

**FREE RECORDING IN ACCORDANCE
WITH CALIFORNIA GOVERNMENT
CODE SECTION 27383 and 27388.1.**

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

State of California
Department of Housing and
Community Development
P. O. Box 952052
Sacramento, CA 94252-2052
Attn: **Legal Affairs Division**
Affordable Housing and Sustainable
Communities (AHSC) Program
19-AHSC-12799

SUBORDINATION AGREEMENT

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.

THIS SUBORDINATION AGREEMENT (the "Agreement") is dated as of February 10, 2023, for reference purposes only, and is entered into by and among City of Coachella, a California municipal corporation (the "Junior Lienholder") and 6th & Cesar Chavez CIC, LP, a California limited partnership (the "Borrower"), and the Department of Housing and Community Development, a public agency of the State of California (the "Senior Lender").

RECITALS

A. Borrower is the owner of the fee simple interest in that real property described in Exhibit A attached hereto and made a part hereof (the "Property"). The Borrower has developed a 105-unit multifamily residential rental development on the Property (the "Improvements"). The Property and the Improvements are sometimes referred to collectively as the "Development."

B. The Junior Lienholder has made a loan to the Borrower in the principal sum of [Nine Million Two Hundred Forty Thousand and no/100 Dollars (\$9,240,000.00) the "Junior Lienholder Loan"]. The Junior Lienholder Loan is evidenced by a certain promissory note (the "Junior Lienholder Note"), secured by a certain deed of trust (the "Junior Lienholder Deed of Trust") recorded on October 28 2020, as Instrument No. 2020-0523119 in the Official Records of Riverside County, California (the "Official Records"). The Junior Lienholder and Borrower

have also entered into Agreement to Prepay Special Tax Obligation for City of Coachella Community Facilities District 2005-1 affecting the use of the Development, recorded on October 28, 2020, as Instrument No. 2020-0523120 in the Official Records (the "Junior Lienholder Special Tax Agreement"). (The Junior Lienholder Deed of Trust, the Junior Lienholder Special Tax Agreement and all other documents evidencing or securing the Junior Lienholder Loan are collectively referred to herein as the "Junior Lienholder Documents.")

C. In order to finance the development of the Improvements, the Senior Lender has agreed to loan the Borrower a sum not to exceed Eight Million Three Hundred Ninety Five Thousand Four Hundred Seven and no/100 Dollars (\$8,395,407.00) (the "AHSC Loan"), subject to the terms and conditions of: (i) a regulatory agreement restricting the use and occupancy of the Development and the income derived therefrom which shall be dated as of even date herewith and recorded concurrently herewith as an encumbrance on the Property in the Official Records (the "AHSC Regulatory Agreement"), and (ii) other loan documents. The AHSC Loan will be evidenced by a promissory note (the "AHSC Note"), the repayment of which will be secured by, among other things, a deed of trust by Borrower as trustor, to Senior Lender as beneficiary recorded concurrently herewith as an encumbrance on the Property in the Official Records (the "AHSC Deed of Trust") and by such other security as is identified in other loan documents. (The AHSC Regulatory Agreement, the AHSC Deed of Trust, the AHSC Note and all other documents evidencing or securing the AHSC Loan are collectively referred to herein as the "Senior Lender Documents.")

D. The Senior Lender is willing to make the AHSC Loan provided the AHSC Deed of Trust and the AHSC Regulatory Agreement are liens, claims or charges upon the Development prior and superior to the Junior Lienholder Documents, and provided that the Junior Lienholder specifically and unconditionally subordinates and subjects the Junior Lienholder Documents to the liens, claims or charges of the AHSC Deed of Trust and the AHSC Regulatory Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce the Senior Lender to make its AHSC Loan, it is hereby declared, understood and agreed as follows:

1. The AHSC Regulatory Agreement and the AHSC Deed of Trust securing the AHSC Note in favor of the Senior Lender, and any and all renewals, modifications, extensions or advances thereunder or secured thereby (including interest thereon) shall unconditionally be and remain at all times liens, claims, or charges on the Development prior and superior to the Junior Lienholder Documents, and to all rights and privileges of the Junior Lienholder thereunder; and the Junior Lienholder Documents, together with all rights and privileges of the Junior Lienholder thereunder are hereby irrevocably and unconditionally subject and made subordinate to the liens, claims or charges of the AHSC Deed of Trust and the AHSC Regulatory

Agreement.

