

April 7, 2020

Lawrance Florin, Chief Executive Officer  
Burbank Housing Development Corporation  
790 Sonoma Avenue  
Santa Rosa, CA 95404

Anthony Cinquini  
Berkadia Commercial Mortgage LLC  
323 Norristown Road, Suite 300  
Ambler, Pennsylvania 19002

**Re: Letter Agreement Outlining Terms for Loan Modifications by the Community Development Commission of the County of Sonoma**

Mr. Florin and Mr. Cinquini:

Burbank Housing Development Corporation is the sponsor of various special purpose entities (hereinafter collectively referred to as “**Burbank**”), that provide invaluable housing opportunities to low-income residents of Sonoma County (the “County”). Over the years in partnership with Burbank, the Community Development Commission of the County of Sonoma (the “**Commission**”), directly or through a predecessor interest, has provided various affordable subordinate housing loans (“**Subordinate Loans**”) to assist in Burbank’s acquisition, construction, rehabilitation and operation of multifamily housing developments within the County.

To take advantage of lower interest rates and to leverage equity of its existing developments, Burbank has applied and received contingent approval from Berkadia Commercial Mortgage LLC (“**Berkadia**”) for first-lien refinancing loans made under Freddie Mac’s Capital Markets Execution Program (“**Senior Loans**”) to Burbank-affiliated special purpose entities, which own six (6) multifamily developments located in the County that are dedicated to affordable housing (“**Affordable Housing Developments**”). Because of market conditions, the providers of competitively priced and reasonable private financing, like Berkadia and Freddie Mac, require that the twenty one (21) Subordinate Loans that currently encumber the Affordable Housing Developments (collectively, the “Burbank Subordinate Loans”) be subordinated to the Senior Loans.

On April 7, 2020, the Commission's Governing Board formally approved Burbank’s proposed refinancing of the Affordable Housing Developments with the Senior Loans and the subordination of the Burbank Subordinate Loans, and further approved the terms of the “Subordination Agreement”, substantially in the form attached here as Exhibit A and incorporated herein by this reference. Furthermore, the Commission’s Governing Board authorized the Commission’s Executive Director, or a designee, in consultation with County Counsel, to execute this Letter Agreement which outlines the specific business terms and conditions precedent for the closing of the various Senior Loans and recordation of the Subordination Agreements required by Berkadia.

To facilitate the closing of the Senior Loans, the Commission, Berkadia and Burbank desire to enter into this Letter Agreement to outline the terms for the parties to negotiate and execute modification agreements for the Commission Loan Documents (as described further below), which modification agreements are intended to: (1) make required revisions to the Commission Loan Documents to facilitate the Senior Loans; and (2) to memorialize the benefits/consideration for the Commission's approval of the Senior Loans.

Summary of Affected Properties and Commission Loans:

Burbank proposes to refinance the Affordable Housing Developments and to modify each of the Burbank Subordinate Loans, which are enumerated in the chart below. Each of the Burbank Subordinate Loans are evidenced by a loan agreement, regulatory agreement, promissory note, deed of trust, assignment and assumption agreement, and/or notice of affordability restrictions; which documents are hereinafter called the "Commission Loan Documents."

<b>Bodega Hills</b>	
HOME	\$ 137,850.00
HOME	\$ 134,400.00
HOME	\$ 135,450.00
CDBG	\$ 148,050.00
CDBG	\$ 130,000.00
LMIHAF	\$ 150,914.00
LMIHAF	\$ 16,881.00
<b>Firehouse Village</b>	
CDBG	\$ 121,000.00
LMIHAF	\$ 614,000.00
<b>Lavell Village</b>	
HOME	\$ 218,850.00
CDBG	\$ 476,236.51
CDBG	\$ 58,500.00
<b>Parkland Senior</b>	
CDBG	\$ 73,081.00
HOME	\$ 255,267.36
<b>Sea Ranch 31</b>	
CDBG	\$ 100,000.00
CDBG	\$ 100,000.00
CDBG	\$ 102,528.12
CDBG	\$ 99,392.14
CDBG	\$ 190,259.00
<b>Wilford Lane</b>	
CDBG	\$ 244,000.00

CDBG	\$ 356,000.00
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The parties intend to execute and record a single modification agreement for each Affordable Housing Development that modifies all the applicable Commission Loan Documents associated with that particular Affordable Housing Development. Each modification agreement will incorporate the business terms outlined immediately below.

Summary of Required Modifications of Commission Loan Documents: As consideration for the approval of the Senior Loans and the subordination of the Burbank Subordinate Loans, the parties agree that the Commission will make the following modifications to the Commission Loan Documents:

1. Extend the "term" of each of the Subordinate Loans to match the term of the Senior Loans (expiring 30 years from the date of the closing of the Senior Loans);
2. Extend the "term" of the affordability restrictions associated with each of the Subordinate Loans to match the new loan term;
3. Extend/re-amortize the repayment term for each of the Subordinate Loans;
4. Incorporate a definition of surplus cash (residual receipts) to match the definition in the Subordination Agreement;
5. Require annual repayments for each of the Subordinate Loans to be paid from 50% of surplus cash distributions;
6. Make any other revisions necessary to effectuate the approval of the Senior Loans, avoid conflicts with the loan documents evidencing the Senior Loans, and the subordination of the Burbank Subordinate Loans.

The modification agreements will incorporate any other changes or amendments that are necessary to make the Commission Loan Documents consistent with the terms and approvals hereof. The parties further agree, that the loan modification agreements for the Commission Loan Documents will be completed as soon as practicable, and may be recorded, subject to the Subordination Agreement in all respects, as encumbrances against the Affordable Housing Development to which they relate prior to or concurrently with the closing of the Senior Loans. **[we do not have approval from Freddie Mac on this at the time of this writing. Getting them done on or prior to April 18 is highly desired]**

The undersigned acknowledge, accept, and agree to the terms of this Letter Agreement.

Sincerely,

Community Development Commission of the County of Sonoma

By: \_\_\_\_\_  
Barbie Robinson, Interim Executive Director

Dated: \_\_\_\_\_

**[Acceptance and Acknowledgement to follow on next page]**

BURBANK:

Burbank Housing Development Corporation,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Lawrance Florin, Executive Director

Dated: \_\_\_\_\_

BERKADIA:

Berkadia Commercial Mortgage LLC,  
a Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

EXHIBIT A

FORM OF SUBORDINATION AGREEMENT