

Recording Requested By:
Santa Barbara Student Housing
777 Camino Pescadero
Isla Vista, California 93117

And Upon Recording, Return To:
Kutak Rock LLP
777 South Figueroa St., Suite 4550
Los Angeles, California 90017
Attention: Sam S. Balisy

Space above this line for recorder's use only

ASSESSOR'S PARCEL NO: 075-020-037

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "Agreement"), made as of November 14, 2017, by and among **SANTA BARBARA STUDENT HOUSING**, a California nonprofit public benefit corporation (the "Borrower"), the **COUNTY OF SANTA BARBARA**, a municipal corporation (the "County") and **FIRST REPUBLIC BANK**, a California banking corporation (the "Lender"):

WITNESSETH

WHEREAS, the California Enterprise Development Authority (the "Authority") has issued an aggregate principal amount of **FIVE MILLION EIGHT HUNDRED FIFTY THOUSAND (\$5,850,000)** of its Tax-Exempt Loan (Santa Barbara Student Housing Project) (the "Issuer Loan Obligation") to the Lender and the Lender lent the proceeds thereof to the Borrower (the "Borrower Loan"; together with the Issuer Loan Obligation, collectively, the "Senior Loans"), pursuant to that certain Loan Agreement, dated as of June 1, 2017 (the "Loan Agreement"), by and among, the Lender, the Borrower and the Authority; and

WHEREAS, the Borrower will use a portion of the proceeds of the Senior Loans to refinance the cost of acquiring, constructing, installing, equipping and furnishing that certain real property more particularly described in EXHIBIT A attached hereto and by this reference incorporated herein (the "Property"); and

WHEREAS, the Borrower has executed that certain Deed of Trust with Assignment of Leases and Rents, Security Agreement and Financing Statement, dated as of June 1, 2017, to Chicago Title Company for the benefit of the Authority and assigned to the Lender (the "Deed of Trust"), as security for the Borrower's obligations (the "Senior Obligations") under the Loan Agreement, including, without limitation, the due, prompt and complete observance, performance and discharge of each and every obligation, covenant and agreement set forth in the Loan Agreement and the Deed of Trust and in any other document or instrument executed by the Borrower in connection with the Senior Loans (the "Senior Lender Documents"); and

WHEREAS, the Borrower and the County have entered into that certain Community Development Block Grant Agreement (CFDA 14.218) (the "Grant Agreement"), pursuant to which the County made a grant to the Borrower in the amount of **ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$175,000)** (the "Grant") to complete certain improvements to the Property and, in consideration of the Grant, the Borrower and the County executed that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated January 15, 2013 (the "Regulatory Agreement" and, together with the Grant Agreement and all other documents and instruments executed by Borrower in connection with the Grant, the "Subordinated Documents"), providing for certain restrictions on the rental units at the Property; and

WHEREAS, it is a condition precedent to the funding of the Issuer Loan Obligation that the Deed of Trust shall unconditionally be and remain at all times, prior and superior to the lien or charge of the Subordinated Documents, and the County specifically and unconditionally subordinates the lien or charge of the Subordinated Documents to the lien or charge of the Deed of Trust; and

WHEREAS, the County has agreed to so subordinate; and

WHEREAS, it is to the mutual benefit of the parties hereto that the funding of the Issuer Loan Obligation for the benefit of the Borrower; and the County has agreed to allow the Deed of Trust, when recorded, to constitute a lien or charge upon the Property which is unconditionally prior and superior to the lien or charge of the Subordinated Documents.

NOW THEREFORE, in consideration of the mutual benefit accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce the funding of the Issuer Loan Obligation, it is hereby declared, understood and agreed:

1. Subordination. The Subordinated Documents are hereby subordinated to the lien of the Deed of Trust. In the event of a foreclosure under the Deed of Trust or the execution and delivery of a deed in lieu of such foreclosure, the Subordinated Documents (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate and be of no further force or effect. No renewal, modification, extension, amendment, amendment and restatement, or assignment of the Deed of Trust or the other instruments evidencing and/or securing the Loans requires the consent of the County to the continued subordination of the Subordinated Documents to the Deed of Trust. The provisions of this Agreement for the benefit of the Lender shall automatically extend to the Deed of Trust following any such renewals, modifications, extensions, amendments, amendments and restatements, or assignments.

2. Amendments to Subordinated Documents. Until such time as the Deed of Trust has been terminated and re-conveyed or released of record, unless and until the County obtains the prior written consent of the Lender, which consent may be withheld or given by the Lender in its sole and absolute discretion, the County shall not enter into or consent to any further amendments, restatements and/or supplements to the Subordinated Documents with the exception of those necessary to comply with Federal requirements notice of which has been

provided to the Lender prior to the effectiveness of such amendment, restatement and/or supplement.

3. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of California.

