

FORM APPROVED COUNTY COUNSEL  
 4/17/15  
 DATE  
 BY: JAMES E. BROWN

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
 COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

748



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
 April 16, 2015

**SUBJECT:** Adoption of Resolution No. 2015-005 Delegating Authority to the Assistant County Executive Officer/EDA or Designee to Approve and Execute Subordination Agreements Relating to Affordable Housing Loans Not Exceeding \$75,000; All Districts; [\$0]; Not a Project Under CEQA

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Find that the delegation of authority to the Assistant County Executive Officer/EDA, or designee, to approve and execute subordination agreements relating to existing affordable housing loans not exceeding \$75,000, as set forth in the attached Resolution No. 2015-005, is not a project under California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c) (3) and Section 15378 (b)(5);
2. Adopt the attached County Resolution No. 2015-005 Delegating Authority to the Assistant County Executive Officer/EDA, or Designee, to Approve and Execute Subordination Agreements Relating to Down Payment Assistance, Rehabilitation Assistance, and other

(Continued)

Robert Field  
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

**SOURCE OF FUNDS:** N/A  
**Budget Adjustment:** No  
**For Fiscal Year:** 2014/15

**C.E.O. RECOMMENDATION:** APPROVE  
 BY:   
 Rohini Dasika  
 County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

- A-30
- Positions Added
- 4/5 Vote
- Change Order

**Prev. Agn. Ref.:** | **District:** ALL | **Agenda Number:** 3-11

# **SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

Economic Development Agency

**FORM 11:** Adoption of Resolution No. 2015-005 Delegating Authority to the Assistant County Executive Officer/EDA or Designee to Approve and Execute Subordination Agreements Relating to Affordable Housing Loans Not Exceeding \$75,000; All Districts; [\$0]; Not a Project Under CEQA

**DATE:** April 16, 2015

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## **RECOMMENDED MOTION:** (Continued)

Affordable Housing Loans that do not exceed \$75,000 and are funded with Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), Neighborhood Stabilization Program (NSP), or California Department of Housing and Community Development (HCD) CalHome Funds;

3. Approve the attached form of Subordination Agreement; and
4. Authorize the Assistant County Executive Officer/EDA, or designee, to execute subordination agreements pursuant to the authority delegated in Resolution No. 2015-005, and take all necessary steps to implement the subordination agreements including, but not limited to, signing subsequent essential and relevant documents, subject to approval by County Counsel.

## **BACKGROUND:**

### **Summary**

The County of Riverside (County) Board of Supervisors approved the execution of affordable housing loan agreements (Loans) between the County and individual homeowners in connection with various down payment and rehabilitation assistance loan programs, including but not limited to the First Time Home Buyer Program, Home Repair Loan Program, Enhanced Home Repair Loan Program, Home Improvement Program, Mobile Home Tenant Loan Assistance Program, Fee Land Mobile Home Loan Program, Neighborhood Stabilization Homeownership Program, Neighborhood Stabilization Program 1 Homebuyer, Neighborhood Stabilization Program 3 Homebuyer, and other affordable housing loan programs administered by the County's Economic Development Agency (EDA). The aforementioned loan programs are funded with Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), Neighborhood Stabilization Program (NSP), or California Department of Housing and Community Development (HCD) CalHome Funds.

The Loans are secured by recorded deeds of trust and do not exceed \$75,000 per homeowner with the County in a subordinated second position, and in a few cases, third position to the senior financing loans.

As mortgage interest rates come down, some individual homeowners desire to re-finance their existing senior loan and the County is requested to execute standard subordination agreements, re-subordinating the Loans to the new senior loan with better terms.

To facilitate implementation of the Loans, increase program efficiency and save administrative costs, staff recommends that the Board of Supervisors delegate authority to the Assistant County Executive Officer/EDA, or designee, to approve and execute subordination agreements relating to Loans that do not exceed \$75,000 and are funded with HCD CalHome, CDBG, HOME, or NSP funds provided the following conditions are satisfied, (i) the priority of the deed of trust securing the Loan remains the same or is improved, and (ii) the Loan is not subordinated to an amount greater than the existing senior loan. Staff also recommends that all subordination agreements conform in form and substance to the form of Subordination Agreement attached hereto as Attachment B or any other form first approved in writing by County Counsel. The delegation of authority recommended herein by staff will greatly benefit low and moderate income families within the County and ensure continued affordability of their homes.

