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Department Developmental Services)
Office of Community Development)
P.O. Box 944202, MS 7-20)
Sacramento, CA 94244-2020)
Attn: Section Chief, CPP-HDO Housing)

APN: 031-053-220-000)

(Space above this line for Recorder's Use)

**DEPARTMENT OF DEVELOPMENTAL SERVICES
COMMUNITY PLACEMENT PLAN PROGRAM**

SUBORDINATION AGREEMENT
(Project Number RCRC-1920-6 - Collier)

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 SUBORDINATION AGREEMENT dated as of _____, 20__ for informational purposes, is entered into by and between the Lake County Housing Commission, a public body, corporate and politic (the "**Senior Lender**"), Collier Avenue Associates LP, a California limited partnership ("**Borrower**"), the Redwood Coast Developmental Services Corporation dba Redwood Coast Regional Center, a California nonprofit corporation ("**Regional Center**") and the Department of Developmental Services ("**Junior Lienholder**" or the "**Department**") a public instrumentality and political subdivision of the State of California in connection with a loan by the Junior Lienholder to Borrower to finance a multifamily residential rental housing project on real property located 6835 Collier Avenue in the unincorporated area of Nice in the County of Lake, 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 Lake.

RECITALS

A. WHEREAS, Borrower and the Senior Lender have or will encumber the Project with the following documents related to the financing and/or development of the Project:

1. The Senior Lender is providing two loans to the Borrower in connection with the Development. The Senior Lender and Borrower have entered into that certain Construction Loan Agreement (PLHA Loan-Collier Avenue) (the "***PLHA Loan Agreement***") dated as of substantially concurrently herewith, pursuant to which the Senior Lender agreed to provide a loan to Borrower in the amount of Six Hundred Two Thousand Four Hundred Sixty-Nine Dollars (\$602,469) (the "***PLHA Loan***"). The PLHA Loan is evidenced by a promissory note (the "***PLHA Note***"), which is secured by a deed of trust, between the Senior Lender, as beneficiary, and the Borrower, dated as of substantially concurrently herewith and recorded substantially concurrently herewith (the "***PLHA Deed of Trust***"). In connection with the PLHA Loan, the Senior Lender and Borrower also executed a Regulatory Agreement and Declaration of Restrictive Covenants (the "***Senior Lender Regulatory Agreement***") dated as of substantially concurrently herewith.

2. The Senior Lender and Borrower have entered into that certain Construction Loan Agreement (MHSA/HHAP Loan-Collier Avenue) (the "***MHSA/HHAP Loan Agreement***", and collectively with the PLHA Loan Agreement, the "***Senior Lender Loan Agreements***") dated as of substantially concurrently herewith, pursuant to which the Senior Lender agreed to provide a loan to Borrower in the amount of One Million Four Hundred Forty-Nine Thousand One Hundred Forty-Four Dollars and Thirteen Cents (\$1,449,144.13) (the "***MHSA/HHAP Loan***", and collectively with the PLHA Loan, the "***Senior Lender Loans***"). The MHSA/HHAP Loan is evidenced by a promissory note (the "***MHSA/HHAP Note***", and collectively with the PLHA Note, the "***Senior Lender Notes***"), which is secured by a deed of trust, between the Senior Lender, as beneficiary, and the Borrower, dated as of substantially concurrently herewith and recorded substantially concurrently herewith (the "***MHSA/HHAP Deed of Trust***", and collectively with the PLHA Deed of Trust, the "***Senior Lender Deeds of Trust***").

The Senior Lender Loan Agreements, Senior Lender Notes and the Senior Lender Deeds of Trust, the Senior Lender Regulatory Agreement and any other documents, recorded or unrecorded pertaining to the Project and the Senior Lender Loans are collectively referred to herein as the "***Senior Lender Documents***."

B. WHEREAS, the Junior Lienholder has previously made a loan to Borrower (the "***CPP Loan***"). The CPP Loan is evidenced by a promissory note dated as of March 16, 2022 from the Borrower to the Junior Lienholder in the face amount of Five Hundred Thousand and No/100s Dollars (\$500,000), entitled "Department of Developmental Services, Community Placement Plan Program, Promissory Note Secured by a Deed of Trust (Project Number RCRC-1920-6)" (the "***CPP Promissory Note***") and secured by a deed of trust. The deed of trust was executed by Borrower, as trustor, to Fidelity National Title Company of California, as trustee, in favor of the Junior Lienholder, as beneficiary, and is entitled "Department of Developmental Services, Community Placement Plan Program, Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing (Project Number RCRC-1920-6)" dated March 16, 2022 and recorded March 30, 2022 in the Official Records as instrument number 2022004415 (the "***CPP Deed of Trust***"). The Project shall also be regulated and encumbered by a regulatory agreement executed by Borrower, Regional Center

and the Junior Lienholder entitled “Department of Developmental Services, Community Placement Plan Program, Regulatory Agreement (Project Number 1920-6)” dated as of March 16, 2022 and recorded on March 30, 2022 in the Official Records as instrument number 2022004414 (the “**CPP Regulatory Agreement**”). The CPP Regulatory Agreement, CPP Promissory Note, CPP Deed of Trust and any other documents, recorded or unrecorded pertaining to the Project shall hereafter be collectively referred to herein as the “**CPP Documents**”;

