

ATTACHMENT E

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

Paul Hastings LLP
515 S. Flower Street
25th Floor
Los Angeles, CA 90071
Attention: Ken Krug

THIS SPACE FOR RECORDER'S USE ONLY

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 INSTRUMENT.

This Subordination Agreement ("Agreement") is entered into as of March [], 2014 by and among CASAS DE LAS FLORES, L.P., a California limited partnership ("Borrower"), the COUNTY OF SANTA BARBARA, a political subdivision of the State of California (the "County"), CALIFORNIA COMMUNITY REINVESTMENT CORPORATION, a California nonprofit public benefit corporation ("CRCC"), and JPMORGAN CHASE BANK, N.A., a national banking association ("Senior Lender"). The parties to this Agreement are referred to as the "Parties." Senior Lender and the County are referred to as the "Lenders."

RECITALS

A. Borrower has executed or is about to execute a Construction Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing (the "Senior Lender Deed of Trust") for the benefit of Senior Lender, to secure a promissory note in the estimated principal amount of Twelve Million Three Hundred Thousand \$12,300,000.00 construction loan, which will convert to a permanent loan in the estimated amount of Two Million Six Hundred Thousand (\$2,600,000), (the "Loan"), and a UCC-1 Financing Statement in favor of Senior Lender ("Senior Lender UCC") to be recorded concurrently herewith in connection with the Senior Lender Deed of Trust. The Senior Lender Deed of Trust encumbers, among other things, the real property more particularly described in Exhibit A attached to this Agreement (the "Land") and is to be recorded concurrently herewith in the Official Records of Santa Barbara, California ("Official Records"). The Land, together with all improvements now or hereafter located on the Land and all fixtures and personal property located on the Land and encumbered by any of the Recorded Items (as defined below) are referred to, collectively, as the "Property."

B. In connection with a loan in the amount of \$1,209,957 from the County (the "County Loan") made to Borrower pursuant to that certain County HOME Loan Agreement dated as of February [], 2014 by and between Borrower and the County (the "County Loan Agreement") Borrower has executed or is about to execute the County Home Loan Deed of Trust, Assignment of Rents, and Security Agreement (the "County Deed of Trust"), securing a promissory note in the amount of the County Loan in favor of the County (the "County Note"). In connection with the County Loan, Borrower and the County have executed or are about to execute that certain County HOME Loan Regulatory Agreement and Declaration of Restrictive Covenants dated as of February [], 2014 (the "County Regulatory Agreement"). The County Deed of Trust and the County Regulatory Agreement are to be recorded concurrently herewith in the Official Records.

D. Pursuant to that certain Loan Purchase Agreement dated as of February [], 2014 (the "Loan Purchase Agreement") by and among Borrower, Senior Lender and CCRC, Senior Lender has agreed to sell and CCRC has agreed to purchase, subject to the terms and conditions set forth therein, up to \$[] in principal amount of the Loan on the "Conversion Date" (as defined in the Loan Purchase Agreement). In connection therewith, Senior Lender shall assign to CCRC all its rights under the Senior Lender Deed of Trust, the Note and certain of the other Senior Loan Documents, and CCRC shall assume the role of Lender hereunder, with all rights and powers thereof. In connection with the Loan Purchase Agreement, Borrower has executed or is about to execute that certain Delivery Assurance Deed of Trust, Security Agreement and Fixture Filing in favor of CCRC (the "CCRC Delivery Assurance Deed of Trust"), to be recorded concurrently herewith in the Official Records.

E. The Senior Lender Deed of Trust, the Senior Lender UCC, the County Deed of Trust the County Regulatory Agreement, and the CCRC Delivery Assurance Deed of Trust are referred to as the "Recorded Items."

