

**RECORDING REQUESTED BY**  
Housing Authority of the County of  
San Bernardino

**AND WHEN RECORDED MAIL  
DOCUMENT TO**

U.S. Department of Housing and  
Urban Development  
451 7th Street SW, Room 6230  
Washington, DC 20410  
Attention: \_\_\_\_\_

No fee for recording pursuant to  
Government Code Section 27383 and 27388.1

\_\_\_\_\_ **SPACE ABOVE THIS LINE FOR RECORDER'S USE** \_\_\_\_\_

## **Subordination Agreement**

**AGREEMENT TO SUBORDINATE TO RENTAL ASSISTANCE DEMONSTRATION  
USE AGREEMENT**

Arrowhead Grove Phase II  
Memo of Ground Lease  
Memo of Option

This Agreement to Subordinate to Rental Assistance Demonstration Use Agreement (the “Subordination”) is entered into this \_\_\_\_\_, 2019, by the HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO, a public body, corporate and politic (the “Lender” or “Agency”), and WATERMAN GARDENS PARTNERS 2, L.P., a California limited partnership (the “Project Owner”), collectively, the “Parties.”

WHEREAS, the Parties executed that certain (i) Ground Lease Agreement, (ii) Memorandum of Ground Lease Agreement, (iii) Purchase Option Agreement, (iv) Right of First Refusal Agreement, and (v) Memorandum of Right of First Refusal and Purchase Option (collectively, the “Subordinate Documents”), all dated and recorded, as applicable, as of substantially even date herewith; and

WHEREAS, HUD has authorized the conversion of one hundred sixteen (116) units at WATERMAN GARDENS (the “Project”) located upon the real property described on Exhibit “A” attached hereto, from public housing to Section 8 assistance under the Rental Assistance Demonstration (“RAD”) program, pursuant to Public Law 112-55; and

WHEREAS, as a condition of the RAD conversion, the Owner executed a Rental Assistance Demonstration Use Agreement dated and recorded as of substantially even date herewith (the “RAD Use Agreement”) for the benefit of HUD; and

WHEREAS, HUD requires as a condition of the RAD conversion that the Parties agree to subordinate the Subordinate Document(s) to the RAD Use Agreement;

NOW THEREFORE, let it be known to all interested parties, that for good and valuable consideration, the receipt of which is hereby acknowledged, the undersigned do hereby agree:

1. So long as the RAD Use Agreement, and all extensions thereto, be in effect, the Subordinate Document(s) shall in all respects be subordinate.
2. Subordination extends to and continues in effect with respect to any future amendment, extension, renewal, or any other modification of the RAD Use Agreement or the Subordinate Document(s).
3. In the event of conflict between/among the Subordinate Document(s) and the RAD Use Agreement, the RAD Use Agreement controls.
4. The following amendments to the Subordinate Document(s) require the prior written consent of HUD: Any amendment to any HUD-required provisions in the Subordinate

Document(s), an increase in the interest rate, an increase of the total indebtedness, an acceleration of the amortization or payment schedule, and any changes that would preclude or impair a reasonable opportunity to cure any defaults by the Project Owner under the Subordinate Documents.

5. This Subordination will survive bankruptcy and foreclosure.
6. This Subordination may be signed in counterparts.
7. The invalidity, in whole or in part, of any of the provisions set forth in this Subordination, shall not affect or invalidate any remaining provisions.
8. This Subordination and every covenant hereof shall be binding upon the Parties and their respective successors and assigns. This Subordination shall not be modified or amended except by a written instrument executed by all parties hereto and approved in writing by HUD.

[SIGNATURE PAGE(S) TO FOLLOW]

**In witness whereof, the parties have executed this Subordination as of the date first written above.**

**Lender/Agency**

HOUSING AUTHORITY OF THE COUNTY  
OF SAN BERNARDINO, a public body,  
corporate and politic

By: \_\_\_\_\_  
Maria Razo, Executive Director

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, \_\_\_\_\_, 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.

Name: \_\_\_\_\_  
Notary Public

**Project/Owner**

Waterman Gardens Partners 2, L.P.,  
a California limited partnership

By: WG PARTNERS 2 MGP, LLC,  
a California limited liability company,  
its general partner

By: National Community Renaissance of California,  
a California nonprofit public benefit corporation,  
its sole member and manager

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

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STATE OF CALIFORNIA )  
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COUNTY OF \_\_\_\_\_ )

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Name: \_\_\_\_\_  
Notary Public

**EXHIBIT A**  
**Legal Description**