

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
HCD Covenant

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

WHEREAS, the Parties executed that certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing (the “Subordinate Document”), 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 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.
3. In the event of conflict between/among the Subordinate Document and the RAD Use Agreement, the RAD Use Agreement controls.
4. The following amendments to the Subordinate Document 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 Document.

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

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT,
a public agency of the State of California

By: _____
Name: _____
Title: _____

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)
)
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

Authority

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

By: _____
Maria Razo, Executive Director

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STATE OF CALIFORNIA)
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COUNTY OF _____)

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WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A
Legal Description