

**FREE RECORDING REQUESTED  
PURSUANT TO GOVERNMENT CODE  
SECTION 27383**

Recording requested by and  
when recorded return to:

CALIFORNIA HOUSING FINANCE AGENCY  
Office of General Counsel  
500 Capitol Mall, Suite 1400, MS 1440  
Sacramento, CA 95814

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(space above this line for Recorder's use)

**SUBORDINATION AGREEMENT**

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

THIS AGREEMENT dated as of October 1, 2023 for informational purposes, is entered into by and between the City of National City (the "**Locality**"), National City Pacific Associates, a California Limited Partnership, a California limited partnership ("**Borrower**"), and the California Housing Finance Agency ("**CalHFA**") a public instrumentality and a political subdivision of the State of California in connection with a loan by CalHFA to Borrower to finance a multifamily residential rental housing project on real property located in the City of National City, County of San Diego, California and more particularly described on **Exhibit A** attached hereto and incorporated herein by this reference ("**Project**"). Unless otherwise noted, references to instruments recorded in "**Official Records**" refer to instruments recorded in the Office of the County Recorder of the County of San Diego.

**RECITALS**

A. WHEREAS, Borrower and the Locality have or will encumber the Project with the following documents related to the financing and/or development of the Development:

1. A Deed of Trust dated as of December 21, 2020 (the "**Locality Deed**") by and between the Locality, as beneficiary, and the Borrower, recorded on June 9, 2021 in the Official Records as Instrument No. 2021-0427736;

The Locality Deed and any other loan documents are collectively referred to herein as the "**Locality Documents**."

A. WHEREAS, CalHFA is making, substantially contemporaneously with the making of this Agreement, a subsidy loan to Borrower ("**CalHFA Subsidy Loan**"). The CalHFA Subsidy Loan

is evidenced by a promissory note from the Borrower to CalHFA in the face amount of Six Million Five Hundred Thousand and No/100s Dollars (\$6,500,000.00) secured by a deed of trust. The deed of trust was executed by Borrower, as trustor, to Commonwealth Land Title Company, as trustee, in favor of CalHFA, as beneficiary, and is entitled “California Housing Finance Agency, Subsidy Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing, CalHFA Development No. 19-068-X, Mixed-Income Program/Residual Receipts” dated October 1, 2023 (the “*CalHFA Subsidy Deed of Trust*”) to be recorded in the Official Records substantially contemporaneously with this Agreement. The Project shall also be regulated and encumbered by a regulatory agreement executed by Borrower and CalHFA entitled “California Housing Finance Agency, Regulatory Agreement, CalHFA Development No. 19-068-X Mixed-Income Program/Residual Receipts” dated as of October 1, 2023 (the “*CalHFA Subsidy Regulatory Agreement*”) to be recorded in the Official Records substantially contemporaneously with this Agreement. The CalHFA Subsidy Regulatory Agreement, CalHFA Subsidy Deed of Trust and related documents shall hereafter be collectively referred to herein as the “*CalHFA Documents*”;

B. WHEREAS, it is a condition precedent to CalHFA making the CalHFA Loan that the CalHFA Documents have priority over the Locality Documents; and

C. WHEREAS, it is beneficial to all parties that CalHFA make the CalHFA Loan, and the parties are willing to subordinate the Locality Documents in order that the CalHFA Loan be made.

NOW THEREFORE, In consideration of the foregoing and other consideration the receipt and sufficiency of which are hereby acknowledged, and in order to induce CalHFA to make the CalHFA Loan, the parties hereto agree as follows:

1. Subordination of Locality Documents.

a. The Locality and Borrower hereby unconditionally subordinate the Locality Documents to the CalHFA Documents, including all extensions, modifications or additional advances made thereunder. Hereafter, the CalHFA Documents shall unconditionally be, and remain at all times, liens and encumbrances on the Project prior and superior to the encumbrances of the Locality Documents and to all rights and privileges of the parties thereunder, and the liens and encumbrances of the Locality Documents together with all rights and privileges of the parties thereunder shall hereby be subject to and made subordinate to the liens and encumbrances of the CalHFA Documents. In the event of a judicial or non-judicial foreclosure of the CalHFA Documents, the lien of the Locality Documents shall be extinguished.

