

NO FEE DOCUMENT

**Recording requested by and
When recorded, mail to:**

County of Santa Barbara
Housing and Community Development
105 East Anapamu Street, Room 105
Santa Barbara, CA 93101
Attn: Deputy Director

NO FEE DOCUMENT PURSUANT TO
CALIFORNIA GOVERNMENT CODE
SECTIONS 6103 AND 27383

(Space above this line reserved for Recorder's use)

SUBORDINATION AGREEMENT

This Subordination Agreement ("**Agreement**") is entered into this ____ day of _____, 2026, by Hollister Lofts, L.P., a California limited partnership ("**Borrower**") and Banc of California, a California state-chartered bank ("**Junior Lender**"), for the benefit of the County of Santa Barbara, a political subdivision of the State of California ("**Senior Lender**").

RECITALS

A. Senior Lender has made a loan to Borrower in the total principal amount of Four Million Dollars (\$4,000,000) to finance Borrower's purchase of real property located at 4540 Hollister Avenue, Goleta, California, as more particularly described in Exhibit A, attached hereto and incorporated herein by reference (the "**Property**"), upon which Borrower intends to construct thirty four (34) units of affordable rental housing subject to tenant income and rent restrictions and one unrestricted manager's unit (the "**Project**").

B. The operation of the Project is regulated by that certain Amended and Restated County Land Loan Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith by and between Senior Lender and Borrower (the "**Senior Regulatory Agreement**") which will be recorded in the Official Records of Santa Barbara County concurrently herewith and encumber the Property.

C. Junior Lender has made a loan ("**Junior Loan**") to Borrower in the total principal amount of Twenty Million Twenty-Eight Thousand Seven Hundred Seventy-Six Dollars (\$20,028,776.00) to finance a portion of the Project.

D. The Junior Loan is secured by that certain Deed of Trust, Absolute Assignment of Leases and Rents and Fixture Filing dated December 1, 2025, executed by Borrower for the benefit of Junior Lender and recorded in the Official Records of the County of Santa Barbara concurrently herewith (the "**Junior Deed of Trust**").

E. Senior Lender requires the express subordination of the Junior Deed of Trust to the Senior Regulatory Agreement by a written, recorded subordination agreement approved by Senior Lender.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, Junior Lender and Borrower enter into the following Agreement:

1. Recitals. The above recitals are true and correct and are hereby incorporated by reference.

2. Subordination. Junior Lender hereby covenants and agrees on behalf of itself and its successors and permitted assigns that the Junior Deed of Trust is and shall at all times continue to be, subordinate, subject and inferior to the Senior Regulatory Agreement, and that the liens, rights, payment interests, priority interests and security interests granted to Junior Lender under the Junior Deed of Trust are, and are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the liens, rights, priority and interests granted to Senior Lender under the Senior Regulatory Agreement and the terms, covenants, conditions, operations and effects thereof.

3. Entire Agreement. This Agreement shall be the whole and only agreement with regard to the subordination of the Junior Deed of Trust to the Senior Regulatory Agreement, and shall supersede and cancel any prior agreements as to such subordination, but only insofar as would affect the priority between the Junior Deed of Trust to the Senior Regulatory Agreement.

4. Amendment. This Agreement may not be amended, waived, or modified except by an instrument in writing executed by the parties.

5. Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

6. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

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

8. Counterparts. This Agreement may be executed in one or more counterparts, each of which is an original, but all of which shall constitute one and the same instrument.

9. Headings. The headings of this Agreement are for reference only and shall not affect the construction or interpretation of any provision of this Agreement.