4. Binding. This Agreement is binding on the County and inures to the benefit of the Lender, including all subsequent holders of the Deed of Trust.

5. Severability. If any provision of this Agreement is, for any reason and to any extent, invalid or unenforceable, then the remainder of this Agreement shall not be affected by such invalidity or unenforceability, and there shall be deemed substituted for the invalid or unenforceable provision the most similar provision which would be valid and enforceable under applicable law.

6. Amendments and Waivers. Except as otherwise provided herein, this Agreement may be changed, modified or waived only by a writing signed by the parties hereto.

7. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter herein, and this Agreement supersedes and replaces any agreement or understanding that may have existed between the parties hereto prior to the date hereof in respect of such subject matter.

8. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed an original but all of which together shall constitute one and the same agreement. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

9. Notices. Except when otherwise required by law, all notices to be given hereunder shall be served personally or mailed first-class United States mail, certified or registered or express mail, with return receipt requested, postage prepaid, addressed to the parties as follows:

To the County: County of Santa Barbara
Community Services Department
Housing and Community Development Division
105 East Anapamu Street, Room 105
Santa Barbara, California 93101
Attention: Deputy Director

To the Lender: First Republic Bank
1 Front Street, 6th Floor
San Francisco, California 94111
Attention: Commercial Loan Servicing
Telephone: (415) 364-4410
Facsimile: (415) 262-4141

With a copy to: First Republic Bank
1888 Century Park East
Los Angeles, California 90067
Attention: Commercial Loan Operations
Telephone: (310) 712-1888
Facsimile: (310) 407-7088

If to the Borrower: Santa Barbara Student Housing
777 Camino Pescadero
Isla Vista, California 93117
Attention: Executive Director
Telephone: (805) 685-6964
Facsimile: (805) 685-0898

Any party hereto may change its mailing address at any time by giving written notice of such change to the other party in the manner provided above. All notices under this Subordination Agreement, unless otherwise provided by law, shall be deemed given, received or communicated on the date personal delivery is effected or, if mailed, on the date of delivery or attempted delivery shown on the return receipt.

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

[Balance of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Subordination Agreement as the date herein first above written.

COUNTY

COUNTY OF SANTA BARBARA

Executed this _____ day of _____, 2017

ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

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

By: _____
Deputy Clerk of the Board

By: _____
Joan Hartmann, Chair
Board of Supervisors

APPROVED AS TO ACCOUNTING FORM:
THEODORE A. FALLATI, CPA
AUDITOR-CONTROLLER

RECOMMENDED FOR APPROVAL:
GEORGE CHAPJIAN, DEPARTMENT HEAD

By: *Victoria M. Adell*
DEPUTY

By: *George Chapjian*

APPROVED AS TO FORM:
MICHAEL C GHIZZONI
CCOUNTY COUNSEL

By: *Michael C Ghizzoni*
Deputy County Counsel

APPROVED AS TO FORM:
RAY AROMATORIO, ARM, AIC
RISK MANAGEMENT

By: *Ray Aromatorio*
Risk Manager

IN WITNESS WHEREOF, the parties hereto have executed this Subordination Agreement as the date herein first above written.

COUNTY

COUNTY OF SANTA BARBARA

Executed this _____ day of _____, 2017

ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

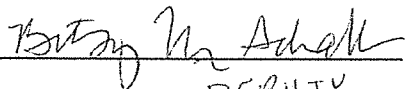
COUNTY:
COUNTY OF SANTA BARBARA,
a political subdivision of the State of California

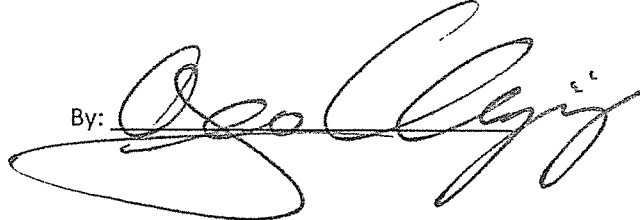
By: _____
Deputy Clerk of the Board

By: _____
Joan Hartmann, Chair
Board of Supervisors

APPROVED AS TO ACCOUNTING FORM:
THEODORE A. FALLATI, CPA
AUDITOR-CONTROLLER

RECOMMENDED FOR APPROVAL:
GEORGE CHAPJIAN, DEPARTMENT HEAD

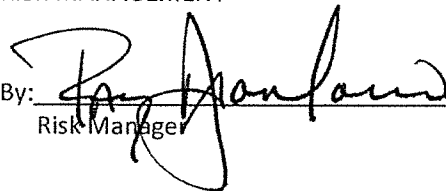
By: 
DEPUTY

By: 