F. It is the intent of the Parties that the order of priority of the Recorded Items as liens on or charges against the Property be as follows:

1. Senior Lender Deed of Trust
2. Senior Lender UCC
3. County Regulatory Agreement
4. County Deed of Trust
5. CCRC Delivery Assurance Deed of Trust

G. It is a condition precedent to the respective obligations of each Party under the Recorded Items to which it is a party that such Recorded Item unconditionally be and remain at all times a lien or charge on the Property, having priority with respect to the other Recorded Items in the order set forth above, and that each Party specifically and unconditionally subordinate the lien or

charge of each of the Recorded Items to which it is a party as necessary in order that the Recorded Items have the relative priority set forth above.

In consideration of the mutual benefits accruing to the Parties and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce each Party to enter the Recorded Items to which it is a party, the Parties agree as follows:

AGREEMENT

1. **Priority and Subordination.**

(a) Each Recorded Item, and any and all renewals and extensions thereof, shall unconditionally be and remain at all times a lien or charge on the Property, having the relative priority with respect to the other Recorded Items as set forth above. Each Party intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the Recorded Items to which it is a party in favor of the lien or charge upon the Property of the other Recorded Items to the extent necessary so that the Recorded Items shall have the relative priority set forth above.

(b) Each Party acknowledges that it has been offered a satisfactory opportunity to review each of the Recorded Items and related documents to the extent that it wishes to review them.

(c) Each Party will enter into a subordination agreement substantially similar to this Agreement with any lender which refinances the Loan secured by the Senior Lender Deed of Trust.

(d) Each Party acknowledges that its payment interests pursuant to the Recorded Items and any related documents shall have the relative priority with respect to payment interests pursuant to the other Recorded Items as set forth above. In addition, the County agrees that repayment of the indebtedness secured by the County Deed of Trust is and shall be postponed and subordinated to repayment in full of the indebtedness secured by the Senior Lender Deed of Trust; provided, however, that the County may accept regularly scheduled payments due under its Loan Documents so long as no default has occurred and is continuing under Senior Lender's Loan Documents. The Parties acknowledge that the rights of the County as set forth in any documents relating to the indebtedness secured by the County Deed of Trust are subordinate to the rights of the Senior Lender as set forth in any documents relating to the Senior Loan.

(e) The County shall not, without the prior written consent of Senior Lender (which consent may be granted or withheld in Senior Lender's sole and absolute discretion) pursue any remedy including, without limitation, the acceleration and/or demand of all or any part of the obligations secured by the County Deed of Trust, any foreclosure proceeding, exercise of power of sale, exercise of any rights as a secured party under the Uniform Commercial Code, any other public or private sale, acceptance of a tender of title to all or any portion of the Property in full or partial

satisfaction of the County Deed of Trust, obtaining of a receiver, obtaining of a restraining order, protective order or injunction, seeking of default interest, taking possession or control of all or any portion of the Property, applying any funds pledged to the County or to any other obligation, exercising of any right of setoff against Borrower, initiating or voluntarily participating in any action or proceeding against Borrower or any of Borrower's assets, to enforce collection or payment of all or any portion of the obligations to the County or to enforce rights against all or any portion of the Property.

2. **Reliance.** The Parties would not enter into the Recorded Items to which they are parties without this Agreement.

3. **Recording.** Each Party consents to the recording of each of the Recorded Items and this Agreement.

4. **No Obligation.** No Lender is under any obligation to any other Lender to, nor has any Lender represented that it will, see to the application of any proceeds of any loan secured by any of the Recorded Items except as may otherwise be set forth in a written agreement (other than this Agreement) executed by the Lender sought to be charged with such an obligation.

5. **Notice of Default; Opportunity to Cure.** Each Party shall give each of the other Parties notice of default under each Recorded Item in favor of such Party prior to enforcing remedies for such default against Borrower or the Property and each of the other Parties shall have the right to cure such default at any time that Borrower would have a right to cure it.

