersey limited liability company; and
- (b) signed and delivered this document as his or her act and deed on behalf of said limited liability company.

Notary Public or Attorney at Law of New Jersey