The delegation of authority to the Assistant County Executive Officer/EDA, or designee, to approve and execute subordination agreements in connection with existing affordable housing loans, as more specifically described in Resolution No. 2015-005, is not a project under California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15378(b)(5), because it is a purely administrative activity of the government ensuring sustained long-term affordability for homeowners that will not result in direct or indirect

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

Economic Development Agency

**FORM 11:** Adoption of Resolution No. 2015-005 Delegating Authority to the Assistant County Executive Officer/EDA or Designee to Approve and Execute Subordination Agreements Relating to Affordable Housing Loans Not Exceeding \$75,000; All Districts; [\$0]; Not a Project Under CEQA

**DATE:** April 16, 2015

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physical changes to the environment. Based on the aforementioned, County EDA staff has determined that the delegation of authority to approve and execute subordination agreements as set forth in resolution No. 2015-005 is also not an activity subject to CEQA pursuant to State CEQA Guidelines Section 15060(c)(3). Even if a determination is made that the proposed activity is a project subject to CEQA, the delegation of authority to approve and execute subordination agreements is exempt pursuant to State CEQA Guidelines Section 15061(b)(3) General Rule or "Common Sense" Exemption, as it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment, as it will have only administrative and financial effects and will not lead to any direct or reasonably indirect physical environmental impacts. A Notice of Exemption will be filed by the County EDA staff with the County Clerk within 5 days of the adoption of Resolution No. 2015-005.

County Counsel has reviewed and approved as to form the attached Resolution No. 2015-005 and form of Subordination Agreement. Staff recommends that the Board of Supervisors adopt Resolution No. 2015-005 and approve the attached form of Subordination Agreement.

**Impact on Citizens and Businesses**

Refinancing to lower interest rates will help individual homeowners sustain long-term affordability.

**ATTACHMENTS:**

- A. Housing Authority Resolution No. 2015-005
- B. Form of Subordination Agreement

EXHIBIT A

RESOLUTION

(behind this page)

2  
3 **RESOLUTION NO. 2015-005**

4 **DELEGATING AUTHORITY TO THE ASSISTANT COUNTY EXECUTIVE**  
5 **OFFICER/ECONOMIC DEVELOPMENT AGENCY, OR DESIGNEE, TO**  
6 **APPROVE AND EXECUTE SUBORDINATION AGREEMENTS RELATING TO**  
7 **DOWN PAYMENT ASSISTANCE, REHABILITATION ASSISTANCE, AND OTHER**  
8 **AFFORDABLE HOUSING LOANS THAT DO NOT EXCEED \$75,000 AND ARE**  
9 **FUNDED WITH COMMUNITY DEVELOPMENT BLOCK GRANT, HOME**  
10 **INVESTMENT PARTNERSHIPS PROGRAM, NEIGHBORHOOD STABILIZATION**  
11 **PROGRAM OR DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**  
12 **CALHOME FUNDS**  
13 **(All Supervisorial Districts)**

14  
15 **WHEREAS**, Government Code Section 25207 provides that the Board of  
16 Supervisors may do and perform all other acts and things required by law not  
17 enumerated in this part, or which are necessary to the full discharge of the duties of the  
18 legislative authority of the county government;

19 **WHEREAS**, the Riverside County Board of Supervisors ("County") approved  
20 and executed affordable housing loan agreements, related promissory notes, and  
21 subordinated deeds of trust executed by low and moderate income homeowners for  
22 the benefit of the County ("Loans");

23 **WHEREAS**, the Loans were provided by the County in connection with the First  
24 Time Home Buyer Program, Home Repair Loan Program, Enhanced Home Repair  
25 Loan Program, Home Improvement Program, Mobile Home Tenant Loan Assistance  
26 Program, Fee Land Mobile Home Loan Program, Neighborhood Stabilization  
27 Homeownership Program, Neighborhood Stabilization Program 1 Homebuyer,  
28 Neighborhood Stabilization Program 3 Homebuyer and other County administered

1 affordable housing loan programs funded with California Department of Housing and  
2 Community Development CalHome, Community Development Block Grant, Home  
3 Investment Partnerships Program, or Neighborhood Stabilization Program funds (“Loan  
4 Programs”);

5 **WHEREAS**, an individual Loan does not exceed the amount of seventy-five  
6 thousand dollars (\$75,000) per homeowner and each deed of trust securing a  
7 promissory note evidencing an individual Loan is in either a second or third priority  
8 position;