6. **Actions by Senior Lender; Certain Waivers.** Senior Lender, without the consent of or notice to any other Lender, may enter into amendments of the Senior Lender Deed of Trust and the documents and obligations secured thereby (collectively, the "Senior Loan Documents") in any manner, may release any or all persons or entities liable for any obligation secured by the Senior Loan Documents, and may release any or all security for the obligations secured by the Senior Loan Documents, all without affecting the subordination under this Agreement. Each Party waives any right to require marshaling of assets or to require Senior Lender to proceed against or exhaust any specific security for the obligations secured by the Senior Loan Documents, and waives any and all defenses arising out of the loss or impairment of any right of subrogation to the lien of the Senior Loan Documents. Any Lender may release any or all persons or entities liable for any obligation secured by the deed of trust in its favor and the documents secured thereby (collectively, with respect to each respective Lender, that Lender's "Loan Documents"), without the consent of or notice to any other Lender, all without affecting the subordination under this Agreement. Each Party waives any right to require marshaling of assets or to require a Lender to proceed against or exhaust any specific security for the obligations secured by any of the Loan Documents, and waives any and all defenses arising out of the loss or impairment of any right of subrogation to the lien of any of the Loan Documents.

7. **Purchase of Loan by CCRC.** The County specifically acknowledges that, subject to satisfaction by Borrower of certain conditions within the times set forth in the Senior Loan Documents and the Loan Purchase Agreement, as may be mutually extended by CCRC and Senior Lender, CCRC shall purchase the Loan from Senior Lender on the Conversion Date. The parties hereto acknowledge that if CCRC should become the holder of the Senior Lender Note, then this Agreement shall continue to inure to the benefit of CCRC and its successors and assigns.

8. **Miscellaneous.**

(a) **Entire Agreement.** This Agreement constitutes the entire agreement among the Parties with respect to the priority of the lien and charge of the Recorded Items against the Property and all prior understandings and agreements on that subject, if any, are superseded and replaced by this Agreement.

(b) **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the state where the Land is located.

(c) **Successors; Assignment.** This Agreement is for the benefit of the Lenders and their respective successors and assigns, and any provision hereof may be waived or modified by agreement of Lenders without the consent of Borrower, and without affecting the priority of the liens and charges of the Recorded Items as provided in this Agreement. The heirs, administrators, assigns and successors-in-interest of the Parties shall be bound by this Agreement. This Agreement may be assigned by a Party only as a part of an assignment of such Party's interest in the Property.

(d) **Notices.** All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when hand-delivered, or two business days after deposit in the U.S. mail, postage prepaid, to the Parties at the addresses set forth below, or to such other place as a Party may from time to time designate for itself by notice to the other Parties. No successor or assign of a Party shall be entitled to notices or opportunity to cure defaults hereunder unless notice of the transfer is given in accordance with this subsection.

(e) **Amendment.** This Agreement may be amended only by a writing signed by the Parties, but this clause shall not impair the validity of any further agreements among fewer than all of the Parties as among themselves.

(f) **Counterparts.** This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and whether or not all Parties execute each counterpart.

(g) **Completion of Recording Information.** If this Agreement is signed without completion of certain recording information called for above, any Party or any escrow agent or title

insurance company acting on the instructions of any Party is hereby authorized to insert such information prior to recording this Agreement.

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BORROWER:

CASAS DE LAS FLORES, L.P.,
a California limited partnership

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

By: _____
Name:
Title:

Address:

Casas de las Flores, L.P.
3533 Empleo Street
San Luis Obispo, CA 93401
Attn: Managing General Partner

(Signature Page to Subordination Agreement)

SENIOR LENDER:

JPMORGAN CHASE BANK, N.A.,
a national banking association

By:

Shani Searcy
Authorized Officer

Address:

JPMorgan Chase Bank, N.A.
300 South Grand Avenue, 4th Floor
Los Angeles, CA 90071
Attention: Chase Community Development Banking

(Signature Page to Subordination Agreement)

JH

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OR CHARGE OF SOME OTHER OR LATER INSTRUMENT.