10. Notices. All notices, requests, demands, elections, consents, approvals, and other communications under this Agreement (each such communication, a “**Notice**”) must be in writing and delivered by hand, by United States mail (certified, return receipt requested), or by reputable commercial express courier service addressed to the recipient, at the following addresses (or at any other address which Borrower, Junior Lender, or Senior Lender may designate by written Notice from time to time):

If to Borrower: Hollister Lofts, L.P.
815 W Ocean Avenue
Lompoc, CA 93436
Attn: Managing General Partner

With copy to: Price, Postel & Parma LLP
Attn: Mark S. Manion
200 East Carrillo Street, Fourth Floor
Santa Barbara, CA 93101

If to Junior Lender: Banc of California
997 Monterey Street, 3rd Floor
San Luis Obispo, CA 93401
Phone: (805) 548-8210
Email: nathan.roddick@bancocal.com

With copy to: Banc of California
Office of the General Counsel

If to Senior Lender: County of Santa Barbara
Housing and Community Development
105 E Anapamu Street, Room 105
Santa Barbara, CA 93101
Attn: Deputy Director

With copy to: Office of County Counsel
County of Santa Barbara
105 E Anapamu Street, Room 201
Santa Barbara, CA 93101

11. Effective Date. This Agreement shall be effective upon the date of recordation of hereof.

[Signatures to follow on next page.]

IN WITNESS WHEREOF, this Subordination Agreement has been executed by Junior Lender as of the date first above written.

JUNIOR LENDER:

BANC OF CALIFORNIA,
a California state-chartered bank

By: _____
Nathan Roddick
Senior Vice President

[Signatures continue on next page.]

IN WITNESS WHEREOF, this Subordination Agreement has been executed by
Borrower as of the date first above written.

BORROWER:

HOLLISTER LOFTS, L.P., a California
limited partnership

By: Surf Development Company, a California
nonprofit public benefit corporation, its
managing
general partner

By:

Robert P. Havlicek Jr
Chief Executive Officer

By: Housing Authority of the County of Santa
Barbara,
a public body, corporate and politic,
its administrative general partner

By:

Robert P. Havlicek Jr
Executive Director

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.

On _____, 20__, before me, _____, a Notary Public in and for said State, 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.

WITNESS my hand and official seal.

[Notary Acknowledgment]

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.

On _____, 20____, before me, _____, a Notary Public in and for said State, 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.

WITNESS my hand and official seal.

[Notary Acknowledgment]

Exhibit A

Legal Description of the Property

That certain real property situated in the County of Santa Barbara, State of California, described as follows:

That portion of Lot 7 of the Outside Pueblo Lands and of the City of Santa Barbara, in the County of Santa Barbara, State of California, as shown on W.H. Norway's Map No. 2 recorded in Book 5, Page 75 of Maps and Surveys, in the Office of the County Recorder of said County more particularly described as follows;

Commencing at the centerline intersection of San Antonio Road and Hollister Avenue, said point shown as a "Fd. P.K. Nail & Tag "S.B. Co. Road Comm." Dn. 3"" on a Record of Survey filed in Book 140, Page 12 of Records of Survey in the office of the County Recorder; thence along said centerline of Hollister Avenue North 78°50'12" East 240.16 feet; thence perpendicular to said centerline of Hollister Avenue North 11°09'48" West 49.31 feet to the True Point of Beginning

Thence 1st continuing North 11°09'48" West 30.69 feet to an angle point;

Thence 2nd North 47°16'49" East 123.03 feet to an angle point;

Thence 3rd North 67°31'36" East 124.97 feet to an angle point;

Thence 4th North 78°50'12" East 115.11 feet to a point on the Westerly line of a 10' wide Easement to the Goleta Sanitary District recorded August 3, 2004, as Instrument No. 2004-80913 of Official Records of said County and an angle point;

Thence 5th along said Westerly line of said 10' wide Easement to the Goleta Sanitary District, South 12°16'01" East 122.10 feet to an angle point;

Thence 6th South 78°49'31" West 100.28 feet to an angle point;

Thence 7th South 81°53'45" West 88.57 feet to an angle point;

Thence 8th South 78°01'20" West 156.15 feet to the True Point of Beginning.

~ End of Description ~