9 **WHEREAS**, the County of Riverside Economic Development Agency currently  
10 administers the Loan Programs and the Loans;

11 **WHEREAS**, as mortgage rates come down, individual homeowners are  
12 attempting to refinance existing senior loans and request the County to review, approve  
13 and execute standard subordination agreements re-subordinating a Loan to a new  
14 senior loan with more affordable terms;

15 **WHEREAS**, to facilitate implementation of the Loans, increase the efficiency of  
16 the various Loan Programs, and save administrative costs, the Board of Supervisors  
17 desire to delegate to the Assistant County Executive Officer/Economic Development  
18 Agency, or designee, the authority to review, approve and execute standard  
19 subordination agreements subordinating a Loan in the event a homeowner desires to  
20 refinance an existing senior loan, provided the following conditions are satisfied, (i) the  
21 Loan being subordinated does not exceed \$75,000, (ii) the existing priority of the deed  
22 of trust securing the Loan remains the same or in an improved position after  
23 subordination, (iii) the Loan is not subordinated to an amount greater than the amount  
24 of the existing senior loan; and (iv) the subordination agreement substantially conforms  
25 in form and substance to the form of Subordination Agreement attached hereto as  
26 Exhibit “A” and incorporated herein by this reference or a form approved in writing by  
27 County Counsel;

28 ///

1           **WHEREAS**, the Board of Supervisors has duly considered the terms of the  
2 proposed delegation of authority, and believes that it is in the best interests of the  
3 County of Riverside and the health, safety, morals and welfare of its residents, and in  
4 accord with the public purposes and provisions of applicable State and local law and  
5 requirements; and

6           **WHEREAS**, the Board of Supervisors believe that the proposed  
7 delegation of authority will greatly benefit low and moderate income families within the  
8 County and ensure continued affordability of their homes.

9           **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED, AND**  
10 **ORDERED** by the Board of Supervisors of the County of Riverside, State of California,  
11 in regular session assembled on April 28, 2015, as follows:

12           1. That the Board of Supervisors hereby find and declare that the above  
13 recitals are true and correct.

14           2. That the Board of Supervisors hereby approve the form of Subordination  
15 Agreement attached hereto as Exhibit "A" and incorporated herein by this reference.

16           3. That the Board of Supervisors hereby approve and authorize the  
17 delegation of authority to the Assistant County Executive Officer/Economic  
18 Development Agency, or designee, to review, approve and execute subordination  
19 agreements relating to down payment assistance, rehabilitation assistance and other  
20 affordable housing loans, provided the following conditions are satisfied:

- 21           a) The loan is related to the First Time Home Buyer Program, Home  
22 Repair Loan Program, Enhanced Home Repair Loan Program,  
23 Home Improvement Program, Mobile Home Tenant Loan  
24 Assistance Program, Fee Land Mobile Home Loan Program,  
25 Neighborhood Stabilization Homeownership Program,  
26 Neighborhood Stabilization Program 1 Homebuyer, Neighborhood  
27 Stabilization Program 3 Homebuyer or other County administered  
28 affordable housing loan program funded with California

1 Department of Housing and Community Development CalHome,  
2 Community Development Block Grant, Home Investment  
3 Partnerships Program, or Neighborhood Stabilization Program  
4 funds.

- 5 b) The loan amount being subordinated does not exceed \$75,000.
- 6 c) The existing priority of the deed of trust securing the subject loan  
7 remains the same or in an improved position after subordination.
- 8 d) The loan is not subordinated to an amount greater than the  
9 amount of the existing senior loan which is being refinanced.
- 10 e) The subordination agreement substantially conforms in form and  
11 substance to the form of Subordination Agreement attached hereto  
12 as Exhibit "A" and incorporated herein by this reference or a form  
13 approved in writing by County Counsel.
- 14 f) The subordination agreement has been approved by County  
15 Counsel.

16 4. This Resolution supersedes in entirety all prior resolutions granting and  
17 authorizing the delegation of authority to subordinate as specifically set forth herein.

18 5. This Resolution shall take effect upon its adoption.

19 ///

20 ///

21 ///

FORM APPROVED COUNTY COUNSEL  
BY: *Juanita R. Brown* 4-15-15  
JUANITA R. BROWN  
2008



**EXHIBIT A**  
**FORM OF SUBORDINATION AGREEMENT**

**(behind this page)**

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**EXHIBIT A**  
**FORM OF SUBORDINATION AGREEMENT**

**(behind this page)**

NO FEE FOR RECORDING PURSUANT  
TO GOVERNMENT CODE SECTION 6103

Order No.  
Escrow No.  
Loan No.