b. CalHFA agrees that it shall use its best efforts to provide Locality with a copy of all initial notices of default provided to Borrower under the CalHFA Documents, provided, CalHFA shall have no liability to Locality and/or Borrower for its failure to do so, nor shall failure to do so constitute grounds for any restraining order, injunction, or other prohibition against or delay in CalHFA's exercise of its remedies under the CalHFA Documents. CalHFA shall not record a Notice of Default related to such initial notice during the period ninety (90) days after the date of such initial notice if such notice relates to a nonmonetary default or defaults under the CalHFA Documents. During the term of such period Locality shall have the right, but not the obligation, to cure any nonmonetary default under such initial notice. Notwithstanding the foregoing, if at any time following the date of the initial notice, there shall occur or be continuing a default in the payment of any amount due CalHFA under the CalHFA Documents, CalHFA shall have the right to, and in its

sole discretion may, record a Notice of Default and proceed to foreclosure based upon any such nonpayment regardless of any extended cure period with respect to nonmonetary defaults.

c. Unless Locality otherwise agrees, CalHFA shall not amend the CalHFA Documents to do any of the following: (i) extend the scheduled maturity date of Borrower's obligations to CalHFA, unless the CalHFA Documents are in default at the time of such extension; (ii) increase the interest rate on Borrower's obligations to CalHFA resulting from a modification of the CalHFA Documents subsequent to the date hereof; (iii) increase the principal amount of Borrower's obligations to CalHFA beyond the original principal amount, except for increases resulting from advances made by CalHFA to preserve and protect CalHFA's security, including taxes, insurance, and costs of collection and or enforcement of the CalHFA Documents; and (iv) change the amortization of Borrower's obligations to CalHFA by which scheduled payments of principal and interest are increased, unless such changes are a result of a default on the CalHFA Documents and/or advances made by CalHFA to preserve and protect CalHFA's security including taxes, insurance, and costs of collection and enforcement of the CalHFA Documents.

d. CalHFA further agrees that it shall not accelerate the CalHFA Loan by reason of any foreclosure by Locality (or acquisition of the Project by Locality in lieu of any such foreclosure) under the terms of the Locality Documents; provided:

(i) there shall not occur or be continuing any default in the payment of any amount owed CalHFA or any obligations required to be performed under the CalHFA Documents; and

(ii) Locality shall not unreasonably delay to proceed to conclusion of such foreclosure or acquisition.

e. Locality has read, understands and approves the CalHFA Documents and agrees to be bound thereby in the event of its foreclosure or acquisition of the Project.

f. The provisions of this Section 1 shall be subject to, and to the extent of any inconsistency, superseded by, the requirements of the HUD-FHA State Agency Risk Share Program, as in effect from time to time.

2. Representations. Locality hereby represents and warrants to CalHFA that at the time of execution of this agreement, the Borrower is in substantial compliance with its obligations to the Locality under the terms of the Locality Documents, and Locality has read and understands the CalHFA Documents and agrees that in the event CalHFA determines there is a conflict of terms between the CalHFA Documents and Locality Documents, the terms of the CalHFA Documents shall prevail.

3. Attorneys Fees & Costs. If any party shall take any action to enforce or otherwise relating to this Agreement, the prevailing party or parties shall be entitled to recover reasonable attorney's fees and costs from the other party or parties.

4. Amendments. Amendments to this Agreement shall be in writing and signed by all the parties hereto.

5. Governing Law. This Agreement shall be construed in accordance with and be governed by the laws of California.

6. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

7. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, it shall not invalidate or render unenforceable any other part of this Agreement.

**NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON 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 hereto have executed this Agreement as of the date first above written.

**LOCALITY:**

**CITY OF NATIONAL CITY**

By: \_\_\_\_\_  
Ben Martinez, Interim City Manager

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Barry J. Schultz, City Attorney

**BORROWER:**

**NATIONAL CITY PACIFIC ASSOCIATES,  
A CALIFORNIA LIMITED PARTNERSHIP,**  
a California limited partnership

By: **TPC Holdings VII, LLC,**  
an Idaho limited liability company  
Its: Administrative General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: **Riverside Charitable Corporation**  
a California Nonprofit Public Benefit Corporation  
Its: Managing General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CalHFA:**

**CALIFORNIA HOUSING FINANCE AGENCY,**  
a public instrumentality and political subdivision  
of the State of California

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

Name \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGEMENTS**

## EXHIBIT A

### Legal Description

All that certain real property situated in the County of San Diego, State of California, described as follows:

LOT 2 OF CENTRO/REVOLUTION 2, CASE FILE NO. S-2006-5, IN THE CITY OF NATIONAL CITY, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, SHOWN ON [MAP NO. 15807](#), FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY ON DECEMBER 30, 2010 AS INSTRUMENT NO. 2010-0729372 OF OFFICIAL RECORDS.

TOGETHER WITH LOTS 1 THROUGH 6, INCLUSIVE, BLOCK 1 OF F. A. KIMBALL'S SUBDIVISION OF THE WEST HALF OF 10 ACRE LOT 4 IN QUARTER SECTION 154 OF RANCHO DE LA NACION, IN THE CITY OF NATIONAL CITY, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO [MAP THEREOF NO. 585](#), FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 20, 1889.

