

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of San Bernardino
201 North E Street
San Bernardino, CA 92401
Attn: Housing Division Manager

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§ 6103, 27383

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 OR AGREEMENT.

**SUBORDINATION AND INTERCREDITOR AGREEMENT BETWEEN SAN
BERNARDINO COUNTY AND CITY OF SAN BERNARDINO**
(LSSSC HOMEKEY PROJECT)

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT (“**Subordination Agreement**”) is dated as of February 10, 2026, for reference purposes only, among LUTHERAN SOCIAL SERVICES OF SOUTHERN CALIFORNIA, a California nonprofit corporation (“**Borrower**”), the CITY OF SAN BERNARDINO, a California municipal corporation (“**City**”) and SAN BERNARDINO COUNTY (“**County**”). Borrower, the City, and the County may be individually referred to as a “**Party**” or collectively as the “**Parties**.”

FACTUAL BACKGROUND

A. Borrower is the owner of real property located at and commonly known as 1328, 1329, 1354 N. G Street, San Bernardino, California 92315 (APN 145-193-08-0-000; 0145-193-10-0-000; 0145-193-22-0-000; 0145-193-07-0-000; and 0145-193-23-0-00), and more particularly described in Exhibit A attached hereto and incorporated herein (the “**Property**”).

B. Borrower has commenced construction of the "San Bernardino Wellness Campus" on the Property, which will ultimately include one hundred forty (140) units of interim housing and provide supportive services to persons experiencing or at-risk of homelessness (the "Project").

C. The Project was funded through Project Homekey, pursuant to a "Standard Agreement" between Borrower and the State of California (the "**Homekey Standard Agreement**"). The City, as a co-applicant for the funding received under Project Homekey, administered the Project Homekey funds through a separate "Funding Agreement." Additionally,

in accordance with the requirements for Project Homekey, Borrower agree into a Declaration of Covenants, Conditions, & Restrictions, dated on or about January 23, 2025, and recorded in the Official Records for the County of San Bernardino (the "**Official Records**"), on or about January 24, 2025 (the "**Homekey Covenant**").

D. The City has agreed to make a permanent loan to Borrower in the original principal amount of Two Million Sixty Thousand Five Hundred Eight Dollars and Zero Cents (\$2,060,508.00) (the "**City Loan**") for costs to complete construction of the Project. The City Loan is made pursuant to a Permanent Local housing Allocation Loan Agreement, dated on or about February [10], 2026 (the "**City Loan Agreement**"). Pursuant to the City Loan Agreement, Borrower executed a Promissory Note (City PLHA Loan) (the "**City Note**"), on or about the same date hereof, evidencing the City Loan. In addition to the City Loan, the City provided Five Million Dollars (\$5,000,000.00) to Borrower for construction of the Project, pursuant to an ARPA Subaward Agreement (the "**ARPA Subaward Agreement**"), as set forth in the City Loan Agreement. The City Note and the ARPA Subaward Agreement are secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "**City Deed of Trust**"), executed on or about the same date hereof, which will be recorded in the official records of San Bernardino County ("**Official Records**") substantially concurrently herewith. Pursuant to the City Loan Agreement, Borrower also agreed to a Regulatory Agreement and Declaration of Covenants, Conditions and Restrictions (PLHA Loan) (the "City Regulatory Agreement"). The City Loan Agreement, the City Note, the City Deed of Trust, and the City Regulatory Agreement are collectively referred to herein as the "**City Loan Documents**."

E. The County has agreed to provide a grant to Borrower in the amount of One Million Four Hundred Eighty Thousand Dollars (\$1,480,000) (the "**County Grant**") to assist the construction of the Project. The County Grant is made pursuant to a Revocable Grant Agreement (San Bernardino Wellness Campus) (the "**County Grant Agreement**"). Pursuant to the County Grant Agreement, the Borrower agreed to execute a Revocable Grant Deed of Trust (the "**County Deed of Trust**") and a Regulatory Agreement (the "**County Regulatory Agreement**"). The County Grant Agreement, the County Deed of Trust, and the County Regulatory Agreement are collectively referred to as the County Grant Documents.

F. The City and the County agree that, by virtue of the Homekey Covenant being executed and recorded prior in time, the City Loan Documents and the County Grant Documents (also collectively referred to as the "**Project Funding Documents**") are subject and subordinate to the Homekey Covenant.

