

No fee for recording pursuant to
Government Code Section 27383

Recording requested by and
When recorded return to:

USDA Rural Development
920 E. Stowell Road
Santa Maria, CA 93454

(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 LOWER PRIORITY THAN THE LIEN(S) OF SOME OTHER LATER SECURITY INTEREST(S).

THIS SUBORDINATION AGREEMENT (the "Agreement") is entered into as of _____, 2019, by and among the County of Santa Barbara, a political subdivision of the State of California ("County"), the United States of America acting through the Rural Housing Service in Rural Development, United States Department of Agriculture ("USDA"), and Los Adobes de Maria III Limited Partnership, a California limited partnership (the "Owner"), with reference to the following facts:

RECITALS

A. The Owner is the owner of that certain real property (the "Property") located in the County of Santa Barbara and more particularly described in Exhibit A, attached hereto and incorporated by reference herein, on which the Owner has developed and owns and operates a multi-family housing development for low-income households, consisting of both apartments and single family houses (the "Improvements"). The Property and the Improvements are collectively referred to herein as the "Development."

B. County made a loan to the Owner as part of the financing for the Owner's acquisition and improvement of the Property in the amount of Nine Hundred Forty-Eight Thousand Eight Hundred Fifty-Two Dollars (\$948,852) (the "County Loan"). The County Loan is evidenced by that certain County HOME Loan Promissory Note dated November 29, 2016, in the original principal amount of Nine Hundred Forty-Eight Thousand Eight Hundred Fifty-Two Dollars (\$948,852) made by the Owner to the County (the "County Note") and secured by that certain County HOME Loan Deed of Trust, Assignment of Rents, and Security Agreement dated as of November 29, 2016 and recorded in the Official Records of Santa Barbara County (the "Official Records") on December 2, 2016, as Instrument No. 2016-0064744 (the "County Deed

of Trust"). The County Note and the County Deed of Trust are referred to herein, collectively, as the "County Loan Documents." In addition, the County and the Owner have entered into that certain County HOME Loan Regulatory Agreement and Declaration of Restrictive Covenants that recorded in the Official Records on December 2, 2016, as Instrument No. 2016-064743 (the "County Regulatory Agreement").

C. USDA is making a permanent loan (the "USDA Loan") to Owner in the principal amount of Three Million Dollars (\$3,000,000). The USDA Loan is being made under a loan agreement between USDA and Owner dated as of June 1, 2019. The USDA Loan is evidenced by a promissory note made payable to USDA in the principal amount of the USDA Loan, which is secured by a deed of trust (the "USDA Deed of Trust") covering certain real and personal property, as therein described, including but not limited to the Property, being recorded concurrently herewith. All documents which evidence, guaranty, secure, or otherwise pertain to the USDA Loan collectively constitute the "USDA Loan Documents."

D. It is a condition precedent to obtaining the USDA Loan that the USDA Loan Documents shall unconditionally be and remain at all times, liens or charges upon the Property prior and superior to the liens or charges of the County Loan Documents.

E. USDA is willing to make the USDA Loan to the Owner provided that County will specifically and unconditionally subordinate the liens or charges of the County Loan Documents to the USDA Loan Documents.

F. County, USDA and the Owner all agree to the subordination of the County Loan Documents to the USDA Loan Documents.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Subordination of County Loan Documents to the USDA Loan Documents. The USDA Loan Documents and any renewals, modifications, extensions or advances thereunder or secured thereby shall unconditionally be and remain at all times, liens or charges on the Property, prior and superior to the liens or charges of the County Loan Documents.

2. County Acknowledgments. County agrees and acknowledges that:

a. USDA, in making disbursements of proceeds of the USDA Loan, is under no obligation or duty to, nor has USDA represented that it will, see to the application of such proceeds by the person or persons to whom USDA 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; and

b. County intentionally subordinates the liens or charges of the County Loan Documents, in favor of the liens or charges of the USDA Loan Documents and understands that in reliance upon, and in consideration of, this subordination, specific monetary and other obligations are being entered into which would not be made or entered into but for said reliance upon this subordination.

3. County Notice and Cure Rights. USDA hereby agrees, but only as a separate and independent covenant of USDA and not as a condition to the continued effectiveness of the covenants and agreements of the Owner and County as set forth herein, as follows:

a. Following a notice from USDA to the Owner that a default or breach exists under the terms of the USDA Loan Documents and each of them, the USDA shall promptly (but in no event later than ten days) send a copy of such, notice to County and County shall have the right, but not the obligation, to cure the default as follows:

- (i) If the default is reasonably capable of being cured within thirty (30) days, as determined by USDA in its sole discretion, County shall have such period to effect a cure prior to exercise of remedies by USDA under the USDA Loan Documents, or such longer period of time as may be specified in the USDA Loan Documents.
- (ii) If the default is such that it is not reasonably capable of being cured within thirty (30) days, as determined by USDA in its sole discretion, or such longer period if so specified, and if County (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then County shall have such additional time as is determined by USDA, in its sole discretion, to be reasonably necessary to cure the default prior to exercise of any remedies by USDA.