TOGETHER WITH THAT PORTION OF THE SOUTHERLY 10 FEET OF 11TH STREET AS VACATED BY RESOLUTION OF THE BOARD OF TRUSTEES OF THE CITY OF NATIONAL CITY, DATED NOVEMBER 21, 1911, ADJOINING SAID LOT 1 ON THE NORTH, WHICH WOULD PASS BY OPERATION OF LAW WITH A CONVEYANCE OF SAID PROPERTY. A CERTIFIED COPY OF SAID RESOLUTION WAS RECORDED SEPTEMBER 13, 1939 IN [BOOK 936, PAGE 311 OF OFFICIAL RECORDS](#).

TOGETHER WITH THAT PORTION OF THE ALLEY AS VACATED BY RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, DATED JANUARY 15, 2013, ADJOINING SAID PROPERTIES ON THE SOUTHWEST OF LOT 2, MAP 15807 WHICH WOULD PASS BY OPERATION OF LAW WITH A CONVEYANCE OF SAID PROPERTY. A CERTIFIED COPY OF SAID RESOLUTION WAS RECORDED FEBRUARY 13, 2013 AS [INSTRUMENT NO. 2013-0098259 OF OFFICIAL RECORDS](#).

SAID LAND IS SHOWN ON THAT CERTAIN NOTICE OF MERGER IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND RECORDED MARCH 10, 2017 AS [INSTRUMENT NO. 2017-0110878 OF OFFICIAL RECORDS](#).

TOGETHER WITH THE EAST 10 FEET OF THE ALLEY, VACATED BY THAT CERTAIN RESOLUTION TO VACATE NO. 2019-137, RECORDED JANUARY 7, 2020 AS [INSTRUMENT NO. 2020-0006575 OF OFFICIAL RECORDS](#), WHICH WOULD PASS BY OPERATION OF LAW UPON CONVEYANCE OF SAID LAND.

EXCEPT FROM A PORTION OF SAID LOT 2 OF MAP 15807 ALL OIL, GAS, HYDROCARBON SUBSTANCES AND MINERALS OF EVERY KIND AND CHARACTER LYING MORE THAN FIVE HUNDRED (500) FEET BELOW THE SURFACE, TOGETHER WITH THE RIGHT TO DRILL INTO, THROUGH AND TO USE AND OCCUPY ALL PARTS OF THE SITE LYING MORE THAN FIVE HUNDRED (500) FEET BELOW THE SURFACE THEREOF FOR ANY AND ALL PURPOSES INCIDENTAL TO THE EXPLORATION FOR AND PRODUCTION OF OIL, GAS, HYDROCARBON SUBSTANCES OR MINERALS FROM SAID SITE OR OTHER LANDS, BUT WITHOUT, HOWEVER, ANY RIGHT TO USE EITHER THE SURFACE OF THE SITE OR ANY PORTION THEREOF WITHIN FIVE HUNDRED (500) FEET OF THE SURFACE FOR ANY PURPOSE OR PURPOSES WHATSOEVER, OR TO USE THE SITE IN SUCH A MANNER AS TO CREATE A DISTURBANCE TO THE USE OR ENJOYMENT OF THE SITE, AS EXCEPTED AND RESERVED IN THE DEED FROM THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF NATIONAL CITY, A PUBLIC BODY, CORPORATE

**Exhibit A (continued)**  
**Legal Description**

AND POLITIC, RECORDED OCTOBER 26, 2005 AS [INSTRUMENT NO. 2005-0930606 OF OFFICIAL RECORDS](#).

EXCEPTING FROM SAID LOTS 1 THROUGH 3, INCLUSIVE, IN BLOCK 1 OF SAID F.A. KIMBALL'S SUBDIVISION, ALL CRUDE OIL, PETROLEUM, GAS, BREA, ASPHALTUM AND ALL KINDRED SUBSTANCES AND OTHER MINERALS UNDER AND IN SAID LAND, AS EXCEPTED AND RESERVED IN DEED FROM ORRIE D. KELLY AND MARY LENA KELLEY, HUSBAND AND WIFE, DATED JUNE 22, 1955 AND RECORDED JULY 6, 1955 IN [BOOK 5704, PAGE 425 OF OFFICIAL RECORDS](#).

[APN: 556-554-20-00](#), [556-554-25-00](#), [556-554-26-00](#)



**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                    )  
  ) ss.  
County of \_\_\_\_\_            )

On \_\_\_\_\_ before me, \_\_\_\_\_, a 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)

**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 )  
 ) ss.  
County of \_\_\_\_\_ )

On \_\_\_\_\_ before me, \_\_\_\_\_, a 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)