

**FREE RECORDING IN ACCORDANCE
WITH CALIFORNIA GOVERNMENT
CODE SECTIONS 6103 and 27383**

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

State of California
Department of Housing and
Community Development
P. O. Box 952054
Sacramento, CA 94252-2054
Attn: Rebecca Matt, EHAPCD Program
[_EHAPCD-_____]

SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE

NOTICE: THIS SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE 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 SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE (the "Agreement") is dated as of _____, 2014, for reference purposes only, and is entered into by and among INSERT NAME OF JUNIOR LIENHOLDER, TYPE OF ENTITY, (the "Junior Lienholder") and INSERT NAME OF BORROWER, TYPE OF ENTITY (the "Borrower"), and the Department of Housing and Community Development, a public agency of the State of California (the "Senior Lender").

RECITALS

A. Borrower is the owner of the FEE SIMPLE INTEREST/LEASEHOLD ESTATE in that real property described in Exhibit A attached hereto and made a part hereof (the "Property"). The Borrower is acquiring or has acquired and is CONSTRUCTING/REHABILITATING a BRIEFLY DESCRIBE PROJECT AND USE on the Property (the "Improvements"). The Property and the Improvements are sometimes referred to collectively as the "Development."

B. The Junior Lienholder has made a loan to the Borrower in the principal sum of SPELL OUT DOLLAR AMOUNT and no/100 Dollars (\$_____.00) (the "Junior Lienholder Loan"). The Junior Lienholder Loan is evidenced by a certain promissory note (the "Junior Lienholder Note"), secured by a certain deed of trust (the "Junior Lienholder Deed of Trust") recorded in the Official Records of NAME OF COUNTY County, California (the "Official Records"), on DATE OF RECORDATION, as Instrument No. INSTRUMENT NUMBER. The Junior Lienholder and Borrower have also entered into a regulatory agreement affecting the

use of the Development, recorded on DATE OF RECORDATION, as Instrument No. INSTRUMENT NUMBER in the Official Records (the "Junior Lienholder Regulatory Agreement"). IF THERE ARE ANY OTHER REGULATORY OR OTHER DOCUMENTS ASSOCIATED WITH THE JUNIOR LIENHOLDER LOAN INCLUDE INFORMATION FOR THOSE DOCUMENTS TOO (TITLE OF DOCUMENT, DATE, RECORDING INFORMATION, ETC.) The Junior Lienholder Deed of Trust and any and all other loan documents related to the Junior Lienholder Loan are collectively referred to herein as the "Junior Lienholder Documents."

C. In order to finance the Development, the Senior Lender has agreed to loan the Borrower a sum not to exceed SPELL OUT LOAN AMOUNT and no/100 Dollars (\$____.00) (the "EHAPCD Loan"), subject to the terms and conditions of: (i) a Regulatory Agreement restricting the use and occupancy of the Development and the income derived therefrom, which shall be dated as of even date herewith and recorded as an encumbrance on the Property in the Official Records (the "EHAPCD Regulatory Agreement"); (ii) an EHAPCD Development Agreement (if applicable) and (ii) other loan documents associated with the EHAPCD Loan. The EHAPCD Loan will be evidenced by a promissory note (the "EHAPCD Note"), the repayment of which will be secured by, among other things, a deed of trust by Borrower as trustor, to Senior Lender as beneficiary recorded as an encumbrance on the Property in the Official Records (the "EHAPCD Deed of Trust") and by such other security as is identified in other loan documents. The EHAPCD Regulatory Agreement, EHAPCD Note, EHAPCD Deed of Trust, and any and all other loan documents associated with the EHAPCD Loan are hereby collectively referred to as the "Senior Lender Documents."