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

County of Riverside  
Economic Development Agency  
5555 Arlington Avenue  
Riverside, CA 92504  
Attn: **DS Name**

File No: **File number**

SPACE ABOVE THIS LINE FOR RECORDERS USE

APN: **APN Number**

### SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT ("Agreement") is made as of **month, day, year**, by and between **Homeowner(s) Name(s), vesting** ("Borrower"), **Senior Lender Name** ("Senior Lender") and the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("County").

### RECITALS

WHEREAS, Borrower owns that certain real property located in the **city name**, Riverside County, as described in the legal description attached hereto as Exhibit "A" and incorporated herein by this reference ("Property"); and

WHEREAS, in connection with the County's **insert name and description of program** [i.e. First Time Home Buyers Assistance Program and the County's administration of the HOME Investment Partnership Program (Title II of the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 State 4079 (1990), as amended, and 24 CFR Part 92) ("Home Program")] County provided financial assistance to Borrower in the amount of **write out dollar amount** (\$\_\_\_\_\_) ("County Loan") evidenced by that certain Promissory Note executed by

Borrower in favor of County dated [insert date] (“County Note”);

WHEREAS, the County Note is secured by that certain Subordinate Deed of Trust executed by Borrower for the benefit of County, dated month, day, year and recorded on [insert date] in the Official Records of Riverside County Recorder’s Office (“Official Records”) as Document No. \_\_\_\_\_ (“County Deed of Trust”). The County Note and County Deed of Trust are referred to individually as a “County Loan Document” and collectively as the “County Loan Documents”. In addition, in connection with the County Loan, County and Borrower have executed and recorded in the Official Records a [insert information regarding the Regulatory/Covenant Agreement if applicable] dated month, day, year and recorded on month, day, year in the Official Records as Document No. \_\_\_\_\_ (“County Covenants”). The County Covenants and its priority is not affected by this Agreement. The County Covenants is not a County Loan Document;

WHEREAS, pursuant to a Loan Agreement (“Senior Lender Loan Agreement”) dated as of month, day, year, by and between Senior Lender and Borrower, Senior Lender has provided a loan to Borrower in the approximate principal amount of [write out 1<sup>st</sup> loan amount] (\$ \_\_\_\_\_) (“Senior Lender Loan”). The Senior Lender Loan is evidenced by a promissory note in the amount equal to the Senior Lender Loan, dated month, day, year and executed by Borrower in favor of the Senior Lender (“Senior Lender Note”). The Senior Lender Note is secured by that certain Deed of Trust executed by Borrower for the benefit of Senior Lender dated month, day, year, and recorded on month, day, year in the Official Records as Document No. \_\_\_\_\_ (“Senior Lender Deed of Trust”) against the Property;

WHEREAS, the Senior Lender Loan Agreement, Senior Lender Note, and Senior Lender Deed of Trust are referred to collectively herein as the “Senior Lender Documents;”

WHEREAS, The Senior Lender is willing to make the Senior Lender Loan provided the Senior Lender Documents are liens, claims or charges upon the Property prior and superior to the County Loan Documents, and provided that the County specifically and unconditionally subordinates and subjects the County Loan Documents to the liens, claims or charges of the Senior Lender Documents; and

WHEREAS, County is willing to specifically and unconditionally subordinate the County Loan Documents to achieve and maintain the order of priority listed in the recital above.

NOW THEREFORE, in consideration of the mutual benefits accruing to the lenders and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County and Senior Lender hereby agree as follows:

1. The Senior Lender Loan and the Senior Lender Documents shall at all times be prior and superior to the liens or charges of the County Loan and the County Loan Documents.

2. The County Loan and the County Loan Documents shall at all times be junior and are hereby subordinated to the Senior Lender Loan and the Senior Lender Documents.

3. The Senior Lender would not have made the Senior Lender Loan, and the County would not have made the County Loan, without this Subordination Agreement.

4. This Agreement shall be the whole and only agreement with regard to the priority and subordination of the Senior Lender Loan, the Senior Lender Documents and the County Loan and the County Loan Documents, and shall supersede and cancel, but only insofar as would affect the priority among the loans and documents referred to hereinabove, any prior agreements as to such subordination including, but not limited to, those provisions, if any, contained in any of such loans and documents which provide for the subordination of the lien or charge thereof to another loan or loans, document or documents, deed or deeds of trust or to a mortgage or mortgages.