COUNTY:

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

Address:

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

By: _____
STEVE LAVAGNINO
Chair, Board of Supervisors

With copy to:

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

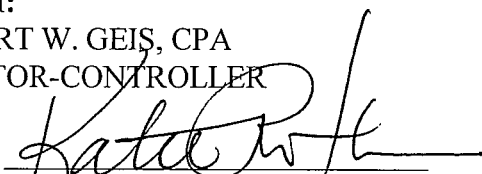
ATTEST:

MONA MIYASOTO
CLERK OF THE BOARD

By: _____
Deputy Clerk

**APPROVED AS TO ACCOUNTING
FORM:**

ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

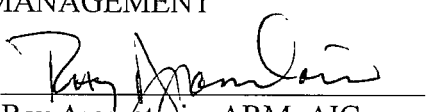
By: 
Deputy Auditor-Controller

APPROVED AS TO FORM:

MICHAEL C. GHIZZONI
COUNTY COUNSEL

By: 
Deputy County Counsel

RISK MANAGEMENT

By: 
Ray Aromatorio, ARM, AIC
Risk Manager

(Signature Page to Subordination Agreement)

State of California
County of _____

On _____ 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

LEGAL DESCRIPTION

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

PARCEL ONE:

BEGINNING AT A POINT ON THE EASTERLY LINE OF THE TRACT OF LAND DESCRIBED IN THE DEED TO AMILCARE FOGLIADINI, RECORDED OCTOBER 27, 1927 IN BOOK 10, PAGE 447 OF OFFICIAL RECORDS OF SANTA BARBARA COUNTY, CALIFORNIA, SAID POINT BEING A 1/2 INCH PIPE SURVEY MONUMENT WITH TAG STAMPED "R.C.E. 7704" SET ON THE NORTHERLY LINE OF THE REAL PROPERTY CONVEYED TO THE STATE OF CALIFORNIA, RECORDED JANUARY 25, 1952 IN BOOK 1045, PAGE 449 OF OFFICIAL RECORDS; THENCE NORTH 27°04'30" EAST, ALONG THE EASTERLY LINE OF SAID FOGLIADINI TRACT, 231.52 FEET TO A 1/2 INCH PIPE SURVEY MONUMENT WITH TAG STAMPED "R.C.E. 7704" FROM WHICH THE NORTHEASTERLY CORNER OF SAID FOGLIADINI TRACT BEARS NORTH 27°04'30" EAST, 100.00 FEET; THENCE NORTH 63°14'20" WEST, PARALLEL WITH THE NORTHERLY LINE OF SAID FOGLIADINI TRACT, 140.00 FEET TO A 1/2 INCH PIPE SURVEY MONUMENT WITH TAG STAMPED "R.C.E. 7704"; THENCE NORTH 27°04'30" EAST, 100.00 FEET TO A 1/2 INCH PIPE SURVEY MONUMENT WITH TAG STAMPED "R.C.E. 7704" SET ON THE NORTHERLY LINE OF SAID FOGLIADINI TRACT; THENCE NORTH 63°14'20" WEST, ALONG SAID NORTHERLY LINE, 64.06 FEET TO A 1/2 INCH PIPE SURVEY MONUMENT WITH TAG STAMPED "R.C.E. 7704"; THENCE SOUTH 24°39'20" WEST, 342.45 FEET TO A 1/2 INCH PIPE SURVEY MONUMENT WITH TAG STAMPED "R.C.E. 7704" SET ON THE NORTHERLY LINE OF THE ABOVE MENTIONED STATE OF CALIFORNIA PROPERTY, BEING ON A CURVE CONCAVE TO THE SOUTHWEST, THE RADIAL CENTER OF WHICH BEARS SOUTH 12°18'38" WEST, 318.00 FEET; THENCE SOUTHEASTERLY ALONG SAID STATE OF CALIFORNIA PROPERTY, BEING ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 14°08'38", A DISTANCE OF 78.50 FEET TO A 6 INCH BY 6 INCH CONCRETE SURVEY MONUMENT AND THE END OF SAID CURVE FROM WHICH THE RADIAL CENTER BEARS SOUTH 26°27'16" WEST, 318.00 FEET; THENCE SOUTH 63°34'30" EAST, ALONG SAID STATE OF CALIFORNIA PROPERTY, 112.02 FEET TO THE POINT OF BEGINNING.

