

**Recording Requested By
And When Recorded Mail To:**

City National Bank
2100 Park Place, Suite
150 El Segundo, CA
90245

Attn: *
* Account No.: XXXX

*TR No.: / * LR No.:

A.P.N. 466-192-17

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 SECURITY INSTRUMENT.

THIS AGREEMENT, made this 19th day of February, 2018, by Fulton Village, LLC, owner of the land hereinafter described ("Owner,") and the City of Fresno, in its capacity as Housing Successor to the Redevelopment Agency of the City of Fresno, present owner and holder of the deed of trust and note first hereinafter described ("Agency"),

WITNESSETH

THAT WHEREAS, subject to the terms and provisions of that certain Owner Participation Agreement dated December 23, 2009 ("OPA"), including Section 6 thereof incorporated herein, recorded in the official records of Fresno County, California, on April 1, 2010, as Instrument No. 2010- 0041495, the Agency has made a loan to FFDA Properties, LLC., ("Prior Owner") in the principal amount not to exceed \$800,000.00 ("Agency Loan") and a grant to Prior Owner in an amount not to exceed \$500,000.00 ("Agency Grant"). The Agency Loan is evidenced by, among other things, a promissory note dated December 23, 2009 ("Agency Note").

WHEREAS, subject to the terms and provisions of the OPA, Prior Owner granted to Agency, as security for the Agency Note and performance of the OPA, a security interest in and to the property described on Exhibit A attached hereto (which property, together with all improvements now or hereafter located on the property, is hereinafter referred to as the "Property") pursuant to the terms of the Deed of Trust dated December 23, 2009, recorded in the Official Records on April 1, 2010 as Instrument No. 2010-0041494 ("Agency Deed of Trust"); and

WHEREAS, Prior Owner has agreed to sell the Property to Owner; and

WHEREAS, Owner has executed, or is about to execute, a deed of trust and note in the sum of Four Million Two Hundred Twenty Thousand and No/100 Dollars (\$4,220,000.00), dated February 19, 2017, in favor of ("Lender") payable with interest and upon the terms and conditions described therein ("Lender Deed of Trust"), which

deed of trust is to be recorded concurrently herewith; and

WHEREAS, it is a condition precedent to obtaining said loan that the Lender Deed of Trust shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the Agency Deed of Trust; and

WHEREAS, Lender is willing to make said loan provided the Lender Deed of Trust is a lien or charge upon the above described property prior and superior to the lien or charge of the Agency Deed of Trust and provided that Agency will specifically and unconditionally subordinate the lien or charge of the Agency Deed of Trust to the lien or charge of the Lender Deed of Trust; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Beneficiary is willing that the Lender Deed of Trust shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge of the Agency Deed of Trust.

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

1. That the Lender Deed of Trust securing said note in favor of Lender, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the Agency Deed of Trust.

2. That Lender would not make its loan above described without this Subordination Agreement.

3. That this Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Agency Deed of Trust to the lien or charge of the Lender Deed of Trust and shall supersede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreement as to such subordination including, but not limited to, those provisions, if any, contained in the Agency Deed of Trust, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

4. Agency declares, agrees and acknowledges that:

A. Agency consents to and approves (i) all provisions of the note and Lender Deed of Trust in favor of Lender, and (ii) all agreements, including but not limited to any loan or escrow agreements, between Owner and Lender for the disbursement of the proceeds of Lender's loan;

B. Lender in making disbursements pursuant to any such agreement is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom 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;

Agency intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the Agency Deed of Trust in favor of the lien or

charge upon said land of the Lender Deed of Trust and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination specific loans and advances 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 and subordination; and

C. An endorsement is deemed to have been placed upon the note secured by the Agency Deed of Trust that said deed of trust has by this instrument has been subordinated to the lien or charge of the Lender Deed of Trust.

5. Lender agrees that if there is a default under the Lender Deed of Trust or related loan documents, Lender shall provide Agency the same written notice given to Owner as required to be given by Lender under the Lender Deed of Trust or related loan documents ("Default Notice"). Agency shall have the right, but not the obligation, to cure such defaults of Owner so long as Agency cures such defaults within ninety (90) days of the date of the Default Notice; provided however, that Agency shall have no right to cure more than two (2) events of default arising from Owners failure to pay principal or interest, or both, when the same was due under the terms of that certain Promissory Note dated of substantially even date herewith, between Owner and Lender. With respect to any right of cure provided herein, performance of a cure by Agency shall have the same effect as would like performance by Owner. In the event Agency cures such defaults within the time provided above and pays for all costs required by the Lender Deed of Trust and related loan documents, the default will be deemed cured.

6. Lender and Agency agree that any default under the Agency Deed of Trust or related loan documents shall constitute a default under the Lender Deed of Trust or related loan documents. And that, notwithstanding any contrary provision contained in the Agency Deed of Trust or related loan documents, a default under the Lender Deed of Trust or related loan documents shall not constitute a default under the Agency Deed of Trust or related loan documents (if no other default has occurred under the Agency Deed of Trust or related loan documents) until either (a) Lender has accelerated the maturity of the Lender loan, or (b) Lender has taken affirmative action to exercise its rights under the Lender Deed of Trust or related loan documents to collect rent, to appoint (or seek the appointment of) a receiver or to foreclose on (or to exercise a power of sale contained in) the Lender Deed of Trust or related loan documents. At any time after a default under the Lender Deed of Trust or related loan documents is determined to constitute a default under the Agency Deed of Trust or related loan documents, Agency shall be permitted to pursue its remedies for default under the Agency Deed of Trust or related loan documents, subject to the restrictions and limitations of this Agreement. If at any time Owner cures any default under the Lender Deed of Trust or related loan documents to the satisfaction of Lender, as evidenced by written notice from Lender to Agency, any default under the Agency Deed of Trust or related loan documents arising from such default under the Lender Deed of Trust or related loan documents shall be deemed cured and the Agency loan shall be retroactively reinstated as if such default under the Lender Deed of Trust or related loan documents had never occurred, provided no other default exists under the Agency Deed of Trust.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON 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.

City of Fresno in its capacity as Housing Fulton Village, LLC,
Successor to the Redevelopment Agency
of the City of Fresno

By: _____ By: _____
Marlene Murphey, Executive Director Name: _____
Its: _____

Date: _____ Date: _____

APPROVED AS TO FORM:
DOUGLAS T. SLOAN
City Attorney

By: _____
Laurie Avedisian-Favini Date
Assistant City Attorney

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

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

(CLTA SUBORDINATION FORM "A")

EXHIBIT A

The land referred to is situated in the County of Fresno, City of Fresno, State of California, and is described as follows:

Lot 1 of Tract No. 5956, in the City of Fresno, County of Fresno, State of California, as per Map recorded August 26, 2010 in Book 81 of Maps, Pages 65 and 66, in the Office of the County Recorder of said County.

Amended pursuant to that certain Certificate of Correction recorded December 21, 2011 as Instrument No. 2011-0170546, Official Records.

APN: 466-192-17

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 _____

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)

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 _____

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.

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State of California

County of _____

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WITNESS my hand and official seal.

Signature _____ (Seal)