5. County and Senior Lender declare, agree and acknowledge that:

(a) County consents to and approves (i) all provisions of the Senior Lender Note and Senior Lender Deed of Trust; (ii) all agreements, including but not limited to reserve agreements, loan agreements, development or escrow agreements, between Borrower and Senior Lender for the origination, disbursement and servicing of the Senior Lender Loan, which prior to or concurrently herewith have been submitted to County. Any increase in Senior Lender Loan amount shall require the prior consent of the County;

(b) Senior Lender consents to and approves all provisions of the County Loan Documents described in the Recitals, above; and

(c) County intentionally and unconditionally waives, relinquishes and subordinates the lien, charge and encumbrance of the County Loan Documents in favor of the prior lien, charge and encumbrance of the Senior Lender Documents as set forth in Paragraph 1 above upon the Property as referred to in this Agreement in favor of the Senior Lender in the order of priority specified in this Agreement and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, specific loans and advances are being and will be made, and specific monetary and other obligations are being and will be entered into which would not be made or entered into but for Senior Lender's reliance upon this waiver, relinquishment and subordination.

6. Notwithstanding anything to the contrary contained in this Subordination Agreement, the Senior Lender hereby agrees as follows:

(a) Following any 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, and prior to completion of a foreclosure sale thereunder, Senior Lender shall promptly (but in no event later than the following business day) send a copy of such notice ("Bank Notice of default") to the County by certified or registered U.S. Mail at the address set forth in Section 8. below, and the County shall have the right, but not the obligation, to cure the default as follows: County shall have ninety (90) days from receipt of the Bank Notice of Default 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, provided however, if the default is such that it is not reasonably capable of being cured within such ninety (90) days, or such longer period if so specified, and if the County (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 County shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Senior Lender.

(b) The County shall have the right, but not the obligation, during the cure periods set forth in Section 6. (a) above to cure Borrower's default relative to the Senior Lender Loan and Senior Lender shall accept any such cure and Senior Lender agrees that Senior Lender will not cause an acceleration (or will cause a de-acceleration) of the indebtedness or

other obligations of the Borrower under the Senior Lender Documents by reason of the default or breach which has been cured by the County;

(c) After a default under the Senior Lender Deed of Trust and/or other Senior Lender Documents, but prior to a foreclosure sale or deed in lieu assignment of the Property, the County shall have the right (for itself or any assignee of County), but not the obligation, to take title to the Property and cure the default relative to the Senior Lender Documents, without Senior Lender exercising any right it might otherwise have to accelerate the Senior Lender Loan by reason of such title transfer; and

(d) After a default under the Senior Lender Deed of Trust and/or other Senior Lender Documents, but prior to a foreclosure sale or deed in lieu assignment of the Property, the County shall have the right (for itself or any assignee of the County) (but not the obligation) to purchase the Property from the Borrower and pay all amounts due and owing under the Senior Lender Documents, and Senior Lender agrees that the acquisition of title to the Property by the County (or such assignee) shall not constitute an accelerating sale or transfer or an event of default pursuant to the Senior Lender Documents and that upon receipt of such payment Senior Lender shall immediately terminate, release, discharge and reconvey the Senior Lender Deed of Trust and any other liens or encumbrances of Senior Lender on the Property.

7. In connection with the County Loan, County and Borrower have executed and recorded in the Official Records the County Covenants and its priority is not affected by this Agreement, and shall not be extinguished, terminated or cancelled by a foreclosure sale under the Senior Lender Loan.

8. All Notices provided for in this Agreement shall be deemed received when personally delivered, or two (2) days following mailing by certified mail, return receipt requested. All mailing shall be addressed to the respective parties at their addresses set forth below, or at such other address as each party may designate in writing:

Senior Lender: [insert]

County: [insert]

Borrower: [insert]

9. This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. The signature pages of one or more counterpart copies may be removed from such counterpart copies and all attached to the same copy of this Agreement, which, with all attached signature pages, shall be deemed to be an original Agreement.