PARCEL TWO:

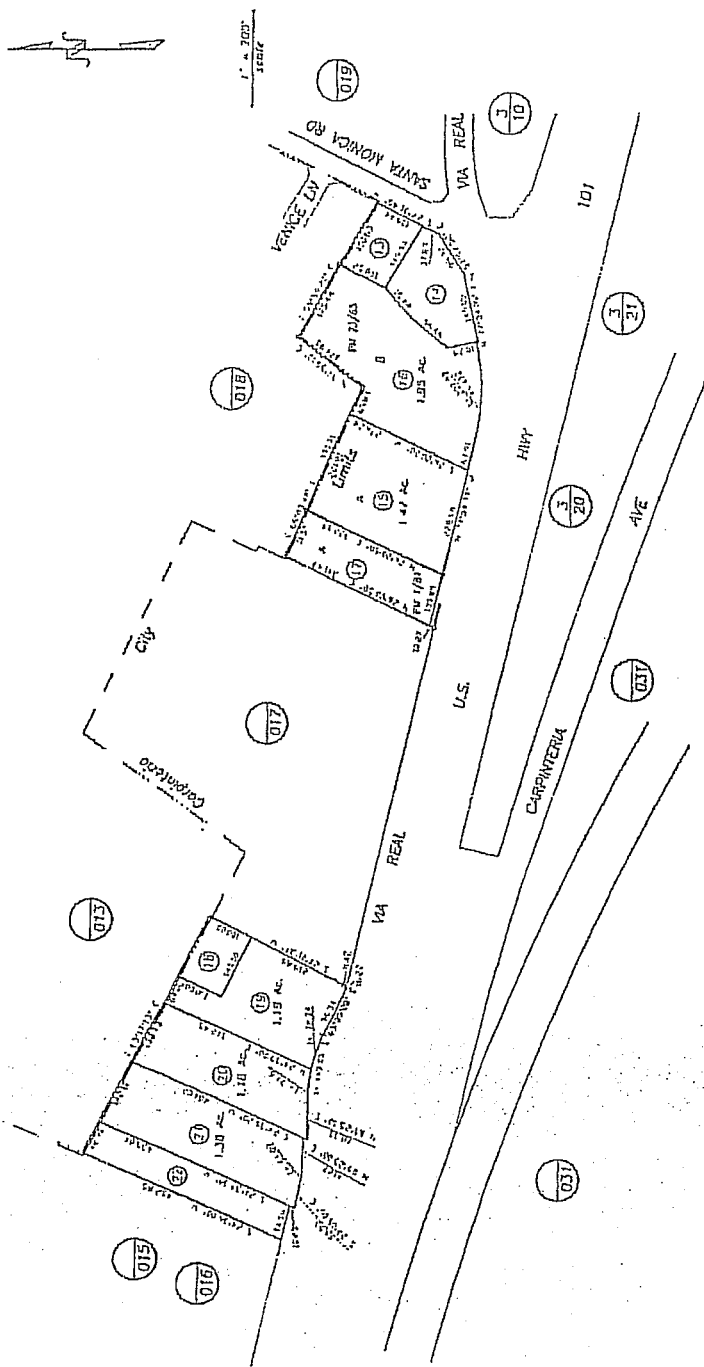
COMMENCING AT A POINT ON THE WESTERLY LINE OF THE TRACT OF LAND DESCRIBED IN THE DEED TO AMILCARE FOGLIADINI, RECORDED OCTOBER 27, 1927 IN BOOK 10, PAGE 447 OF OFFICIAL RECORDS, SAID POINT BEING A 1/2 INCH PIPE SURVEY MONUMENT WITH TAG STAMPED "R.C.E. 7704" SET ON THE NORTHERLY LINE OF THE REAL PROPERTY CONVEYED TO THE STATE OF CALIFORNIA, RECORDED JANUARY 25, 1952 IN BOOK 1045, PAGE 449 OF OFFICIAL RECORDS; THENCE NORTH 24°39'20" EAST, ALONG THE WESTERLY LINE OF THE ABOVE MENTIONED FOGLIADINI TRACT, 455.25 FEET TO A 1-1/2 INCH PIPE SURVEY MONUMENT SET AT THE NORTHWEST CORNER THEREOF; THENCE SOUTH 63°14'20" EAST, ALONG THE NORTHERLY LINE OF SAID FOGLIADINI TRACT, 142.11 FEET TO A 1/2 INCH PIPE SURVEY MONUMENT WITH TAG STAMPED "R.C.E. 7704", AND THE TRUE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED; THENCE SOUTH 24°39'20" WEST, 404.00 FEET TO A 1/2 INCH PIPE SURVEY MONUMENT WITH TAG STAMPED "R.C.E. 7704" SET ON THE NORTHERLY LINE OF THE ABOVE MENTIONED STATE OF CALIFORNIA PROPERTY, THENCE NORTH 89°25'00" EAST, ALONG SAID STATE OF CALIFORNIA PROPERTY, 78.69 FEET TO A 6 INCH BY 6 INCH CONCRETE SURVEY MONUMENT SET AT THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, THE RADIAL CENTER OF WHICH BEARS SOUTH 0°32'16" EAST, 318.00 FEET; THENCE ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 12°50'54", A DISTANCE OF 71.31 FEET TO A 1/2 INCH PIPE SURVEY MONUMENT WITH TAG STAMPED "R.C.E. 7704", FROM WHICH THE RADIAL CENTER OF SAID CURVE BEARS SOUTH 12°18'38"

