



Chicago Title Company

820 North H Street, Suite A, Lompoc, CA 93436
805 735-6481 • FAX 805 735-4649

INSTRUCTIONS CONCERNING USE OF SUBORDINATION AGREEMENT AND DISCLOSURE

DATE: November 20, 2007
ESCROW NO.: 07-**77801196**-LS
LOCATE NO.: CACTI7742-7742-4778-0077801196
TITLE NO.: 07-**77801196**-MS

In regards to the above-referenced escrow, Chicago Title Company is instructed to close and record based on the instructions and acknowledgements contained herein. Escrow is to rely solely on these instructions for the purpose of closing their escrow and issuing title insurance regardless of the existence of any other agreements regarding these matters.

1. Escrow is instructed to type and record a subordination agreement in the content and form attached hereto as Exhibit A (attach appropriate company form). Said Subordination Agreement will subordinate that certain Trust Deed executed by **Lompoc Housing Assistance Corporation, a California Nonprofit Public Benefit Corporation** (trustor) in favor of **County of Santa Barbara, a political subdivision of the State of California** (beneficiary) in the amount of **\$150,000.00** (SUBORDINATED TRUST DEED) to a Trust Deed executed by **Lompoc Housing and Community Development Corporation, a California Nonprofit Public Benefit Corporation** (trustor) in favor of **Los Padres Bank** (beneficiary) in the amount of **\$675,000.00** (SENIOR TRUST DEED). Escrow makes no representations regarding the terms of the loan now being made as being in accordance with any previous agreements to subordinate.
2. The beneficiary under the SUBORDINATED TRUST DEED has read and approves the SENIOR TRUST DEED, the Note, which it secures, and the Building Loan Agreement, if applicable.
3. If the SENIOR TRUST DEED is for construction purposes, the undersigned acknowledge that the property is over-encumbered. FURTHER, CHICAGO TITLE COMPANY HAS NO CONTROL OVER THE DISBURSEMENT OF PROCEEDS OF THE LOAN AND MAKES NO REPRESENTATIONS OR ASSURANCES THAT THE CONSTRUCTION LOAN PROCEEDS WILL BE USED TO IMPROVE THE SUBJECT PROPERTY.
4. The beneficiary under the SUBORDINATED TRUST DEED understands that should a foreclosure action begin on the SENIOR TRUST DEED, his/her security would be at risk unless funds were advanced to bring the SENIOR TRUST DEED current. The beneficiary under the SUBORDINATED TRUST DEED also understands that should he/she complete a foreclosure action, he/she would acquire the property subject to the SENIOR TRUST DEED and would be responsible for that obligation.
5. The undersigned acknowledge that Chicago Title Company has recommended that they consult with legal counsel regarding the Subordination Agreement/priority of the trust deeds referenced herein and the matters addressed in these instructions, and that Chicago Title Company has given no advice of any nature with respect to said subordination.

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6. The following fees will be incurred in regards to said subordination:
Recording fees \$19.00

Dated: November 20, 2007

PROPERTY OWNER

Lompoc Housing and Community Development Corporation,
A California Nonprofit Public Benefit Corporation

By: _____
Susan Ehrlich

BENEFICIARY

County of Santa Barbara, A political subdivision of
The State of California

By: _____ By: _____

RECORDING REQUESTED BY:

Chicago Title Company
Escrow No.: 07-77801196-LS
Locate No.: CACTI7742-7742-4778-0077801196
Title No.: 07-77801196-MS

When Recorded Mail Document To:

County of Santa Barbara

APN: 091-021-21, 091-021-22

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 OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT, made November 20, 2007, by **Lompoc Housing Assistance Corporation, a California Nonprofit Benefit Corporation**

owner of the land hereinafter described and hereinafter referred to as "Owner," and **County of Santa Barbara, a political subdivision of the state of California**

present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH

THAT WHEREAS, **Lompoc Housing Assistance Corporation, A California Non profit Public Benefit Corporation**, did execute a deed of trust, dated **October 24, 2000**, to **Chicago Title Company**, as trustee, covering SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

to secure a note in the sum of **\$150,000.00**, dated **October 24, 2000**, in favor of **County of Santa Barbara, a political subdivision of the State of California**, which deed of trust was recorded as instrument no. **2000-0070650**, on **November 15, 2000**, in book **//////////**, page **//////////**, Official Records of said county; and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of **\$675,000.00** dated , in favor of **Los Padres Bank**, hereinafter referred to as "Lender," payable with interest and upon the terms and conditions described therein, which deed of trust is to be recorded concurrently herewith; and

WHEREAS, it is a condition precedent to obtaining said loan that said deed of trust last above mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the deed of trust first above mentioned; and

WHEREAS, lender is willing to make said loan provided the deed of trust securing the same is a lien or charge upon the above described property prior and superior to the lien or charge of the deed of trust first above mentioned and provided that Beneficiary will specifically and unconditionally subordinate the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of Lender; and

INITIALS: _____

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Beneficiary is willing that the deed of trust securing the same shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge of the deed of trust first above mentioned.

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, and in order to induce Lender to make the loan above referred to, it is hereby declared, understood and agreed as follows:

- (1) That said deed of trust securing said note in favor of Lender, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the deed of trust above mentioned.
- (2) That Lender would not make its loan above described without this subordination agreement.
- (3) That this agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the deed of trust first above mentioned to the lien or charge of the deed of trust in favor of lender above referred to and shall supersede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited, those provisions, if any, contained in the deed of trust first above mentioned, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

Beneficiary declares, agrees and acknowledges that

- (a) He consents to and approves (i) all provisions of the note and deed of trust in favor of Lender above referred to, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's loan;
- (b) Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;
- (c) He intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the deed of trust first above mentioned in favor of the lien or charge upon said land of the deed of trust in favor of Lender above referred to and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, specific loans and advances are being and will be made and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination; and
- (d) An endorsement has been placed upon the note secured by the deed of trust first above mentioned that said deed of trust has by this instrument been subordinated to the lien or charge of the deed of trust in favor of Lender above referred to.

INITIALS: _____

APN: 091-021-21, 091-021-22

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.

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

County of Santa Barbara, A political Suidivision
Of the State of California

Lompoc Housing Assistance Corporation,
a California Nonprofit Public Benefit Corporation

Susan Ehrlich

Beneficiary

Owner

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

STATE OF CALIFORNIA)
COUNTY OF Santa Barbara)

ON _____ before me,
_____ (here insert name and title of the officer), personally appeared

personally known to me (or 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.

Signature _____ (Seal)

APN: 091-021-21, 091-021-22

STATE OF CALIFORNIA)

COUNTY OF Santa Barbara)

ON _____ before me,
_____ (here insert name and title of the officer), personally appeared

personally known to me (or 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.

Signature _____ (Seal)

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EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOMPOC, COUNTY OF Santa Barbara, STATE OF CA AND IS DESCRIBED AS FOLLOWS:

Lots 15, 16, 17 and 18 in Block 39 of the City of Lompoc, in the City of Lompoc, County of Santa Barbara, State of California, as shown on map filed in Book 1, Page 45 of Maps, in the office of the County Recorder of said County

In Book 15, Page 284 appears a map adopted by the City Council of the City of Lompoc on August 2, 1949 as the official map of said city.

APN# 091-021-21,22

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