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

11. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Any legal action related to the performance or interpretation of this Agreement shall be filed only in the Superior Court of the State of California located in Riverside, California, and the parties waive any provision of law providing for a change of venue to another location. In the event any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

THE PARTIES HEREIN AGREE THAT THIS AGREEMENT IS CONTINGENT UPON THE RECORDING OF THIS AGREEMENT WITH THE COUNTY OF RIVERSIDE ASSESSOR-COUNTY CLERK-RECORDER. IF THIS AGREEMENT IS NOT RECORDED WITH THE COUNTY OF RIVERSIDE ASSESSOR-COUNTY CLERK-RECORDER WITHIN THIRTY (30) DAYS OF THE DATE THIS AGREEMENT IS MADE, THEN THIS AGREEMENT WILL BECOME NULL AND VOID IN ITS ENTIRETY WITHOUT FURTHER ACTION OF THE PARTIES.



IN WITNESS WHEREOF, the County, Borrower and Senior Lender have executed this Agreement as of the date first above written.

“COUNTY”

“BORROWER”

County of Riverside, a political subdivision of  
The State of California

Homeowner’s names, vesting

By: \_\_\_\_\_  
Heidi Marshall,  
Assistant Director/Housing  
Economic Development Agency

By: \_\_\_\_\_  
Homeowner name

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

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

By: \_\_\_\_\_  
homeowner name

APPROVED AS TO FORM  
Gregory P. Priamos  
County Counsel

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

By: \_\_\_\_\_  
Jhaila R. Brown  
Deputy County Counsel

SENIOR LENDER

Senior lender name

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

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

**(All signatures on this page are required to be notarized)**

**EXHIBIT A**

**LEGAL DESCRIPTION**

All that real property located in the City \_\_\_\_\_, County of Riverside and legally described as follows:

[insert legal description]

APN: \_\_\_\_\_

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

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, \_\_\_\_\_  
Date Here Insert Name and Title of the Officer

personally appeared \_\_\_\_\_  
Name(s) of Signer(s)

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.

Place Notary Seal Above

Signature \_\_\_\_\_  
Signature of Notary Public

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

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, \_\_\_\_\_  
Date Here Insert Name and Title of the Officer

personally appeared \_\_\_\_\_  
Name(s) of Signer(s)

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 \_\_\_\_\_

Signature of Notary Public

Place Notary Seal Above

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

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, \_\_\_\_\_  
Date Here Insert Name and Title of the Officer

personally appeared \_\_\_\_\_  
Name(s) of Signer(s)

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 \_\_\_\_\_  
Signature of Notary Public

Place Notary Seal Above

EXHIBIT B

FORM OF SUBORDINATION AGREEMENT

(behind this page)

NO FEE FOR RECORDING PURSUANT  
TO GOVERNMENT CODE SECTION 6103

Order No.  
Escrow No.  
Loan No.

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

County of Riverside  
Economic Development Agency  
5555 Arlington Avenue  
Riverside, CA 92504  
Attn: **DS Name**

File No: **File number**

SPACE ABOVE THIS LINE FOR RECORDERS USE

APN: **APN Number**

### SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT ("Agreement") is made as of **month, day, year**, by and between **Homeowner(s) Name(s), vesting** ("Borrower"), **Senior Lender Name** ("Senior Lender") and the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("County").

### RECITALS

WHEREAS, Borrower owns that certain real property located in the **city name**, Riverside County, as described in the legal description attached hereto as Exhibit "A" and incorporated herein by this reference ("Property"); and

WHEREAS, in connection with the County's **insert name and description of program** [i.e. First Time Home Buyers Assistance Program and the County's administration of the HOME Investment Partnership Program (Title II of the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat 4079 (1990), as amended, and 24 CFR Part 92) ("Home Program")] County provided financial assistance to Borrower in the amount of **write out dollar amount** (\$        ) ("County Loan") evidenced by that certain Promissory Note executed by

Borrower in favor of County dated [insert date] (“County Note”);

WHEREAS, the County Note is secured by that certain Subordinate Deed of Trust executed by Borrower for the benefit of County, dated month, day, year and recorded on [insert date] in the Official Records of Riverside County Recorder’s Office (“Official Records”) as Document No. \_\_\_\_\_ (“County Deed of Trust”). The County Note and County Deed of Trust are referred to individually as a “County Loan Document” and collectively as the “County Loan Documents”. In addition, in connection with the County Loan, County and Borrower have executed and recorded in the Official Records a [insert information regarding the Regulatory/Covenant Agreement if applicable] dated month, day, year and recorded on month, day, year in the Official Records as Document No. \_\_\_\_\_ (“County Covenants”). The County Covenants and its priority is not affected by this Agreement. The County Covenants is not a County Loan Document;

