

RECORDING REQUESTED BY:

Housing Authority of the County of Santa Barbara
Attn: Executive Director
815 West Ocean Avenue
Lompoc, CA 93436

WHEN RECORDED MAIL TO:

U.S. Department of Housing and
Urban Development
Attn: Office of Counsel
611 W. 6th Street, Suite 1306
Los Angeles, CA 90017

NO FEE REQUIRED
PER GOVERNMENT CODE SECTION 27383

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

THIS **SUBORDINATION AGREEMENT ("Agreement")** is entered into this ____ day of October, 2014, by and among (i) Leland Grossman Sandpiper, L.P., a California limited partnership ("Owner"), (ii) County of Santa Barbara, a political subdivision of the State of California ("Junior Lienholder") for the benefit of the United States Department of Housing and Urban Development ("HUD").

Recitals

WHEREAS, Owner is the owner of the Property, which Property is more particularly described in Exhibit A attached hereto and made a part hereof; and

WHEREAS, Junior Lienholder has entered into a certain Agreement to Grant Mitigation Funds to the Housing Authority, dated as of August 5, 1985, between the Housing Authority of the County of Santa Barbara and Junior Lienholder, which was recorded in the Official Records on August 9, 1985, as Instrument No. 1985-041702 ("Junior Obligation Document"); and

WHEREAS, Junior Lienholder agrees that the Junior Obligation Document shall be subordinate to that certain Rental Assistance Demonstration Use Agreement entered into by and between Owner and HUD and recorded concurrently herewith ("RAD Use Agreement").

NOW, THEREFORE, Owner and Junior Lienholder hereby agree as follows:

1. SUBORDINATION OF OF THE JUNIOR OBLIGATION DOCUMENT.
The Junior Obligation Document, and any and all renewals or extensions thereof and all amendments and modifications hereafter made thereto shall unconditionally be and

remain at all times a lien or charge against the Property that is subordinate to the RAD Use Agreement.

2. Notices.

Each notice, request, demand, consent, approval or other communication (hereinafter in this Section referred to collectively as "notices" and referred to singly as a "notice") which HUD or Junior Lienholder is required or permitted to give to the other party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered); or (b) sent by Federal Express (or other similar national overnight courier) designating next Business Day delivery (any notice so delivered shall be deemed to have been received on the next Business Day following receipt by the courier); or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received two Business Days after mailing in the United States), addressed to the respective parties as follows:

HUD:

U.S. Department of Housing and Urban Development
Director - Office of Multifamily Asset Management
Room 6160
451 Seventh Street, S.W.
Washington, DC 20410

JUNIOR LIENHOLDER:

County of Santa Barbara
123 East Anapamu Street, 2nd Floor
Santa Barbara, CA 93101
Attn: Housing Finance Program Manager

OWNER:

Leland Grossman Sandpiper, L.P.
c/o Surf Development Company
815 West Ocean Avenue
Lompoc, CA 93436
Attn: President

Either party may, by notice given pursuant to this Section, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses for its notices, but notice of a change of address shall only be effective upon receipt.

3. General.

(a) **Assignment/Successors.** This Agreement shall be binding upon HUD, Owner and Junior Lienholder and shall inure to the benefit of the respective legal successors and assigns of HUD and Owner and Junior Lienholder.

(b) **Amendment.** This Agreement shall not be amended except by written instrument signed by all parties hereto.

(c) **Governing Law.** This Agreement shall be governed by the laws of the State of California.

(d) **Severable Provisions.** If any provision of this Agreement shall be invalid or unenforceable to any extent, then the other provisions of this Agreement, shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(e) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

{Next page is signature page }

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

ATTEST:

MONA MIYASATO
Clerk of the Board

By: _____
Deputy Clerk of the Board

APPROVED AS TO FORM
Michael C. Ghizzoni
COUNTY COUNSEL

By: _____
Deputy County Counsel

OWNER:

LELAND GROSSMAN SANDPIPER, L.P.,
a California limited partnership

By: Surf Development Company,
a California nonprofit public benefit corporation
Its: Managing General Partner

By: _____
Name: Alfred Holzheu
Its: President

By: LGSGP, LLC, a California limited liability company
Its: Administrative General Partner

By: Housing Authority of the County of Santa Barbara,
a public body, corporate and politic
Its: Sole Member and Manager

By: _____
Name: Frederick C. Lamont
Its: Executive Director

JUNIOR LIENHOLDER:

County of Santa Barbara,
a political subdivision of the State of
California

By: _____
Steve Lavagnino, Chair
Board of Supervisors

ACKNOWLEDGEMENT

STATE OF CALIFORNIA

COUNTY OF _____

On _____, 2014, 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)

STATE OF CALIFORNIA

COUNTY OF _____

On _____, 2014, 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)

Exhibit A
(Legal Description)

**PARCEL 1 OF PARCEL MAP 32028, AS PER MAP RECORDED IN BOOK 62,
PAGES 56 AND 57 OF PARCEL MAPS, RECORDS OF SAID COUNTY.**