C. WHEREAS, it is a condition precedent to the Senior Lender making the Senior Lender Loan that the Senior Lender Documents have priority over the CPP Documents;

D. WHEREAS, it is beneficial to all parties that the Senior Lender make the Senior Lender Loan, and the parties are willing to subordinate the CPP Documents in order that the Senior Lender 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 the Senior Lender to make the Senior Lender Loan, the parties hereto agree as follows:

1. Subordination of CPP Documents.

(a) The Junior Lienholder, Regional Center and Borrower hereby unconditionally subordinate the CPP Documents to the Senior Lender Documents, including all extensions, modifications, incremental disbursements of the original amount of the Senior Lender Loan if made during construction, or additional advances made thereunder. Hereafter, the Senior Lender Documents shall unconditionally be liens and encumbrances on the Project prior and superior to the encumbrances of the CPP Documents and to all rights and privileges of the parties thereunder, and the liens and encumbrances of the CPP 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 Senior Lender Documents. In the event of a judicial or non-judicial foreclosure of the Senior Lender Documents, the lien of the CPP Documents shall be extinguished.

(b) The Senior Lender agrees that it shall use its best efforts to provide Junior Lienholder and Regional Center with a copy of all initial notices of default provided to Borrower under the Senior Lender Documents, provided, the Senior Lender shall have no liability to Junior Lienholder, Regional Center 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 the Senior Lender's exercise of its remedies under the Senior Lender Documents. The Senior Lender 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 Senior Lender Documents. During the term of such period Junior Lienholder 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 to the Senior Lender under the Senior Lender Documents, the Senior Lender 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. The Senior Lender agrees that it shall use its best efforts to provide the Junior Lienholder and Regional Center with a copy of the recorded Notice of Default within two

(2) business days after Senior Lender mails the Notice of Default to the Borrower. The Senior Lender may, but is not obligated to, use the statutory Notice of Default form under Civil Code §2924c as the Notice of Default to comply with this section. The Junior Lienholder and Regional Center shall have the right but not the obligation to cure any monetary defaults.

(c) The Junior Lienholder has read, understands and approves the Senior Lender Documents and agrees to be bound thereby in the event of its foreclosure or acquisition of the Project.

2. Representations. The Junior Lienholder hereby represents and warrants to the Senior Lender that at the time of execution of this Subordination Agreement, the Borrower is in substantial compliance with its obligations to the Junior Lienholder under the terms of the CPP Documents.

3. Attorney Fees & Costs. If any party shall take any action to enforce or otherwise relating to this Subordination 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 Subordination Agreement shall be in writing and signed by all the parties hereto.

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

6. Counterparts. This Subordination 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 Subordination 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 Subordination Agreement.

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 Subordination Agreement as of the date first above written.

SENIOR LENDER:

LAKE COUNTY HOUSING COMMISSION, a public body,
corporate and politic

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

Senior Lender Counsel

By: _____

[Signatures Continue on Following Page]

BORROWER:

COLLIER AVENUE ASSOCIATES LP, a California limited partnership

By: Collier Avenue Associates LLC, a California limited liability company, its general partner

By: Rural Communities Housing Development Corporation, a California nonprofit public benefit corporation, its sole member and manager

By: _____
Ryan LaRue
Chief Executive Officer

[Signatures Continue on Following Page]

JUNIOR LIENHOLDER:

DEPARTMENT OF DEVELOPMENTAL SERVICES,
a public instrumentality and political subdivision of the State
of California

By: _____
Name: _____
Title: _____

[Signatures Continue on Following Page]

REGIONAL CENTER:

REDWOOD COAST DEVELOPMENTAL SERVICES
CORPORATION DBA REDWOOD COAST REGIONAL
CENTER, a California nonprofit corporation

By:_____

Name:_____

Title:_____

EXHIBIT A

Legal Description

CPP Subordination Agreement (DDS Subordinate) - MF

Project. Number RCRC-1920-6 (Collier)

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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)