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**FREE RECORDING REQUESTED
PURSUANT TO GOVERNMENT CODE
SECTION 27383**

Recording requested by and
when recorded return to:

CALIFORNIA HOUSING FINANCE AGENCY
Office of General Counsel
500 Capitol Mall, Suite 1400, MS 1440
Sacramento, CA 95814

(space above this line for Recorder's use)

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN(S) OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT dated as of _____ 1, 2022 for informational purposes, is entered into by and among the County of Sonoma, a political subdivision of the State of California, and the Sonoma County Community Development Commission, a local public agency of the State of California (collectively the “*Locality*”), Carrillo Place, L.P., a California limited partnership (“*Borrower*”), and the California Housing Finance Agency (“*CalHFA*”) a public instrumentality and a political subdivision of the State of California in connection with a loan by CalHFA to Borrower to finance a multifamily residential rental housing project on real property located in the City of Santa Rosa, County of Sonoma, California and more particularly described on **Exhibit A** attached hereto and incorporated herein by this reference (“*Project*”). Unless otherwise noted, references to instruments recorded in “*Official Records*” refer to instruments recorded in the Office of the County Recorder of the County of Sonoma.

R E C I T A L S

A. WHEREAS, Borrower (or Borrower’s predecessor, Burbank Housing Development Corporation) and the Locality have or will encumber the Project with the following documents related to the financing and/or development of the Development:

1. An Affordable Rental Housing Agreement dated November 1, 2002, among the Locality, Community Housing Development Corporation of Santa Rosa and Burbank Housing

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Development Corporation and recorded on November 22, 2002, in the Official Records as Instrument No. 2002184878;

2. A Home Loan Agreement dated November 18, 2002, between the Sonoma County Community Development Commission and Burbank Housing Development Corporation and recorded on November 22, 2002, in the Official Records as Instrument No. 2002184879;

3. A Home Loan Agreement dated November 18, 2002, among the Sonoma County Community Development Commission, the Community Housing Development Corporation of Santa Rosa and Burbank Housing Development Corporation and recorded on November 22, 2002, in the Official Records as Instrument No. 2002184880;

4. A Deed of Trust dated November 18, 2002, by Burbank Housing Development Corporation, as trustor, in favor of Sonoma County Community Development Commission, as beneficiary, recorded on November 22, 2002, in the Official Records as Instrument No. 2002184881, securing a loan in the amount of \$477,300.00;

5. A Deed of Trust dated November 18, 2002, by Burbank Housing Development Corporation, as trustor, in favor of Sonoma County Community Development Commission, as beneficiary, recorded on November 22, 2002, in the Official Records as Instrument No. 2002184882, securing a loan in the amount of \$353,836.00;

6. A Home Loan Agreement dated November 14, 2000, between the Sonoma County Community Development Commission and Burbank Housing Development Corporation and recorded on November 15, 2000, in the Official Records as Instrument No. 2000119690;

7. A Deed of Trust dated November 14, 2000, by Burbank Housing Development Corporation, as trustor, in favor of Sonoma County Community Development Commission, as beneficiary, recorded November 15, 2000, in the Official Records as Instrument No. 2000119691, securing a loan in the amount of \$200,000.00, and an Estoppel Certificate and Agreement by and between Sonoma County Community Development Commission, Burbank Housing Development Corporation and Carrillo Place, L.P., recorded November 22, 2002, in the Official Records as Instrument No. 2002184883;

8. A Deed of Trust dated November 14, 2000, by Burbank Housing Development Corporation, as trustor, in favor of Sonoma County Community Development Commission, as beneficiary, recorded November 15, 2000, in the Official Records as Instrument No. 2000119692, securing a loan in the amount of \$340,877.00, and an Estoppel Certificate and Agreement by and between Sonoma County Community Development Commission, Burbank Housing Development Corporation and Carrillo Place, L.P., recorded November 22, 2002, in the Official Records as Instrument No. 2002184884;

9. A Deed of Trust dated September 18, 2001, by Burbank Housing Development Corporation, as trustor, in favor of Sonoma County Community Development Commission, as beneficiary, recorded September 18, 2001, in the Official Records as Instrument No.

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2001126982, securing a loan in the amount of \$41,850.00, and an Estoppel Certificate and Agreement by and between Sonoma County Community Development Commission, Burbank Housing Development Corporation and Carrillo Place, L.P., recorded November 22, 2002, in the Official Records as Instrument No. 2002184885;

10. The documents listed in paragraphs 1-9 above, were assigned to Borrower by Burbank Housing Development Corporation and Community Housing Development Corporation of Santa Rosa, in a document entitled Assignment and Assumption Agreement, recorded November 22, 2002, in the Official Records as Instrument No. 2002184897;

11. Any Financing Statements (Form UCC-1) given by the Borrower, as debtor, to the Locality, as secured party (the “***Financing Statement***”) and filed with the Secretary of State;

The documents listed in paragraphs 1-11 above, are collectively referred to herein as the “***Locality Documents.***”

B. WHEREAS, CalHFA is making, substantially contemporaneously with the making of this Agreement, a permanent first mortgage loan to Borrower (“***CalHFA Loan***”). The CalHFA Loan is evidenced by a promissory note from the Borrower to CalHFA in the face amount of Four Million One Hundred Forty-One Thousand and No/100 Dollars (\$4,141,000.00) secured by a deed of trust. The deed of trust was executed by Borrower, as trustor, to Old Republic Title Company, as trustee, in favor of CalHFA, as beneficiary, and is entitled “California Housing Finance Agency, Permanent Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing, CalHFA Development No. 19-085-N (Permanent Financing) (HUD Risk Sharing Program)” dated March 1, 2022 (the “***CalHFA Deed of Trust***”) to be recorded in the Official Records substantially contemporaneously with this Agreement.