WEST, 318.00 FEET; THENCE NORTH 24°39'20" EAST, 342.45 FEET TO A 1/2 INCH PIPE SURVEY MONUMENT WITH TAG STAMPED "R.C.E. 7704" SET ON THE NORTHERLY LINE OF THE ABOVE MENTIONED FOGLIADINI TRACT; THENCE NORTH 63°14'20" WEST, ALONG SAID NORTHERLY LINE, 138.64 FEET TO THE TRUE POINT OF BEGINNING.

APN: 004-013-19 and 004-013-20

004-013A
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POR. PUEBLO LANDS



NOTICE
 Assessors' Records are not for government
 purposes only and do not constitute either
 partial or full title insurance.

City & Vicinity of Carpinteria
 Assessor's Map Blk. 004 -Pg. 013A
 County of Santa Barbara, Calif.

12/03 U.S. DEPARTMENT OF THE INTERIOR

NOTICE

First American Title

LEGAL DESCRIPTION

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

PARCEL ONE:

BEGINNING AT A 2 1/2 INCH PIPE SURVEY MONUMENT SET AT THE NORTHEAST CORNER OF THE TRACT OF LAND DESCRIBED IN THE DEED TO AMILCARE FOGLIADINI, RECORDED OCTOBER 27, 1927 IN BOOK 10, PAGE 447 OF OFFICIAL RECORDS OF SAID COUNTY;

THENCE, SOUTH 27° 04' 30" WEST, ALONG THE EASTERLY LINE OF SAID FOGLIADINI TRACT, 100.00 FEET TO A 1/2 INCH PIPE SURVEY MONUMENT WITH TAG STAMPED "R.C.E. 7704";

THENCE, NORTH 63° 14' 20" WEST, PARALLEL WITH THE NORTHERLY LINE OF SAID FOGLIADINI TRACT, 140.00 FEET TO A 1/2 INCH PIPE SURVEY MONUMENT WITH TAG STAMPED "R.C.E. 7704";

THENCE, NORTH 27° 04' 30" EAST, 100.00 FEET TO A 1/2 INCH PIPE SURVEY MONUMENT WITH TAG STAMPED "R.C.E. 7704" SET ON THE NORTHERLY LINE OF SAID FOGLIADINI TRACT,

THENCE, SOUTH 63° 14' 20" EAST, ALONG SAID NORTHERLY LINE, 140.00 FEET TO THE POINT OF BEGINNING.