2. This Agreement shall be the whole and only agreement with regard to the subordination of the Junior Lienholder Documents, together with all rights and privileges of the Junior Lienholder thereunder, to the liens, claims or charges of the AHSC Deed of Trust and the AHSC Regulatory Agreement, and this Agreement shall supersede and cancel any prior agreements to subordinate the claims, liens or charges of, but only insofar as would affect the priority between the claims, liens or charges of the Junior Lienholder Documents to the AHSC Deed of Trust and the AHSC Regulatory Agreement including, but not limited to, those provisions, if any, contained in the Junior Lienholder Documents, which provide for the subordination of the lien or charge thereof to another lien or charge on the Property or the Improvements. This agreement shall not limit, waive, modify or replace the requirement that the Senior Lienholder comply with IRC Section 42(h)(6)(E)(ii) as stated in the AHSC Regulatory Agreement.

3. The Junior Lienholder declares, agrees and acknowledges that:

(a) The Junior Lienholder consents and approves (i) all provisions of the AHSC Note, the AHSC Deed of Trust and the AHSC Regulatory Agreement, and (ii) all agreements among the Junior Lienholder, Borrower and Senior Lender for the disbursement of the proceeds of the AHSC Loan, including without limitation any loan escrow agreements which have been provided to the Junior Lienholder for review;

(b) The Senior Lender, in making disbursements of the AHSC Loan pursuant to the AHSC Note or any other agreement, is under no obligation or duty to, nor has the Senior Lender represented that it will, see to the application of such proceeds by the person or persons to whom the Senior Lender disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;

(c) That none of the execution, delivery or recordation of any of the AHSC Note, AHSC Deed of Trust, or AHSC Regulatory Agreement, or the performance of any provision, condition, covenant or other term thereof, will conflict with or result in a breach of the Junior Lienholder Documents or the Junior Lienholder Note; and

(d) The Junior Lienholder intentionally and unconditionally waives, relinquishes, subjects and subordinates the claims, liens or charges upon the Development of the Junior Lienholder Documents, all present and future indebtedness and obligations secured thereby, in favor of the claims, liens or charges upon the Development of the AHSC Deed of Trust and the AHSC Regulatory Agreement, and understands that in reliance upon, and in consideration of, this waiver, relinquishment, subjection, and subordination, the AHSC Loan and advances thereof are being and will be made and,

as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment, subjection and subordination.

4. Senior Lender hereby agrees, but only as a separate and independent covenant of the Senior Lender and not as a condition to the continued effectiveness of the covenants and agreements of the Borrower and the Junior Lienholder as set forth herein, as follows:

(a) Following a 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, the Senior Lender shall promptly (but in no event later than the following business day) send a copy of such notice to the Junior Lienholder and the Junior Lienholder shall have the right, but not the obligation, to cure the default as follows:

- (i) If the default is reasonably capable of being cured within thirty (30) days, as determined by the Senior Lender in its sole discretion, the Junior Lienholder shall have such period 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.
- (ii) If the default is such that it is not reasonably capable of being cured within thirty (30) days, as determined by the Senior Lender in its sole discretion, or such longer period if so specified, and if the Junior Lienholder (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 Junior Lienholder shall have such additional time as is determined by the Senior Lender, in its sole discretion, to be reasonably necessary to cure the default prior to exercise of any remedies by Senior Lender.

In no event shall Senior Lender be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given, or such longer period of time as may be specified in the Senior Lender Documents.

Nothing in this subparagraph (a) is intended to modify any covenant, term or condition contained in the Senior Lender Documents, including, without limitation, the covenant against creating or recording any liens or encumbrances against the Property without the prior written approval of the Senior Lender.

(b) The provisions of this paragraph 4 are intended to supplement, and not to limit, waive, modify or replace, those provisions of law pertaining to notice and cure rights of junior

lenders including, without limitation, those set forth in California Civil Code sections 2924b and 2924c.

5. The Senior Lender would not make the AHSC Loan without this Agreement.

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

7. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

8. In the event that any party to this Agreement brings an action to interpret or enforce its rights under this Agreement, the prevailing party in such action shall be entitled to recover its costs and reasonable attorneys' fees as awarded by the court in such action.

9. This Agreement may be signed by different parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Agreement.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON (OR ENTITY) 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 have executed this Agreement as of the date first set forth above and agree to be bound hereby:

[Signatures follow on page 6 of this Subordination Agreement. Remainder of this page is blank.]

JUNIOR LIENHOLDER:

City of Coachella, a California municipal corporation

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM:

BY: _____

NAME: _____

ITS: _____

[Signatures must be acknowledged.]

[Signatures continue on page 7. Remainder of this page is blank.]

