

Exhibit “B”
Subordination Agreement

RECORDING REQUESTED BY:

Chicago Title Insurance Company
1676 N. California Blvd., Suite 117
Walnut Creek, CA 94596

WHEN RECORDED RETURN TO:

Thomas P. Wild, Esq.
Wild & Kearney LLC
475 Wall Street
Princeton, New Jersey 08540

SPACE ABOVE LINE FOR RECORDER'S USE

APN: 478-030-54 and 478-114-38

SUBORDINATION AGREEMENT

GOVERNMENTAL ENTITY - REGULATORY AGREEMENT ONLY

(Revised 1-29-2018)

Pursuant to Senate Bill 2 – Building Homes and Jobs Act (GC Code Section 27388.1), effective January 1, 2018, a fee of seventy-five dollars (\$75.00) shall be paid at the time of recording of every real estate instrument, paper, or notice required or permitted by law to be recorded, except those expressly exempted from payment of recording fees, per each single transaction per parcel of real property. The fee imposed by this section shall not exceed two hundred twenty-five dollars (\$225.00).

- ☐ Exempt from the fee per GC 27388.1 (a) (2); this document is subject to Documentary Transfer Tax
- ☐ Exempt from fee per GC 27388.1 (a) (2); recorded concurrently "in connection with" a transfer subject to the imposition of documentary transfer tax (DTT).
- ☐ Exempt from fee per GC 27388.1 (a) (2); recorded concurrently "in connection with" a transfer of real property that is a residential dwelling to an owner-occupier.
- ☐ Exempt from fee per GC 27388.1 (a) (1); fee cap of \$225.00 reached.
- ☐ Exempt from the fee per GC 27388.1 (a) (1); not related to real property.

SUBORDINATION AGREEMENT - REGULATORY AGREEMENT ONLY

GOVERNMENTAL ENTITY

(NO SUBORDINATE DEBT)

(Revised 1-29-2018)

THIS SUBORDINATION AGREEMENT FOR REGULATORY AGREEMENT (Agreement) is effective as of the ____ day of _____, 2021 by the CITY OF FRESNO, in its capacity as HOUSING SUCCESSOR to the Redevelopment Agency of the City of Fresno, (Fresno Housing Successor) and the CITY OF FRESNO, a municipal corporation (City) (the Fresno Housing Successor and the City are hereinafter, collectively, the Governmental Entity), and MARTIN LUTHER KING SQUARE, LP, a California limited partnership (Borrower), for the benefit of CBRE CAPITAL MARKETS, INC., a Texas corporation (Lender).

RECITALS

- A. Simultaneously herewith Borrower is refinancing a loan secured by certain improved real property located in the County of Fresno, State of California, as more particularly described on Exhibit A attached hereto (Property).
- B. Borrower has assumed certain obligations under the Owner Participation Agreement dated April 4, 2006 (OPA) between the Governmental Entity and Martin Luther King Square, LLC (Prior Owner) and recorded on title to the Property on April 28, 2006 as Document No. 2006-0090189 in the Fresno County, California Official Records (Official Records), and the Declaration of Restrictions, dated April 28, 2006 (Declaration) between the Governmental Entity and Prior Owner and recorded on title to the Property on April 28, 2006 as Document No. 2006-0090190 in the Official Records (the OPA and the Declaration are hereinafter collectively the Regulatory Agreement) pursuant to which the Property was subjected to certain restrictions by Governmental Entity in connection with the prior development or rehabilitation of the Property.
- C. In connection with the refinancing of the loan secured by the Property by Borrower, Lender is making a loan to Borrower in the original principal amount of \$7,270,000.00 (Loan) pursuant to a Multifamily Loan and Security Agreement between Lender and Borrower (as supplemented or amended from time to time, the Loan Agreement) and evidenced by a Multifamily Note by Borrower to Lender (as supplemented or amended from time to time, the Note). The Loan is to be secured by a Multifamily Deed of Trust, Assignment of Rents and Security Agreement that will be recorded among the Official Records (as supplemented or amended from time to time, the Mortgage) (the Loan Agreement, the Note and

the Mortgage, together with all other documents executed with respect to the Loan, are hereinafter collectively referred to as the Loan Documents).

- D. As a condition to making the Loan, Lender requires that the Loan Documents be a lien on the Property superior to the lien of the Regulatory Agreement and that the rights of Lender under the Loan Documents be superior to the rights of Governmental Entity and Borrower under the Regulatory Agreement. Lender will not make the Loan unless Governmental Entity and Borrower agree to subordinate their rights and obligations under the Regulatory Agreement.
- E. Borrower and Governmental Entity hereby agree to subordinate the Regulatory Agreement on and subject to the terms, conditions and requirements set forth in this Agreement.