C. WHEREAS, the Project shall also be regulated and encumbered by a regulatory agreement executed by Borrower and CalHFA entitled “California Housing Finance Agency, Regulatory Agreement, CalHFA Development No. 19-085-N (Permanent Financing) (HUD Risk Sharing Program)” dated as of March 1, 2022 (the “***CalHFA Regulatory Agreement***”) to be recorded in the Official Records substantially contemporaneously with this Agreement.

D. WHEREAS, Borrower and CalHFA have also entered into an agreement entitled “Permanent Loan Agreement” (the “***CalHFA Loan Agreement***”).

E. WHEREAS, in addition, CalHFA has or will be filing a UCC Financing Statement with the Secretary of State evidencing Borrower's granting a security interest in the Project (the “***UCC Statement***”).

The CalHFA Deed of Trust, the CalHFA Regulatory Agreement, CalHFA Loan Agreement and related documents, and the UCC Statement shall hereafter be collectively referred to herein as the “***CalHFA Documents.***”

F. WHEREAS, it is a condition precedent to CalHFA making the CalHFA Loan that the CalHFA Documents have priority over the Locality Documents; and

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G. WHEREAS, it is beneficial to all parties that CalHFA make the CalHFA Loan, and the parties are willing to subordinate the Locality Documents in order that the CalHFA Loan be made.

NOW THEREFORE, in consideration of the foregoing and other consideration the receipt and sufficiency of which are hereby acknowledged, and in order to induce CalHFA to make the CalHFA Loan, the parties hereto agree as follows:

1. Subordination of Locality Documents.

a. The Locality and Borrower hereby unconditionally subordinate the Locality Documents to the CalHFA Documents, including all extensions, modifications or additional advances made thereunder. Hereafter, the CalHFA Documents shall unconditionally be, and remain at all times, liens and encumbrances on the Project prior and superior to the encumbrances of the Locality Documents and to all rights and privileges of the parties thereunder, and the liens and encumbrances of the Locality Documents together with all rights and privileges of the parties thereunder shall hereby be subject to and made subordinate to the liens and encumbrances of the CalHFA Documents. In the event of a judicial or non-judicial foreclosure of the CalHFA Documents, the lien of the Locality Documents shall be extinguished.

b. CalHFA agrees that it shall use its best efforts to provide Locality with a copy of all initial notices of default provided to Borrower under the CalHFA Documents, provided, CalHFA shall have no liability to Locality and/or Borrower for its failure to do so, nor shall failure to do so constitute grounds for any restraining order, injunction, or other prohibition against or delay in CalHFA's exercise of its remedies under the CalHFA Documents. CalHFA shall not record a Notice of Default related to such initial notice during the period ninety (90) days after the date of such initial notice if such notice relates to a nonmonetary default or defaults under the CalHFA Documents. During the term of such period Locality shall have the right, but not the obligation, to cure any nonmonetary default under such initial notice. Notwithstanding the foregoing, if at any time following the date of the initial notice, there shall occur or be continuing a default in the payment of any amount due CalHFA under the CalHFA Documents, CalHFA shall have the right to, and in its sole discretion may, record a Notice of Default and proceed to foreclosure based upon any such nonpayment regardless of any extended cure period with respect to nonmonetary defaults.

c. Unless Locality otherwise agrees, CalHFA shall not amend the CalHFA Documents to do any of the following: (i) extend the scheduled maturity date of Borrower's obligations to CalHFA, unless the CalHFA Documents are in default at the time of such extension; (ii) increase the interest rate on Borrower's obligations to CalHFA resulting from a modification of the CalHFA Documents subsequent to the date hereof; (iii) increase the principal amount of Borrower's obligations to CalHFA beyond the original principal amount, except for increases resulting from advances made by CalHFA to preserve and protect CalHFA's security, including taxes, insurance, and costs of collection and or enforcement of the CalHFA Documents; and (iv) change the amortization of Borrower's obligations to CalHFA by which scheduled payments of principal and interest are increased, unless such changes are a result of a default on the CalHFA Documents

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and/or advances made by CalHFA to preserve and protect CalHFA's security including taxes, insurance, and costs of collection and enforcement of the CalHFA Documents.

d. CalHFA further agrees that it shall not accelerate the CalHFA Loan by reason of any foreclosure by Locality (or acquisition of the Project by Locality in lieu of any such foreclosure) under the terms of the Locality Documents; provided:

(i) there shall not occur or be continuing any default in the payment of any amount owed CalHFA or any obligations required to be performed under the CalHFA Documents; and

(ii) Locality shall not unreasonably delay to proceed to conclusion of such foreclosure or acquisition.

e. Locality has read, understands and approves the CalHFA Documents and agrees to be bound thereby in the event of its foreclosure or acquisition of the Project.

f. The provisions of this Section 1 shall be subject to, and to the extent of any inconsistency, superseded by, the requirements of the HUD-FHA State Agency Risk Share Program, as in effect from time to time.