BORROWER:

6th & Cesar Chavez CIC, LP,
a California limited partnership

By: Pueblo PSCDC, LLC,
a California limited liability company
Its: Managing General Partner

By: Pacific Southwest Community Development Corporation,
a California nonprofit public benefit corporation
Its: Manager

By: _____
Robert W. Laing, President/Executive Director

By: CIC 6th & Cesar Chavez, LLC,
a California limited liability company
Its: Administrative General Partner

By: Chelsea Investment Corporation,
a California corporation
Its: Member and Manager

By: _____
Cheri Hoffman, President

[Signatures must be acknowledged.]

[Signatures continue on page 8. Remainder of this page is blank.]

SENIOR LENDER:

**The Department of Housing and Community
Development**, a public agency of the State of California

By: _____
Eric Dauterive, Closings Manager

[Signatures must be acknowledged. Remainder of this page is blank.]

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Real property in the City of Coachella, County of Riverside, State of California, described as follows:

PARCEL "A" AS SHOWN ON "CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT" NO. 2019-02, RECORDED AUGUST 26, 2020 AS INSTRUMENT NO. [2020-0398747](#) OF OFFICIAL RECORDS IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT CERTAIN OF LAND PARCEL LOCATED WITHIN A PORTION OF LOT 10 OF SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO PER COACHELLA LAND AND WATER COMPANY'S SUBDIVISION AS SHOWN BY MAP ON FILE IN BOOK 4, PAGE 53 OF MAPS, RECORDS OF SAID COUNTY OF RIVERSIDE, MORE PARTICULARLY BEING THAT PORTION OF PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT RECORDED JULY 19, 2018 AS DOC. #2018-0291832 TOGETHER WITH THAT PORTION OF LAND DESCRIBED IN A GRANT DEED RECORDED FEBRUARY 3, 2015 AS DOC. #2015-0042392, BOTH OF OFFICIAL RECORDS OF SAID COUNTY OF RIVERSIDE, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 10, SAID POINT BEING ON THE NORTHWESTERLY RIGHT-OF-WAY LINE OF SIXTH STREET (37.50 FEET HALF-WIDTH, FORMERLY KNOWN AS FIRST STREET SOUTH) AS SHOWN ON PARCEL MAP NO. 21 ON FILE IN BOOK 20 OF PARCEL MAPS, PAGE 65, RECORDS OF SAID COUNTY OF RIVERSIDE; THENCE SOUTH 53°53'19" WEST ALONG THE SOUTHEASTERLY LINE OF SAID LOT 10 AND SAID RIGHT-OF-WAY LINE A DISTANCE OF 545.00 FEET TO THE POINT OF BEGINNING; THENCE NORTH 36°08'33" WEST A DISTANCE OF 337.59 FEET TO THE BEGINNING OF A NONTANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 381.00 FEET, A RADIAL LINE OF SAID CURVE BEARS SOUTH 60°00'19" EAST TO SAID POINT; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 11°19'16" AN ARC DISTANCE OF 75.28 FEET TO A POINT OF CUSP WITH A NON-TANGENT CURVE, CONCAVE NORTHERLY, HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE OF SAID CURVE BEARS SOUTH 04°32'55" EAST TO SAID POINT; THENCE WESTERLY AND NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 47°25'49" AN ARC DISTANCE OF 38.08 FEET TO A POINT OF CUSP WITH A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 344.00 FEET, A RADIAL LINE OF SAID CURVE BEARS SOUTH 71°22'46" EAST TO SAID POINT; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 35°16'04" AN ARC DISTANCE OF 211.75 FEET; THENCE SOUTH 53°53'19" WEST A DISTANCE OF 1.60 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 39.00 FEET; THENCE SOUTHWESTERLY AND WESTERLY ALONG