In no event shall USDA be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given, or such longer period of time as may be specified in the USDA Loan Documents.

Nothing in this subparagraph a. is intended to modify any covenant, term or condition contained in the USDA Loan Documents, including, without limitation, the covenant against creating or recording any liens or encumbrances against the Property without the prior written approval of USDA. The foregoing notwithstanding, County shall not be required to seek USDA's prior written consent to bring an action in equitable relief seeking the specific performance by the Borrower of the terms and conditions of the County Regulatory Agreement and/or enjoining, abating, or preventing any violation of said terms and conditions, and/or seeking declaratory relief.

b. The provisions of this paragraph 3 are intended to supplement, and not to limit, waive, modify or replace, those provisions of law pertaining to notice and cure rights of junior lenders including, without limitation, those set forth in California Civil Code Sections 2924b and 2924c.

4. 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 the USDA or the County 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 early morning 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 days after mailing in the United States), addressed to the respective parties as follows:

SENIOR LENDER: USDA Rural Development
 920 E. Stowell Road
 Santa Maria, California 93454

JUNIOR LIENHOLDER: County of Santa Barbara
 Housing and Community Development
 123 East Anapamu Street
 2nd Floor
 Santa Barbara, California 93101
 Attention: Deputy Director

With a copy to:

Office of County Counsel
County of Santa Barbara
105 E. Anapamu Street
Room 201
Santa Barbara, California 93101

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.

5. Full Force and Effect. The County Loan Documents remain unmodified and in full force and effect.

6. Successors and Assigns. This Agreement shall be binding upon the Owner, USDA, and the County and shall inure to the benefit of the legal successors and assigns of USDA and the County.

7. California Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

8. Counterparts. This Agreement may be signed by the different parties hereto in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

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

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND LOWER PRIORITY THAN THE LIEN(S) OF SOME OTHER LATER SECURITY INTEREST(S).

USDA:

THE UNITED STATES OF AMERICA,
acting through the Rural Housing Service in
Rural Development, United States
Department of Agriculture

By: 
Its: NFHUCOORDINATOR
Bret Helgren

OWNER:

LOS ADOBES DE MARIA III LIMITED
PARTNERSHIP,
a California limited partnership

By: Peoples' Self-Help Housing Corporation,
a California nonprofit public benefit corporation,
its general partner

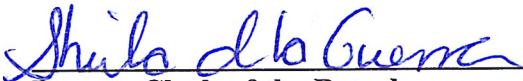
By: _____
It: _____

COUNTY:


COUNTY OF SANTA BARBARA
JUNIOR LIENHOLDER

ATTEST:

MONA MIYASATO
Clerk of the Board

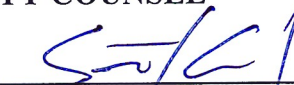
By: 
Deputy Clerk of the Board

COUNTY OF SANTA BARBARA,
a political subdivision of the State of
California

By: 
Steve Lavagnino, Chair
Board of Supervisors

APPROVED AS TO FORM:

Michael C. Ghizzoni
COUNTY COUNSEL

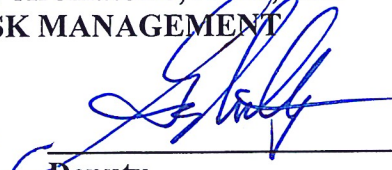
By: 
Deputy County Counsel

APPROVED AS FORM:
Betsy M. Schaffer, CPA
AUDITOR-CONTROLLER

By: 
Deputy

APPROVED AS TO FORM:

Ray Aromatorio, ARM, AIC
RISK MANAGEMENT

By: 
Deputy

7. California Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

8. Counterparts. This Agreement may be signed by the different parties hereto in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

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

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND LOWER PRIORITY THAN THE LIEN(S) OF SOME OTHER LATER SECURITY INTEREST(S).

USDA:


THE UNITED STATES OF AMERICA,
acting through the Rural Housing Service in
Rural Development, United States
Department of Agriculture

By: _____
Its: _____

OWNER:

LOS ADOBES DE MARIA III LIMITED
PARTNERSHIP,
a California limited partnership

By: Peoples' Self-Help Housing Corporation,
a California nonprofit public benefit corporation,
its general partner

By:  _____
Kenneth Trigueiro
Its: Executive Vice President

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.