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, the parties agree as follows:

- 1. Recitals. The foregoing Recitals are hereby incorporated into this Agreement as agreements among the parties.
- 2. Subordination. The Governmental Entity hereby covenants and agrees that the Regulatory Agreement is and will at all times continue to be, subordinate, subject and inferior to the rights of Lender under the Loan Documents and that the liens, rights (including approval and consent rights), remedies, payment interests, priority interests, and security interests granted to Governmental Entity pursuant to or in connection with the Regulatory Agreement are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the liens, rights (including approval and consent rights), remedies, payment, priority and security interests granted to Lender pursuant to the Loan Documents and the terms, covenants, conditions, operations and effects thereof. Notwithstanding the above, Governmental Entity may exercise the remedies of specific performance or injunctive relief.
- 3. Financing, Encumbrance and Transfer Approval. Governmental Entity hereby approves the financing evidenced by the Mortgage. Governmental Entity further agrees that any transfer of the Property in connection with foreclosure or deed in lieu thereof will not require Governmental Entity's consent.
- 4. Reserved.
- 5. Lender Notice of Default. In consideration of Governmental Entity's agreements contained in this Agreement, Lender agrees that in the event of any default by Borrower under the Loan Documents, Governmental Entity will be entitled to receive a copy of any notice of default given by Lender to Borrower under the Loan Documents. Neither the giving nor the failure to give a notice to Governmental Entity pursuant to this Section 5 will affect the validity of any notice given by Lender to the Borrower.

6. Governmental Entity Notice of Default. Governmental Entity must give Lender a concurrent copy of each material notice (including without limitation each notice of default) given by Governmental Entity under or with respect to the Regulatory Agreement, and agrees that Lender, at Lender's sole election, will have the right (but not the obligation) to cure any default by Borrower under the Regulatory Agreement on its and/or Borrower's behalf. Governmental Entity hereby represents and warrants that, to the best of its knowledge, there is no current default under the Regulatory Agreement.
7. Governmental Entity's Rights. Except as set forth in Sections 2 and 8 of this Agreement, nothing in this Agreement is intended to abridge or adversely affect any right or obligation of Borrower and/or Governmental Entity, respectively, under the Regulatory Agreement; provided that, (A) the Regulatory Agreement may not be modified, amended, changed or altered without the prior written consent of Lender so long as the Loan is secured by the Property and (B) for so long as the Loan is secured by the Property, notwithstanding the terms of the Regulatory Agreement to the contrary, neither Borrower nor Governmental Entity will, without Lender's prior written consent, exercise or seek any right or remedy under the Regulatory Agreement or available at law or in equity which will or could result in (i) a transfer of possession of the Property or the control, operations or management thereof, (ii) collection or possession of rents or revenues from or with respect to the Property by any party other than Borrower or Lender; (iii) appointment of a receiver for the Property; (iv) application of insurance or condemnation proceeds other than as approved by Lender pursuant to the Loan Documents; (v) removal or replacement of the existing property manager of the Property; or (vi) a material adverse effect on Lender's security for the Loan.
8. Foreclosure by Lender. In the event of foreclosure, deed in lieu of foreclosure, or similar disposition of the Property by Lender, no consent will be required from Governmental Entity.
9. Refinancing. Governmental Entity agrees that its agreement to subordinate hereunder will extend to any new mortgage debt which is for the purpose of refinancing all or any part of the indebtedness evidenced by the Loan Documents (including reasonable and necessary costs associated with the closing and/or the refinancing, and any reasonable increase in proceeds for rehabilitation in the context of a preservation transaction). All terms and covenants of this Agreement will inure to the benefit of any holder of any such refinanced debt, and all references to the Loan Documents and Lender will mean, respectively, the refinance loan documents and the holder of such refinanced debt.
10. Miscellaneous Provisions.
 - (a) This Agreement represents the entire understanding and agreement between the parties with regard to the matters addressed herein, and will supersede and cancel any prior agreements with regard to such matters.