SAID CURVE THROUGH A CENTRAL ANGLE OF 36°19'07" AN ARC DISTANCE OF 24.72 FEET; THENCE NORTH 89°47'35" WEST A DISTANCE OF 48.45 FEET TO A LINE PARALLEL WITH AND DISTANT 30.00 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE CENTERLINE OF CESAR CHAVEZ STREET (FORMERLY KNOWN AS HARRISON STREET, FORMERLY KNOWN AS HIGHWAY 86) AS SHOWN ON SAID PARCEL MAP NO. 21; THENCE SOUTH 00°12'25" WEST ALONG SAID PARALLEL LINE A DISTANCE OF 281.40 FEET TO THE NORTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN THAT GRANT DEED ORDER NUMBER: NCS-1135300-SD PAGE NUMBER: 11 FIRST AMERICAN TITLE INSURANCE COMPANY RECORDED FEBRUARY 02, 2015 AS DOC. # 2015-0042392 OF OFFICIAL RECORDS OF SAID COUNTY OF RIVERSIDE; THENCE SOUTH 89°47'35" EAST ALONG THE NORTHERLY LINE OF SAID PARCEL A DISTANCE OF 80.00 FEET; THENCE LEAVING SAID NORTHERLY LINE SOUTH 36°08'33" EAST A DISTANCE OF 57.67 FEET; THENCE SOUTH 07°37'01" WEST A DISTANCE OF 13.90 FEET; THENCE SOUTH 36°08'33" EAST A DISTANCE OF 36.38 FEET TO THE AFOREMENTIONED SOUTHEASTERLY LINE OF LOT 10 AND SAID NORTHERLY RIGHT-OF-WAY LINE OF SIXTH STREET; THENCE NORTH 53°53'19" EAST ALONG SAID SOUTHEASTERLY LINE OF LOT 10 A DISTANCE OF 330.00 FEET TO THE POINT OF BEGINNING. EXCEPTING THEREFROM THAT PORTION THEREOF DESCRIBED IN A "GRANT DEED – RIGHT-OF-WAY" RECORDED SEPTEMBER 1, 2020 AS INSTRUMENT NO. [2020-0411141](#), OFFICIAL RECORDS OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL 2, BEING LOCATED ON A LINE PARALLEL WITH AND DISTANT 30.00 FEET EASTERLY, AS MEASURED AT RIGHT ANGLES, FROM THE CENTERLINE OF CESAR CHAVEZ STREET (FORMERLY KNOWN AS HARRISON STREET, FORMERLY KNOWN AS HIGHWAY 86) AS SHOWN ON SAID LLA 2018-02; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL 2 SOUTH 00°12'25" WEST A DISTANCE OF 281.40 FEET TO AN ANGLE POINT IN THE SOUTHWESTERLY BOUNDARY LINE OF SAID PARCEL 2; THENCE CONTINUING ALONG SAID SOUTHWESTERLY BOUNDARY OF SAID PARCEL 2 SOUTH 89°47'35" EAST A DISTANCE OF 20.00 FEET TO A LINE PARALLEL WITH AND 20.00 FEET EASTERLY, AS MEASURED AT RIGHT ANGLES, FROM THE AFOREMENTIONED WESTERLY LINE OF SAID PARCEL 2; THENCE ALONG SAID PARALLEL LINE NORTH 00°12'25" EAST A DISTANCE OF 237.90 FEET; THENCE LEAVING SAID PARALLEL LINE AT RIGHT ANGLES SOUTH 89°47'35" EAST A DISTANCE OF 20.93 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 143.50 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 42°46'44" AN ARC DISTANCE OF 107.14 FEET TO A POINT OF COMPOUND CURVATURE WITH A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 396.50 FEET, A RADIAL LINE OF SAID CURVE BEARS SOUTH 67°50'31" EAST TO SAID POINT; THENCE NORTHEASTERLY ALONG SAID COMPOUND CURVE THROUGH A CENTRAL ANGLE OF 08°25'05" AN ARC DISTANCE OF 58.25 FEET; THENCE NON-TANGENT FROM SAID CURVE NORTH 36°08'33" WEST A DISTANCE OF 16.06 FEET TO A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 381.00 FEET, A RADIAL LINE OF SAID CURVE BEARS SOUTH 51°36'32" EAST TO SAID POINT; THENCE

NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 08°23'47" AN ARC DISTANCE OF 55.83 FEET TO AN ANGLE POINT IN THE EASTERLY LINE OF SAID PARCEL 2, A RADIAL LINE OF SAID CURVE BEAR SOUTH 60°00'19" EAST TO SAID POINT; THENCE ALONG THE BOUNDARY LINES OF SAID PARCEL 2 THROUGH THE FOLLOWING SIX (6) COURSES; Order Number: NCS-1135300-SD Page Number: 12 FIRST AMERICAN TITLE INSURANCE COMPANY CONTINUING NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 11°19'16" AN ARC DISTANCE OF 75.28 FEET TO A POINT OF CUSP WITH A NON-TANGENT CURVE, CONCAVE NORTHERLY, HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE OF SAID CURVE BEARS SOUTH 04°32'55" EAST TO SAID POINT; THENCE WESTERLY AND NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 47°25'49" AN ARC DISTANCE OF 38.08 FEET TO A POINT OF CUSP WITH A NON-TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 344.00 FEET, A RADIAL LINE OF SAID CURVE BEARS SOUTH 71°22'46" EAST TO SAID POINT; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 35°16'04" AN ARC DISTANCE OF 211.75 FEET; THENCE SOUTH 53°53'19" WEST A DISTANCE OF 1.60 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 39.00 FEET; THENCE SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 36°19'07" AN ARC DISTANCE OF 24.72 FEET; THENCE NORTH 89°47'35" WEST A DISTANCE OF 48.45 FEET TO THE POINT OF BEGINNING.

APN: 778-080-020