

**FREE RECORDING IN ACCORDANCE  
WITH CALIFORNIA GOVERNMENT  
CODE SECTION 27383 and 27388.1.**

RECORDING REQUESTED BY, AND  
WHEN RECORDED, MAIL TO:

State of California  
Department of Housing and  
Community Development  
Loan Portfolio Restructuring Program  
P. O. Box 952052  
Sacramento, CA 94252-2052  
**Attn: Legal Affairs Division**  
23-LPR-0091

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### **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 SUBORDINATION AGREEMENT** (the "Agreement") is dated as of March 1, 2025, for reference purposes only, and is entered into by and among San Bernadino County, a political subdivision of the State of California, formerly known as the County of San Bernardino (the "Junior Lienholder"), and IVHP2 Apartments LP, a California limited partnership (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 in that real property described in Exhibit A attached hereto and made a part hereof (the "Property"). The Borrower has acquired and is rehabilitating a 152-unit multifamily residential rental development 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 Three Million Dollars (\$3,000,000.00) (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 on August 17, 2006, as Recording No. 2006-563298, in the Official Records of San Bernardino County, California (the

“Official Records”). The Junior Lienholder and Borrower have also entered into an “Estoppel Certificate and Agreement”, affecting the use of the Development, recorded on August 17, 2006, as Recording No. 2006-0563303, in the Official Records (the “Junior Lienholder Estoppel Certificate”). The Junior Lienholder and Borrower have also entered into a “Modification to Loan Documents (Citrus Grove Apartments)”, affecting the use of the Development, recorded concurrently herewith in the Official Records (the “Junior Lienholder Modification”). The Junior Lienholder and Borrower have also entered into an “Assignment and Assumption Agreement (County Loan – Citrus Grove Apartments)”, affecting the use of the Development, recorded concurrently herewith in the Official Records (the “Junior Lienholder Assignment and Assumption”). The Junior Lienholder and Borrower have also entered into a “County of San Bernardino Lease Agreement”, affecting the use of the Development, recorded concurrently herewith in the Official Records (the “Junior Lienholder Hope Through Housing Master Lease”).

The Junior Lienholder Deed of Trust, the Junior Lienholder Estoppel Certificate, the Junior Lienholder Modification, the Junior Lienholder Assignment and Assumption, the Junior Lienholder Hope Through Housing Master Lease and all other documents evidencing or securing the Junior Lienholder Loan are collectively referred to herein as the “Junior Lienholder Documents”.

C. In order to finance the development of the Improvements, the Senior Lender has agreed to allow the Borrower to restructure an existing Senior Lender loan into a new Loan Portfolio Restructuring Program Loan in a sum not to exceed Three Million Three Hundred Ninety One Thousand Four Hundred Eight and 30/100 (\$3,391,408.30) with accrued interest thereon (the “LPR Loan”), subject to the terms and conditions of: (i) that certain Loan Portfolio Restructuring Program Junior Regulatory Agreement and that certain Loan Portfolio Restructuring Program Senior Regulatory Agreement (Affordability Restrictions) restricting the use and occupancy of the Development and the income derived therefrom, both recorded concurrently herewith as encumbrances on the Property in the Official Records (collectively, the “LPR Regulatory Agreements”), and (ii) other loan documents. The LPR Loan will be evidenced by a promissory note (the “LPR 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 concurrently herewith as an encumbrance on the Property in the Official Records (the “LPR Deed of Trust”), and by such other security as is identified in other loan documents. The LPR Regulatory Agreements, LPR Note, LPR Deed of Trust, and any and all other documents evidencing or securing the LPR Loan shall hereinafter be collectively referred to as the “Senior Lender Documents.”