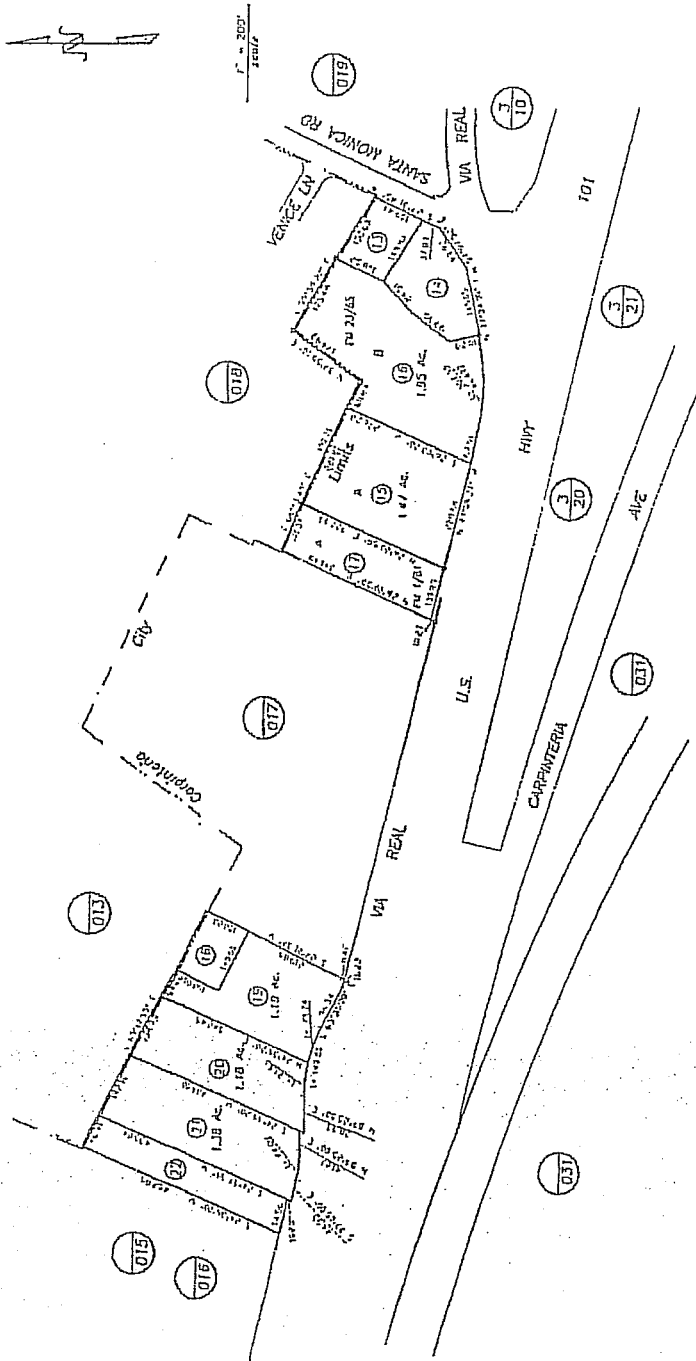
PARCEL TWO:

AN EASEMENT FOR A PRIVATE WAY OF VEHICULAR AND PEDESTRIAN INGRESS AND EGRESS PURPOSES, ON, OVER AND ALONG THE SOUTHEASTERLY 30 FEET OF THE LAND DESCRIBED AS RESERVED IN DEED RECORDED ON SEPTEMBER 1, 1971 AS INSTRUMENT NO. 28136 IN BOOK 2362, PAGE 1162 AND RE-RECORDED ON OCTOBER 5, 1971 AS INSTRUMENT NO. 32091 IN BOOK 2366, PAGE 1447 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 004-013-18

004-013A
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POR. PUEBLO LANDS



NOTICE
Assessor Records are for assessment purposes only and do not indicate either parcel legality or a valid building site.

City & Vicinity of Carpinteria
Assessor's Map Bk. 004 -Pg. 013A
County of Santa Barbara, Calif.

12/02

NOTICE

First American Title