D. The Senior Lender is willing to make the EHAPCD Loan provided the Senior Lender Documents are liens, claims or charges upon the Development prior and superior to the Junior Lienholder Documents, and provided that the Junior Lienholder specifically and unconditionally subordinates and subjects the Junior Lienholder Documents to the liens, claims or charges of the Senior Lender Documents.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce the Senior Lender to make its EHAPCD Loan, it is hereby declared, understood and agreed as follows:

1. The Senior Lender Documents securing the EHAPCD Note in favor of the Senior Lender, and any and all renewals, modifications, extensions or advances thereunder or secured thereby (including interest thereon) shall unconditionally be and remain at all times liens, claims, or charges on the Development prior and superior to the Junior Lienholder Documents, and to all rights and privileges of the Junior Lienholder thereunder; and the Junior Lienholder Documents, together with all rights and privileges of the Junior Lienholder thereunder are hereby irrevocably and unconditionally subject and made subordinate to the liens, claims or charges of the Senior Lender Documents.

2. This Agreement shall be the whole and only agreement with regard to the subordination of the Junior Lienholder Documents, together with all rights and privileges of the Junior Lienholder thereunder, to the liens, claims or charges of the Senior Lender Documents, and this Agreement shall supersede and cancel any prior agreements to subordinate the claims, liens or charges of, but only insofar as would affect the priority between the claims, liens or charges of the Junior Lienholder Documents to the Senior Lender Documents including, but not limited to, those provisions, if any, contained in the Junior Lienholder Documents, which provide for the subordination of the lien or charge thereof to another lien or charge on the Property or the Improvements.

3. The Junior Lienholder declares, agrees and acknowledges that:

(a) The Junior Lienholder consents and approves (i) all provisions of the EHAPCD Note, the EHAPCD Deed of Trust, the EHAPCD Regulatory Agreement, the EHAPCD Development Agreement (if applicable), and to any other loan documents associated with the EHAPCD Loan and (ii) all agreements among the Junior Lienholder, Borrower and Senior Lender for the disbursement of the proceeds of the EHAPCD Loan, including without limitation any loan escrow agreements which have been provided to the Junior Lienholder for review;

(b) The Senior Lender, in making disbursements of the EHAPCD Loan pursuant to the EHAPCD Note or any other agreement, is under no obligation or duty to, nor has the Senior Lender represented that it will, see to the application of such proceeds by the person or persons to whom the Senior 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) That none of the execution, delivery or recordation of any of the EHAPCD Note, EHAPCD Deed of Trust, EHAPCD Regulatory Agreement, or EHAPCD Development Agreement (if applicable) or the performance of any provision, condition, covenant or other term thereof, will conflict with or result in a breach of the Junior Lienholder Documents or the Junior Lienholder Note; and

(d) The Junior Lienholder intentionally and unconditionally waives, relinquishes, subjects and subordinates the claims, liens or charges upon the Development of the Junior Lienholder Documents, all present and future indebtedness and obligations secured thereby, in favor of the claims, liens or charges upon the Development of the Senior Lender Documents, and understands that in reliance upon, and in consideration of, this waiver, relinquishment, subjection, and subordination, the EHAPCD Loan and advances thereof 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, subjection and subordination.

4. The Senior Lender would not make the EHAPCD Loan without this Agreement.

5. This Agreement shall be binding on and inure to the benefit of the legal representatives, heirs, successors and assigns of the parties.

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

7. In the event that any party to this Agreement brings an action to interpret or enforce its rights under this Agreement, the prevailing party in such action shall be entitled to recover its costs and reasonable attorneys' fees as awarded by the court in such action.

8. This Agreement may be signed by different parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Agreement.

NOTICE: THIS SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE CONTAINS A PROVISION WHICH ALLOWS THE PERSON (OR ENTITY) 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.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above and agree to be bound hereby:

JUNIOR LIENHOLDER:
NAME, TYPE OF ENTITY

BORROWER:
NAME, TYPE OF ENTITY

By: _____
Name: NAME
Its: TITLE

By: _____
Name: NAME FROM RESO
Its: TITLE FROM RESO

SENIOR LENDER:
The Department of Housing and Community Development,
a public agency of the State of California

By: _____
Rebecca Matt, Section Chief
Homeless and Housing Assistance Programs

[All signatures must be acknowledged]

EXHIBIT A

Legal Description of the Property

[INSERT PROPERTY DESCRIPTION]

SAMPLE