D. The Senior Lender is willing to make the LPR 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 LPR Loan, it is hereby declared, understood and agreed as follows:

1. The Senior Lender Documents, 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 LPR Note, the LPR Deed of Trust and the LPR Regulatory Agreements, and (ii) all agreements among the Junior Lienholder, Borrower and Senior Lender for the disbursement of the proceeds of the LPR 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 LPR Loan pursuant to the LPR 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 LPR Note, LPR Deed of Trust, or LPR Regulatory Agreements, 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 LPR 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. Senior Lender hereby agrees, but only as a separate and independent covenant of the Senior Lender and not as a condition to the continued effectiveness of the covenants and agreements of the Borrower and the Junior Lienholder as set forth herein, as follows:

(a) Following a notice from the Senior Lender to the Borrower that a default or breach exists under the terms of the Senior Lender Documents and each of them, the Senior Lender shall promptly (but in no event later than the following business day) send a copy of such notice to the Junior Lienholder and the Junior Lienholder shall have the right, but not the obligation, to cure the default as follows:

- (i) If the default is reasonably capable of being cured within thirty (30) days, as determined by the Senior Lender in its sole discretion, the Junior Lienholder shall have such period to effect a cure prior to exercise of remedies by Senior Lender under the Senior Lender Documents, or such longer period of time as may be specified in the Senior Lender Documents.
- (ii) If the default is such that it is not reasonably capable of being cured within thirty (30) days, as determined by the Senior Lender in its sole discretion, or such longer period if so specified, and if the Junior Lienholder (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then the Junior Lienholder shall have such additional time as is determined by the Senior Lender, in its sole discretion, to be reasonably necessary to cure the default prior to exercise of any remedies by Senior Lender.

In no event shall Senior Lender be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not

cured within ninety (90) days after the first notice of default is given, or such longer period of time as may be specified in the Senior Lender Documents.

Nothing in this subparagraph (a) is intended to modify any covenant, term or condition contained in the Senior Lender Documents, including, without limitation, the covenant against creating or recording any liens or encumbrances against the Property without the prior written approval of the Senior Lender.

(b) The provisions of this paragraph 4 are intended to supplement, and not to limit, waive, modify or replace, those provisions of law pertaining to notice and cure rights of junior lenders including, without limitation, those set forth in California Civil Code sections 2924b and 2924c.

5. The Senior Lender would not make the LPR Loan without this Agreement.

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

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

8. 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.

9. 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.

**[The remainder of this page is blank.]**

**NOTICE: THIS SUBORDINATION AGREEMENT 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:**

**San Bernardino County**, a political subdivision of the State of California

By: \_\_\_\_\_  
Luther Snoke  
Chief Executive Officer

Date: \_\_\_\_\_

**APPROVED AS TO LEGAL FORM:**

TOM BUNTON  
County Counsel

By: \_\_\_\_\_  
Suzanne Bryant,  
Deputy County Counsel

Date: \_\_\_\_\_

**[Signatures continue on page 7 of this Subordination Agreement and Estoppel Certificate. The remainder of this page is blank.]**

**BORROWER:**

**IVHP2 Apartments LP,**  
a California limited partnership

By: VHP2 GP LLC,  
a California limited liability company

Its: General Partner

By: National Community Renaissance of California,  
a California nonprofit public benefit corporation

Its: Managing Member

By: \_\_\_\_\_  
Michael Finn,  
Chief Financial Officer

**[Signatures continue on page 8 of this Subordination Agreement and Estoppel Certificate. The remainder of this page is blank.]**

**SENIOR LENDER:**

**Department of Housing and Community Development,**  
a public agency of the State of California

By: \_\_\_\_\_  
Emeline T. Alvarez, Manager  
Transactions Unit

**[All signatures must be acknowledged.]**

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**EXHIBIT A**

**LEGAL DESCRIPTION OF THE PROPERTY**

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

LOT 1 OF TRACT NO. 18132, IN THE CITY OF RIALTO, AS SHOWN BY MAP RECORDED IN BOOK 332, PAGES 95 THROUGH 97, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY, CALIFORNIA.

APN 0127-196-48-0-000