WHEREAS, pursuant to a Loan Agreement (“Senior Lender Loan Agreement”) dated as of month, day, year, by and between Senior Lender and Borrower, Senior Lender has provided a loan to Borrower in the approximate principal amount of [write out 1<sup>st</sup> loan amount] (\$ \_\_\_\_\_) (“Senior Lender Loan”). The Senior Lender Loan is evidenced by a promissory note in the amount equal to the Senior Lender Loan, dated month, day, year and executed by Borrower in favor of the Senior Lender (“Senior Lender Note”). The Senior Lender Note is secured by that certain Deed of Trust executed by Borrower for the benefit of Senior Lender dated month, day, year, and recorded on month, day, year in the Official Records as Document No. \_\_\_\_\_ (“Senior Lender Deed of Trust”) against the Property;

WHEREAS, the Senior Lender Loan Agreement, Senior Lender Note, and Senior Lender Deed of Trust are referred to collectively herein as the “Senior Lender Documents;”

WHEREAS, The Senior Lender is willing to make the Senior Lender Loan provided the Senior Lender Documents are liens, claims or charges upon the Property prior and superior to the County Loan Documents, and provided that the County specifically and unconditionally subordinates and subjects the County Loan Documents to the liens, claims or charges of the Senior Lender Documents; and



WHEREAS, County is willing to specifically and unconditionally subordinate the County Loan Documents to achieve and maintain the order of priority listed in the recital above.

NOW THEREFORE, in consideration of the mutual benefits accruing to the lenders and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County and Senior Lender hereby agree as follows:

1. The Senior Lender Loan and the Senior Lender Documents shall at all times be prior and superior to the liens or charges of the County Loan and the County Loan Documents.

2. The County Loan and the County Loan Documents shall at all times be junior and are hereby subordinated to the Senior Lender Loan and the Senior Lender Documents.

3. The Senior Lender would not have made the Senior Lender Loan, and the County would not have made the County Loan, without this Subordination Agreement.

4. This Agreement shall be the whole and only agreement with regard to the priority and subordination of the Senior Lender Loan, the Senior Lender Documents and the County Loan and the County Loan Documents, and shall supersede and cancel, but only insofar as would affect the priority among the loans and documents referred to hereinabove, any prior agreements as to such subordination including, but not limited to, those provisions, if any, contained in any of such loans and documents which provide for the subordination of the lien or charge thereof to another loan or loans, document or documents, deed or deeds of trust or to a mortgage or mortgages.

5. County and Senior Lender declare, agree and acknowledge that:

(a) County consents to and approves (i) all provisions of the Senior Lender Note and Senior Lender Deed of Trust; (ii) all agreements, including but not limited to reserve agreements, loan agreements, development or escrow agreements, between Borrower and Senior Lender for the origination, disbursement and servicing of the Senior Lender Loan, which prior to or concurrently herewith have been submitted to County. Any increase in Senior Lender Loan amount shall require the prior consent of the County;

(b) Senior Lender consents to and approves all provisions of the County Loan Documents described in the Recitals, above; and

(c) County intentionally and unconditionally waives, relinquishes and subordinates the lien, charge and encumbrance of the County Loan Documents in favor of the prior lien, charge and encumbrance of the Senior Lender Documents as set forth in Paragraph 1 above upon the Property as referred to in this Agreement in favor of the Senior Lender in the order of priority specified in this Agreement and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, specific loans and advances are being and will be made, and specific monetary and other obligations are being and will be entered into which would not be made or entered into but for Senior Lender's reliance upon this waiver, relinquishment and subordination.

6. Notwithstanding anything to the contrary contained in this Subordination Agreement, the Senior Lender hereby agrees as follows:

(a) Following any 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, and prior to completion of a foreclosure sale thereunder, Senior Lender shall promptly (but in no event later than the following business day) send a copy of such notice ("Bank Notice of default") to the County by certified or registered U.S. Mail at the address set forth in Section 8. below, and the County shall have the right, but not the obligation, to cure the default as follows: County shall have ninety (90) days from receipt of the Bank Notice of Default 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, provided however, if the default is such that it is not reasonably capable of being cured within such ninety (90) days, or such longer period if so specified, and if the County (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 County shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Senior Lender.