G. To set forth the relative priority between the City Loan Documents and the County Grant Documents, the Parties desire to enter into this Subordination Agreement.

AGREEMENT

1. **Subordination of City Loan Documents and County Grant Documents to the Homekey Covenant.** The Homekey Covenant, and any and all renewals, modifications permitted hereunder, extensions, or protective advances (including those costs to cure Borrower's default) thereunder (including interest thereon), are and will remain at all times, a

lien, claim, or charge on the Property prior and superior to the City Loan Documents and the County Grant Documents, but only to the extent the Homekey Covenant conflicts with the City Loan Documents or the County Grant Documents.

2. **Subordination of County Grant Documents to City Loan Documents.**

a. As between the City and County, the City and County agree to the following priority:

- i. The City Regulatory Agreement.
- ii. The County Regulatory Agreement.
- iii. The City Loan Agreement, the City Note, and the City Deed of Trust.
- iv. The County Grant Agreement and the County Deed of Trust.

b. The City Loan Documents are and will remain at all times, a lien, claim, or charge on the Property prior and superior to the County Grant Documents, in accordance with the priority established by sub-paragraph (a), but only to the extent the City Loan Documents conflict with the County Grant Documents.

c. The priority set forth in this Subordination Agreement applies to any and all renewals, modifications permitted hereunder, extensions, or protective advances (including those costs to cure Borrower's default) thereunder (including interest thereon).

d. In the event the County gives notice to Borrower of a breach, default or other violation of the County Grant Documents, the County shall not commence any legal action to enforce the County Grant Documents until one hundred twenty (120) days after the County has delivered to the City a copy of the notice. Without limiting the foregoing, the City shall be entitled to commence any action to enforce the City Loan Documents (including obtaining the appointment of a receiver) upon Borrower's default under the City Loan Documents.

e. **Provisions Regarding Payment.**

i. **Demands for Payment.** With regard to any demand for payment by the County under the County Grant Documents, the County agrees and covenants that any payments due shall be subject to and subordinate to the City's right to payment under the City Loan Documents. If the County receives any payments from Borrower under the County Grant Documents that should have been paid to the City, then the County will remit such payments to the City.

ii. **Foreclosure or Deed In Lieu of Foreclosure.** If there is a foreclosure, or any other action, whether judicial or nonjudicial, under the City Deed of Trust or the County Deed of Trust (including the giving of a deed in lieu of foreclosure), the proceeds resulting from such foreclosure or action will be first used to pay (i) all amounts owed to the City under the City Loan Documents, and (ii) expenses incurred by the City in connection with such foreclosure or other action. After such payments, the County is entitled to all amounts owed to the County under the County Grant Documents.

iii. **Insurance Proceeds.** If the City and the County are entitled to insurance or condemnation proceeds pursuant to their respective Project Funding Documents, the insurance or condemnation proceeds shall first be paid to the City pursuant to the City Loan Documents, and remaining proceeds shall be then paid to the County pursuant to the County Grant Documents.

f. **Provisions Regarding Priority of Regulatory Agreements.** Borrower agrees that it shall comply with both the City Regulatory Agreement and the County Regulatory Agreement. In the event the City Regulatory Agreement and the County Regulatory Agreement have different requirements, Borrower shall comply with the more restrictive requirements, provided that it does not conflict with the City Regulatory Agreement.

3. **Representations and Warranties.** Borrower, the City and the County each represent and warrant the following:

a. They have the power and authority to enter into, execute, deliver and carry out the terms of this Subordination Agreement, and the signatories hereto have the authority to execute this Subordination Agreement.

b. They have received and reviewed the Homekey Covenant and the Project Funding Documents for purposes of entering into this Subordination Agreement.

c. This Subordination Agreement does not create conflict between the Project Funding Documents and the Homekey Covenant and, to the extent there is a conflict, the City and County agree that the provisions of this Subordination Agreement apply.

d. This Subordination Agreement does not create a conflict between the City Loan Documents and the County Grant Documents and, to the extent there is a conflict, the City and County agree that the provisions of this Subordination Agreement apply.

e. This Subordination Agreement is a legal, valid binding obligation for each of the Parties.