APPROVED AS TO FORM:
MICHAEL C GHIZZONI
CCOUNTY COUNSEL

By: 
Deputy County Counsel

APPROVED AS TO FORM:
RAY AROMATORIO, ARM, AIC
RISK MANAGEMENT

By: 
Risk Manager

BORROWER

**SANTA BARBARA STUDENT HOUSING,
A California Nonprofit Public Benefit Corporation**

Executed this _____ day of _____, 2017

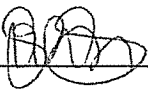
By _____
President

By _____
Secretary

LENDER

**FIRST REPUBLIC BANK,
A California Banking Corporation**

Executed this 20th day of October, 2017

By:  _____
Title: _____
Jodi L. Gee
Manager
Commercial Lending Services

BORROWER

**SANTA BARBARA STUDENT HOUSING,
A California Nonprofit Public Benefit Corporation**

Executed this _____ day of _____, 2017

By _____
President

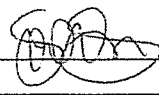
By _____
Secretary

LENDER

**FIRST REPUBLIC BANK,
A California Banking Corporation**

Executed this 20th day of October, 2017

By: _____
Title: _____


Jodi L. Gee
Manager
Commercial Lending Services

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 Francisco)


On October 20, 2017, before me, Rana Mazbar Notary Public

personally appeared Jodi L Gee
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)

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.

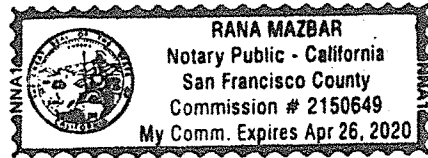
State of California)
County of San Francisco)

On October 20, 2017, before me, Rana Mazbar Notary Public

personally appeared Jodi L Gee
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.




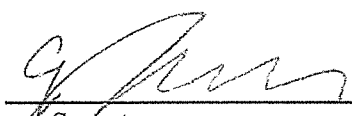
Signature  (Seal)

BORROWER

**SANTA BARBARA STUDENT HOUSING,
A California Nonprofit Public Benefit Corporation**

Executed this _____ day of _____, 2017

By  _____
President

By  _____
Secretary

LENDER

**FIRST REPUBLIC BANK,
A California Banking Corporation**

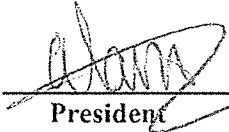
Executed this _____ day of _____, 2017

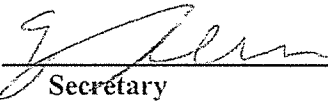
By: _____
Title: _____

BORROWER

**SANTA BARBARA STUDENT HOUSING,
A California Nonprofit Public Benefit Corporation**

Executed this _____ day of _____, 2017

By 
President

By 
Secretary

LENDER

**FIRST REPUBLIC BANK,
A California Banking Corporation**

Executed this _____ day of _____, 2017

By: _____
Title: _____

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)

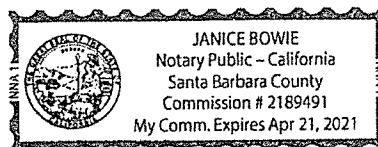
County of Santa Barbara)

On 11/1/2017, before me, Janice Bowie Notary Public

personally appeared Esther Lee + Alan Manuel Morales
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 [Handwritten Signature] (Seal)

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

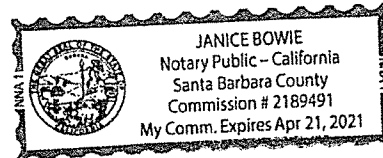
County of Santa Barbara

On 11/1/2017, before me, Janice Bowie Notary Public

personally appeared Ester Lee + Alan Manuel Morales 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.



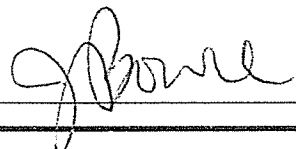
Signature  (Seal)

EXHIBIT A

THE PROPERTY REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel One

Parcel B of Parcel Map L.A. No. 7253, in the County of Santa Barbara, County of Los Angeles, State of California, as per map filed in Book 298, Pages 85 and 86 of Parcel Maps, in the Office of the County Recorder of said County.

APN#: 075-020-037

Parcel Two

An easement created by deed recorded March 19, 1954 as Instrument No. 4740 in Book 1225, Page 305 of Official Records, for road and public utility purposes over a strip of land 50 feet in width, the center line of which is described as follows:

Beginning at 1/2 inch survey pipe, set at a point on the Northerly line of Parcel One, above described, 50 feet West of the Westerly line of said Ocean Terrace Tract, thence Westerly along the Northerly line of said Parcel One, and the Westerly prolongation thereof 507.46 feet to a 1/2 inch pipe set at the Northwest corner of the land conveyed to William S. Hazard, et ux., by deed from Leland M. Crawford, et ux. recorded October 3, 1952 as File No. 15521 in Book 1099, Page 461 of Official Records.