(b) The County shall have the right, but not the obligation, during the cure periods set forth in Section 6. (a) above to cure Borrower's default relative to the Senior Lender Loan and Senior Lender shall accept any such cure and Senior Lender agrees that Senior Lender will not cause an acceleration (or will cause a de-acceleration) of the indebtedness or

other obligations of the Borrower under the Senior Lender Documents by reason of the default or breach which has been cured by the County;

(c) After a default under the Senior Lender Deed of Trust and/or other Senior Lender Documents, but prior to a foreclosure sale or deed in lieu assignment of the Property, the County shall have the right (for itself or any assignee of County), but not the obligation, to take title to the Property and cure the default relative to the Senior Lender Documents, without Senior Lender exercising any right it might otherwise have to accelerate the Senior Lender Loan by reason of such title transfer; and

(d) After a default under the Senior Lender Deed of Trust and/or other Senior Lender Documents, but prior to a foreclosure sale or deed in lieu assignment of the Property, the County shall have the right (for itself or any assignee of the County) (but not the obligation) to purchase the Property from the Borrower and pay all amounts due and owing under the Senior Lender Documents, and Senior Lender agrees that the acquisition of title to the Property by the County (or such assignee) shall not constitute an accelerating sale or transfer or an event of default pursuant to the Senior Lender Documents and that upon receipt of such payment Senior Lender shall immediately terminate, release, discharge and reconvey the Senior Lender Deed of Trust and any other liens or encumbrances of Senior Lender on the Property.

7. In connection with the County Loan, County and Borrower have executed and recorded in the Official Records the County Covenants and its priority is not affected by this Agreement, and shall not be extinguished, terminated or cancelled by a foreclosure sale under the Senior Lender Loan.

8. All Notices provided for in this Agreement shall be deemed received when personally delivered, or two (2) days following mailing by certified mail, return receipt requested. All mailing shall be addressed to the respective parties at their addresses set forth below, or at such other address as each party may designate in writing:

Senior Lender: [insert]

County: [insert]

Borrower: [insert]

9. This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. The signature pages of one or more counterpart copies may be removed from such counterpart copies and all attached to the same copy of this Agreement, which, with all attached signature pages, shall be deemed to be an original Agreement.

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

11. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Any legal action related to the performance or interpretation of this Agreement shall be filed only in the Superior Court of the State of California located in Riverside, California, and the parties waive any provision of law providing for a change of venue to another location. In the event any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

THE PARTIES HEREIN AGREE THAT THIS AGREEMENT IS CONTINGENT UPON THE RECORDING OF THIS AGREEMENT WITH THE COUNTY OF RIVERSIDE ASSESSOR-COUNTY CLERK-RECORDER. IF THIS AGREEMENT IS NOT RECORDED WITH THE COUNTY OF RIVERSIDE ASSESSOR-COUNTY CLERK-RECORDER WITHIN THIRTY (30) DAYS OF THE DATE THIS AGREEMENT IS MADE, THEN THIS AGREEMENT WILL BECOME NULL AND VOID IN ITS ENTIRETY WITHOUT FURTHER ACTION OF THE PARTIES.

IN WITNESS WHEREOF, the County, Borrower and Senior Lender have executed this Agreement as of the date first above written.

“COUNTY”

“BORROWER”

County of Riverside, a political subdivision of The State of California

Homeowner’s names, vesting

By: \_\_\_\_\_  
Heidi Marshall,  
Assistant Director/Housing  
Economic Development Agency

By: \_\_\_\_\_  
Homeowner name

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

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

By: \_\_\_\_\_  
homeowner name

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

APPROVED AS TO FORM  
Gregory P. Priamos  
County Counsel

By: \_\_\_\_\_  
Jhaila R. Brown  
Deputy County Counsel

SENIOR LENDER

Senior lender name

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

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

**(All signatures on this page are required to be notarized)**

**EXHIBIT A**

**LEGAL DESCRIPTION**

All that real property located in the City \_\_\_\_\_, County of Riverside and legally described as follows:

[insert legal description]

APN: \_\_\_\_\_

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

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, \_\_\_\_\_  
Date Here Insert Name and Title of the Officer

personally appeared \_\_\_\_\_  
Name(s) of Signer(s)

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.

Place Notary Seal Above

Signature \_\_\_\_\_  
Signature of Notary Public

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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 \_\_\_\_\_ }

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Date Here Insert Name and Title of the Officer

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Signature \_\_\_\_\_  
Signature of Notary Public



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COUNTY OF \_\_\_\_\_ }

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WITNESS my hand and official seal.

Signature \_\_\_\_\_  
Signature of Notary Public

Place Notary Seal Above