4. **Notice of Default; Opportunity to Cure.**

a. The City and County agree to provide notice of any default under their respective Project Funding Documents at the same time and in the same manner as provided to Borrower, and each party shall have the right to cure any default within sixty (60) days of notice.

b. The City and County agree to provide notice of default under their respective Project Funding Documents to HCD, pursuant to the requirements of the Homekey Covenant, and that HCD shall have the right to cure any default within sixty (60) days of notice.

5. **Notices.** Borrower, City and County agree to give each other copies of any notices of events of default under their respective documents. All notices given under this

Subordination Agreement shall be in writing and sent to the party at its address appearing below (a) by certified or registered U.S. mail, return receipt requested, (b) overnight by a nationally recognized overnight courier such as UPS Overnight or FedEx, or (c) by personal delivery. All notices shall be deemed communicated two (2) working days from the time of mailing if mailed as provided in this paragraph. These addresses may be changed by any party by written notice to all other parties.

Borrower: Lutheran Social Services of Southern California
999 Town and Country Road, Suite 100
Orange, CA 92868
Attn: LaSharnda Beckwith

City : City of San Bernardino
201 North E Street
San Bernardino, CA 92401
Attn: Housing Division Manager
Phone: (909) 384-5135

With a copy to: City of San Bernardino
201 North E Street
San Bernardino, CA 92401
Attn: City Attorney

County: Community Development and Housing
Department
San Bernardino County
560 E. Hospitality Lane, Suite 200
San Bernardino, CA 92415-0043
Attn: Community Development and Housing
Director

With a copy to: County Counsel
San Bernardino County
385 N. Arrowhead Avenue, 4th Floor
San Bernardino, CA 92415

6. **Successors and Assigns.** This Subordination Agreement is binding on and inures to the benefit of the legal representatives, successors, and assigns of the parties.

7. **Attorney's Fees.** If any legal action is instituted to enforce any party's rights hereunder, each party shall bear its own costs and attorney's fees, regardless of who is the prevailing party

8. **Governing Law; Venue.** The laws of the State of California shall govern the interpretation and enforcement of this Subordination Agreement. Any action to enforce or interpret this Subordination Agreement shall be filed and heard in the Superior Court of San Bernardino County, California or in the Federal District Court with jurisdiction for San Bernardino County.

9. **Counterparts.** This Subordination Agreement may be executed in counterparts, and all counterparts constitute but one and the same document.

10. **Signatures.** All individuals signing this Subordination Agreement for a party which is a corporation, limited liability company, partnership or other legal entity, or signing under a power of attorney, or as a trustee, guardian, conservator, or in any other legal capacity, covenant to the City that they have the necessary capacity and authority to act for, sign and bind the respective entity or principal on whose behalf they are signing.

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

[SIGNATURES ON FOLLOWING PAGES]

By:

CITY:

CITY OF SAN BERNARDINO, a California
charter city and municipal corporation

ATTEST:

Eric Levitt, City Manager

Telicia Lopez, City Clerk

Approved as to Legal Form:
CITY ATTORNEY

By: _____
Albert Maldonado,
Best, Best & Krieger

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

By:

COUNTY:

SAN BERNARDINO COUNTY, a political
subdivision of the State of California

Dawn Rowe, Chair, Board of Supervisors

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN
DELIVERED TO THE CHAIRMAN OF THE BOARD

LYNNA MONELL
Clerk of the Board of Supervisors
of the San Bernardino County

By: _____
Deputy

APPROVED AS TO LEGAL FORM:

LAURA FEINGOLD
County Counsel

By: _____
Suzanne Bryant, Deputy County Counsel

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

BORROWER:

Lutheran Social Services of Southern California, a California nonprofit corporation

LaSharnda Beckwith,
President and Chief Executive Officer

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

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 _____)

)

County of _____)

On _____, 2026, before me, _____, 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)

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 _____)

)

County of _____)

On _____, 2026, before me, _____, 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

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

For APN/Parcel ID(s): 0145-193-08-0-000 (OLD), 0145-193-10-0-000 (OLD), 0145193-22-0-000 (OLD), 0145-193-07-0-000 (OLD) and 0145-193-23-0-000 (NEW)

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

PARCEL I OF PARCEL MAP NO. 20839, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 263, PAGE 43 AND 44 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.