- (b) If there is any conflict or inconsistency between the terms of the Regulatory Agreement and the terms of this Agreement, then the terms of this Agreement will control.
- (c) This Agreement will be binding upon and will inure to the benefit of the respective legal successors and permitted assigns of the parties to this Agreement, which will include with regard to the Governmental Entity any permitted successor or assign of the Governmental Entity under or pursuant to the terms of the Regulatory Agreement and, with regard to Lender, any subsequent holder of the Note. No other party will be entitled to any benefits hereunder, whether as a third-party beneficiary or otherwise.
- (d) If any one or more of the provisions contained in this Agreement, or any application of any such provisions, is invalid, illegal, or unenforceable in any respect, the validity, legality, enforceability, and application of the remaining provisions contained in this Agreement will not in any way be affected or impaired.
- (e) Each notice, request, demand, consent, approval or other communication (collectively, Notices, and singly, a Notice) which is required or permitted to be given pursuant to this Agreement will be in writing and will be deemed to have been duly and sufficiently given if (i) personally delivered with proof of delivery (any Notice so delivered will be deemed to have been received at the time so delivered), or (ii) sent by a national overnight courier service (such as FedEx) designating earliest available delivery (any Notice so delivered will be deemed to have been received on the next Business Day following receipt by the courier), or (iii) 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 will be deemed to have been received on the date of delivery as confirmed by the return receipt), addressed to the respective parties as follows:

If to Governmental Entity:

City of Fresno
Housing and Community Development Division
2600 Fresno Street, Room 3065
Fresno, California 93721
Attention: _____

Fresno Housing Successor
848 M Street Third Floor
Fresno, CA 93721
Attention: _____

If to Lender:

CBRE Capital Markets, Inc.
c/o CBRE Loan Services, Inc.,

929 Gessner Road, Suite 1700,
Houston, Texas 77024
Attention: Chief Legal Officer

If to Borrower:

Martin Luther King Square, LP
1990 N. California Boulevard #1070
Walnut Creek, California 94596
Attention: Basil Rallis

Any party, by Notice given pursuant to this Section, may 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 will only be effective upon receipt. Neither party will refuse or reject delivery of any Notice given in accordance with this Section.

- (f) Each of the parties will, whenever and as often as they are requested to do so by the other, execute, acknowledge and deliver, or cause to be executed, acknowledged or delivered, any and all such further instruments and documents as may be reasonably necessary to carry out the intent and purpose of this Agreement, and to do any and all further acts reasonably necessary to carry out the intent and purpose of this Agreement.
- (g) This Agreement will be governed by the laws of the State in which the Property is located.
- (h) Each person executing this Agreement on behalf of a party hereto represents and warrants that such person is duly and validly authorized to do so on behalf of such party with full right and authority to execute this Agreement and to bind such party with respect to all of its obligations under this Agreement.
- (i) No failure or delay on the part of any party to this Agreement in exercising any right, power, or remedy under this Agreement will operate as a waiver of such right, power, or remedy, nor will any single or partial exercise of any such right, power or remedy preclude any other or further exercise of such right, power, or remedy or the exercise of any other right, power or remedy under this Agreement.
- (j) Each party to this Agreement acknowledges that if any party fails to comply with its obligations under this Agreement, the other parties will have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief.
- (k) This Agreement may be assigned at any time by Lender to any subsequent holder of the Note.

- (l) This Agreement may be amended, changed, modified, altered or terminated only by a written instrument signed by the parties to this Agreement or their successors or assigns.
- (m) This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.
- (n) Nothing in this Agreement is intended, nor will it be construed, to in any way limit the exercise by Governmental Entity of its governmental powers (including police, regulatory and taxing powers) with respect to Borrower or the Property to the same extent as if it were not a party to this Agreement or the transactions contemplated by this Agreement.

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN THE REGULATORY AGREEMENT BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF THE MORTGAGE.

[SIGNATURE AND ACKNOWLEDGMENT PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year above written.

GOVERNMENTAL ENTITY

CITY OF FRESNO,
a California municipal corporation

By: _____
Name: Thomas Esqueda
Title: City Manager
(Attach notary certificate of acknowledgment)

Date: _____

APPROVED AS TO FORM:
DOUGLAS T. SLOAN
City Attorney

By: Tracy Parvarian
Name: Tracy Parvarian
Title: Senior Deputy City Attorney

Date: 4-7-21

ATTEST:
YVONNE SPENCE, MMC
City Clerk

By: _____
Name: _____
Title: Deputy

Date: _____

GOVERNMENTAL ENTITY

CITY OF FRESNO

in its capacity as Housing Successor
to the Redevelopment Agency of the City of Fresno

By: _____
Name: Marlene Murphey
Title: Executive Director
(Attach notary certificate of acknowledgment)