State of California
County of San Luis Obispo)

On May 3, 2019 before me, Griselda Ochoa Lopez, Notary Public
(insert name and title of the officer)

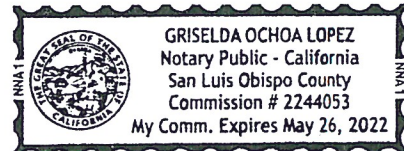
personally appeared Kenneth Trigueiro,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~
subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in
his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ 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)



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.

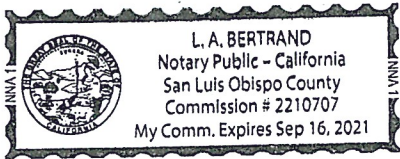
STATE OF CALIFORNIA)

COUNTY OF San Luis Obispo)

On 5-3-19, before me, L.A. BERTRAND, Notary Public, personally appeared BRET HELGREN, 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.



L.A. Bertrand
Name: L.A. BERTRAND
Notary Public

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)
)
COUNTY OF Santa Barbara)

On May 21, 2019, before me, Sheila de la Guerra, Notary Public, personally appeared Supervisor Steve Lavagnino, 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.



Name: Sheila de la Guerra
Notary Public

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

Real property in the City of Santa Maria, County of Santa Barbara, State of California, described as follows:

LOT 3 OF SOUTH BLOSSER, LLC LOT LINE ADJUSTMENT TRACT 5951, RECORDED MARCH 27, 2012 AS INSTRUMENT NO. 2012-0019741, AND BY CERTIFICATE OF CORRECTION RECORDED AUGUST 30, 2012 AS INSTRUMENT NO. 2012-0057409, BOTH OF OFFICIAL RECORDS SANTA BARBARA COUNTY, BEING THOSE PORTIONS OF LOTS 3, 4 & 5 OF BLOCK 18 OF THE "FAIRLAWN ADDITION TO THE TOWN OF SANTA MARIA", IN THE CITY OF SANTA MARIA, AS PER MAP FILED IN BOOK 1 OF MAPS AND SURVEYS, PAGE 38 IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, ALSO BEING PORTIONS OF THE LAND DEPICTED ON THE RECORD OF SURVEY FILED IN BOOK 175 OF RECORDS OF SURVEYS, PAGE 11 AND PAGE 75, BOTH IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND STATE, MORE

PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE EASTERLY LINE OF SAID LOT 3, SAID POINT BEING THE EASTERLY END OF THE LINE DENOTED AS S89°19'14"E, 200.00 FEET ON SAID RECORD OF SURVEY FILED IN BOOK 175, PAGE 11; THENCE,

FIRST: S00° 45' 21"W, ALONG THE EASTERLY LINE OF SAID BLOCK 18, 339.52 FEET TO A POINT ON THE EASTERLY LINE OF LOT 2 OF LOS ADOBES DE MARIA II LOT LINE ADJUSTMENT, TRACT 5806 RECORDED AUGUST 21, 2001 AS INSTRUMENT NO. 2001-75286 OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER, SAID POINT BEING THE BEGINNING OF A NOT-TANGENT CURVE CONCAVE WESTERLY HAVING A RADIUS OF 90.00 FEET, THE CENTER OF WHICH BEARS, N89°14'23"W; THENCE, SECOND SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 09°01'51", A LENGTH OF 14.19 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 29.00 FEET, THE CENTER OF WHICH BEARS N80°12'30"W, THENCE, THIRD SOUTHWESTERLY AND WESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 109°19'04", A LENGTH OF 55.33 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 328.00 FEET, THE CENTER OF WHICH BEARS S29°06'34"W; THENCE, FOURTH NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 24°06'17" , A LENGTH OF 137.99 FEET; THENCE, FIFTH DEPARTING SAID SOUTHERLY LINE OF THE LOS ADOBES DE MARIA II LOT LINE ADJUSTMENT, N00°45'21"E, PARALLEL TO AND 175.00 FEET WESTERLY OF THE EASTERLY LINE OF SAID LOTS 3, 4 AND 5, 335.93 FEET TO THE POINT IN THE LINE DENOTED AS S89°19'14"E, 200 FEET ON SAID RECORD OF SURVEY FILED IN BOOK 175, PAGE 11; THENCE, SIXTH S89°19'14"E, 175.00 FEET ALONG THE LINE DENOTED ON SAID RECORD OF SURVEY FILED IN BOOK 175, PAGE 11, TO THE POINT OF BEGINNING.

APN: 123-090-083