2. Representations. Locality hereby represents and warrants to CalHFA that at the time of execution of this agreement, the Borrower is in substantial compliance with its obligations to the Locality under the terms of the Locality Documents, and Locality has read and understands the CalHFA Documents and agrees that in the event CalHFA determines there is a conflict of terms between the CalHFA Documents and Locality Documents, the terms of the CalHFA Documents shall prevail.

3. Attorneys Fees & Costs. If any party shall take any action to enforce or otherwise relating to this Agreement, the prevailing party or parties shall be entitled to recover reasonable attorney's fees and costs from the other party or parties.

4. Amendments. Amendments to this Agreement shall be in writing and signed by all the parties hereto.

5. Governing Law. This Agreement shall be construed in accordance with and be governed by the laws of California.

6. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

7. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, it shall not invalidate or render unenforceable any other part of this Agreement.

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NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

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

LOCALITY:

COUNTY OF SONOMA,
a political subdivision of the State of California

By: _____
Name: _____
Title: _____

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION,
a local public agency of the State of California

By: _____
Name: _____
Title: _____

BORROWER:

CARRILLO PLACE, L.P.,
a California limited partnership

By: **BURBANK HOUSING DEVELOPMENT CORPORATION,**
a California nonprofit public benefit corporation,
its managing general partner

By: _____

Name: _____

Title: _____

By: **COMMUNITY HOUSING SONOMA COUNTY,** a California nonprofit public benefit corporation,
its administrative general partner

By: _____

Name: _____

Title: _____

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CalHFA:

**CALIFORNIA HOUSING FINANCE
AGENCY**, a public instrumentality and political
subdivision of the State of California

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENTS

EXHIBIT A

Legal Description

The land referred to in this Report is situated in the County of Sonoma, City of Santa Rosa, State of California, and is described as follows:

Being the lands of Burbank Housing Development Corporation, a California corporation, as described in that Deed recorded as Document Number 2000 119687, Sonoma County Records, said portion being more particularly described as follows:

Beginning at the Southwesterly corner of the abovementioned lands of Burbank Housing Development Corporation, said corner being the Southwesterly corner of Lot 2 as shown upon Parcel Map No. 4394, filed in Book 230 of Maps, Page 48, Sonoma County Records, and said corner marking the Easterly sideline of the lands of the Northwestern Pacific Railway Company; thence along the Southerly line of said lands of Burbank the following courses: Thence North 89° 28' 53" East, 314.31 feet (Parcel Map: North 89° 29' 27" East, 314.29 feet); thence North 01° 49' 37" West, 11.31 feet (Parcel Map: North 01° 44' 40" East, 11.29 feet); thence North 89° 25' 33" East, 140.60 feet (Parcel Map: North 89° 29' 27" East, 140.53 feet); thence South 01° 30' 54" East, 7.94 feet (Parcel Map: South 01° 44' 40" East 7.96 feet); thence from a tangent that bears North 67° 36' 35" East, along a curve to the right having a radius of 2500.00 feet, a central angle of 04° 24' 25", and a length of 193.03 feet (Parcel Map: Tangent bearing = North 67° 37" 24" East; Radius = 2500.00 feet central angle = 04° 25' 36"; Length = 193.15 feet) to the Southeasterly corner of said lands, said corner marking the Westerly sideline of Moorland Avenue; thence North 00° 25' 40" West, along the Easterly line of said lands, 70.32 feet (Parcel Map: North 00° 25' 40" West, 70.36 feet); thence North 89° 17' 20" East (Deed: North 89° 52' East), 30.00 feet to a point on the centerline of Moorland Avenue; thence North 00° 25' 40" West, along said centerline, 121.04 feet (Deed: North, 129.01) to the Northeasterly corner of said lands; thence South 89° 28' 15" West, along the Northerly line of said lands, 669.18 feet (Deed: South 89° 52' West, 669.28 feet) to the Northwesterly corner of said lands, solid corner marking the Easterly line of said lands of Northwestern Pacific Railway Company; hence South 01° 02' 24" East, along the Westerly line of said lands of Burbank, 259.90 feet (Deed and Parcel Map: South 01° 02' 24" East, along the Westerly line of said lands of Burbank, 259.90 feet (Deed and Parcel Map: South 01° East, 259.70 feet) to the point of beginning.

APN: 043-141-050

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ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss.
County of _____)

On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

(Seal)

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ACKNOWLEDGEMENT

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State of California)
) ss.
County of _____)

On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

(Seal)

ACKNOWLEDGEMENT

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State of California)
) ss.
County of _____)

On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

(Seal)

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss.
County of _____)

On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

(Seal)