Date: _____

APPROVED AS TO FORM:
DOUGLAS T. SLOAN
City Attorney

By: Tracy Parvarian
Name: Tracy Parvarian
Title: Senior Deputy City Attorney

Date: 4-7-21

ATTEST:
YVONNE SPENCE, MMC
City Clerk

By: _____
Name: _____
Title: Deputy

Date: _____

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF FRESNO, COUNTY OF FRESNO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

PARCEL D, AS SHOWN ON THAT CERTAIN PARCEL MAP 72-36 FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF FRESNO, STATE OF CALIFORNIA, ON AUGUST 8, 1972, IN BOOK 4 OF PARCEL MAPS PAGE(S) 10 AND 11 AND AS PER CERTIFICATE OF CORRECTION RECORDED MAY 9, 1973 IN BOOK 6162, PAGE 550 OF OFFICIAL RECORDS.

PARCEL 2:

PARCEL B, AS SHOWN ON THAT CERTAIN PARCEL MAP NO. 71-39 FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF FRESNO, STATE OF CALIFORNIA ON JUNE 27, 1972 IN BOOK 3 OF PARCEL MAPS AT PAGE 86.

PARCEL 3:

PARCEL A, AS SHOWN ON THAT CERTAIN PARCEL MAP NO. 71-39 FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF FRESNO, STATE OF CALIFORNIA ON JUNE 27, 1972, IN BOOK 3 OF PARCEL MAPS AT PAGE 86.

APN: 478-030-54 and 478-114-38

LENDER

CBRE CAPITAL MARKETS, INC.,
a Texas corporation

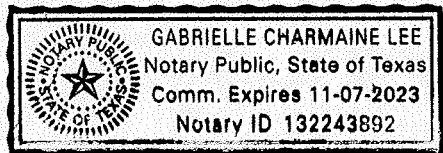
By: M. Majewski
Name: _____
Title: **Melissa Majewski**
Vice President

ACKNOWLEDGMENT

STATE OF TEXAS)
) ss:
COUNTY OF HARRIS)

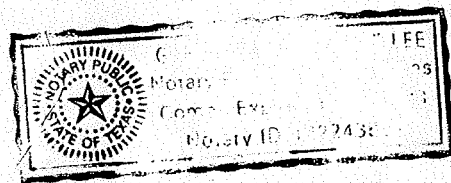
This instrument was acknowledged before me this 7 day of APRIL 2021, by MELISSA MAJEWSKI, the VICE PRESIDENT of CBRE Capital Markets, Inc., a Texas corporation, on behalf of the said corporation.

Signature of Notary



Notary Public HARRIS COUNTY
Title

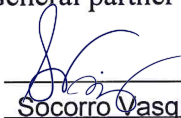
My Commission expires: 11/07/2023



BORROWER:

MARTIN LUTHER KING SQUARE, LP
a California limited partnership

By: Hearthstone Housing Foundation
 a California Nonprofit corporation
 Managing General partner

By: 
Name: Socorro Vasquez
Title: Executive Director

By: Bayside Multi, LLC
 a Delaware limited liability company
 Administrative General partner

By: Bayside Communities, LLC
 a Delaware limited liability company

By: _____
Name: _____
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 Orange

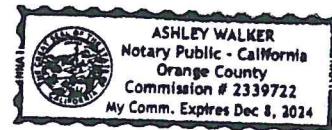
On 4/6/2021 before me, Ashley Walker, Notary Public
(insert name and title of the officer)

personally appeared Socorro Vasquez,
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:

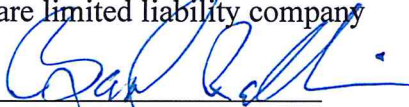
MARTIN LUTHER KING SQUARE, LP
a California limited partnership

By: Hearthstone Housing Foundation
 a California Nonprofit corporation
 Managing General partner

By: _____
Name: _____
Title: _____

By: Bayside Multi, LLC
 a Delaware limited liability company
 Administrative General partner

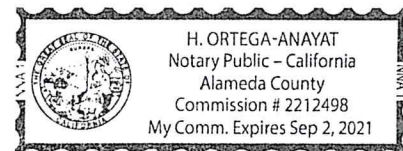
By: Bayside Communities, LLC
 a Delaware limited liability company

By: 
Name: Basil P. Rallis
Title: President & COO

STATE OF CALIFORNIA)
) SS:
COUNTY OF Contra Costa)

WITNESS my hand and official seal.

Signature of Notary Public



(affix seal here)