



## City Council Staff Report

DATE: November 5, 2014 CONSENT CALENDAR

SUBJECT: ACTING SOLELY IN ITS CAPACITY AS THE HOUSING SUCCESSOR AGENCY TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY, APPROVING A SUBORDINATION OF DEED OF TRUST WITH BANK OF HEMET, A CALIFORNIA CORPORATION, WITH RESPECT TO A LOAN PREVIOUSLY MADE BY THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALM SPRINGS TO ASSIST IN FINANCING THE REHABILITATION OF THE SUNRISE VILLAGE MOBILE HOME PARK; AND AMENDING THE SUPPLEMENTAL REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS TO SUBSTITUTE THE CITY AS HOUSING SUCCESSOR AGENCY TO ASSIST IN REFINANCING THE SUNRISE VILLAGE MOBILE HOME PARK LOCATED AT 1500 EAST SAN RAFAEL ROAD

FROM: David H. Ready, City Manager

BY: Department of Community & Economic Development

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### SUMMARY

This action is to approve a Subordination of Deed of Trust in conjunction with the refinancing of 2004 mobile home park revenue bonds issued by the City of Palm Springs as conduit issuer on behalf of Santiago Sunrise Village Mobile Home Park Corporation, a California nonprofit corporation ("Owner"). The Owner is refinancing the Project through a commercial mobile home park mortgage issued by the Bank of Hemet, rather than a refunding of tax exempt bonds.

In 2004, by the City of Palm Springs issued revenue bonds in order to finance the acquisition and renovation of the mobile home park known as Sunrise Village Mobile Home Park located at 1500 East San Rafael Road, Palm Springs, CA (the "Project").

At the time of issuance in 2004, the Low and Moderate Income Housing Fund to the former Community Redevelopment Agency made loans to the borrower in the amount of \$392,040, which was used to secure a Regulatory Agreement.

The actions required of the City, now acting solely in its capacity as Housing Successor Agency to the former Community Redevelopment Agency, is to approve a

Subordination of Deed of Trust for the former RDA loan and an amendment to the Regulatory Agreement to substitute the Housing Successor Agency for the former Community Redevelopment Agency.

RECOMMENDATION:

1. Approve Resolution No. \_\_\_\_\_, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS ACTING SOLELY IN ITS CAPACITY AS HOUSING SUCCESSOR AGENCY, APPROVING, AUTHORIZING, AND DIRECTING EXECUTION OF A SUBORDINATION OF DEED OF TRUST WITH BANK OF HEMET, A CALIFORNIA CORPORATION, WITH RESPECT TO A LOAN PREVIOUSLY MADE BY THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALM SPRINGS TO ASSIST IN FINANCING THE REHABILITATION OF THE SUNRISE VILLAGE MOBILE HOME PARK; AND AMENDING THE SUPPLEMENTAL REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS TO SUBSTITUTE THE CITY AS HOUSING SUCCESSOR AGENCY TO ASSIST IN REFINANCING THE SUNRISE VILLAGE MOBILE HOME PARK LOCATED AT 1500 EAST SAN RAFAEL ROAD"

STAFF ANALYSIS:

In 2004, by the City of Palm Springs issued mobile home park revenue bonds in order to finance the acquisition and renovation of the mobile home park known as Sunrise Village Mobile Home Park located at 1500 East San Rafael Road, Palm Springs, CA (the "Project") by Santiago Sunrise Village Mobile Home Park Corporation, a California nonprofit corporation ("Owner").

At the time of issuance in 2004, the Low and Moderate Income Housing Fund to the former Community Redevelopment Agency ("Agency") made loans to the borrower in the amount of \$392,040, which was used to secure a Regulatory Agreement. A Promissory Note in the original principal amount of \$392,040 is dated November 1, 2004.

This action is a refinancing of the Sunrise Village Mobile Home Park, against which the prior Community Redevelopment Agency and the City as the conduit tax exempt bond issuer have recorded Affordability Covenants. The owners wish to refinance the project in order to take advantage of historic low interest rates, which would require a new Subordination Agreement with the City (acting in its new role as Housing Successor Agency of the former Community Redevelopment Agency). There remains a

Community Redevelopment Agency Regulatory Agreement recorded against the property, which would be amended to substitute the City acting as Housing Successor Agency in place of the former Community Redevelopment Agency.

The Agency's Subordinated Indebtedness was secured by the Real Property and evidenced by Deed of Trust with Assignment of Rents recorded November 5, 2004 as Instrument Number 2004- 882779 in Riverside County. It was subordinate to the bonds issued by the City on behalf of the borrower.

Bank of Hemet has agreed to extend a new loan to the Borrower, secured by the Real Property (the "Superior Indebtedness"). The Superior Indebtedness will be a Promissory Note in the amount of Four Million Eight Hundred Seventy Five Thousand and no/100 (\$4,875,000.00) secured by a Deed of Trust.

In order to facilitate the issuance and sale of the Bonds, the Owner has requested that the City, acting as the Housing Successor Agency, agree to subordinate the Agency Loan and Deed of Trust as contained in a Subordination of Deed of Trust (the "Subordination Agreement") to be entered into with Bank of Hemet. Since the former Agency's prior position was behind the prior lender, the new Subordination Agreement does not reduce or diminish the Successor Agency's position in the Project financing, nor does it affect the Regulatory Agreement or Promissory Note itself.

## AGENCY DISSOLUTION


Since the previous Agency transaction in 2004, the State of California has now eliminated redevelopment agencies statewide. On December 29, 2011, the California Supreme Court upheld AB 1X 26, which dissolves all of the redevelopment agencies in the State of California.

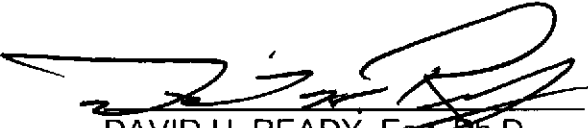
On January 4, 2012, the City Council approved a resolution authorizing the City to become the Successor Agency and the Housing Successor Agency. The City Council elected to retain the responsibility for performing housing functions previously performed by the Palm Springs Community Redevelopment Agency and assume all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of in accordance with Cal. Health and Safety Code §34176.

Actions of the Housing Successor Agency are outside the review of the Oversight Board, which was created pursuant to Cal. Health and Safety Code §34179. Actions of the City as well, acting under its own Charter and statutory authority, are not subject to Oversight Board review, either.

FISCAL IMPACT:

There is no fiscal impact to the City or the Housing Successor Agency and refinancing of the Project by the Owner does not obligate the City financially in any way, nor does it affect the City's bonding capacity for City-funded projects. The exiting bonds would be repaid by the Owner through the refinancing proceeds, and the new loan would be repaid through the rents received from the Project.

  
\_\_\_\_\_  
JOHN S. RAYMOND  
Community & Economic Development  
Director

  
\_\_\_\_\_  
DAVID H. READY, Esq., Ph.D.  
City Manager

ATTACHMENTS:

1. RESOLUTION
2. SUBORDINATION OF DEED OF TRUST WITH BANK OF HEMET

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS ACTING SOLELY IN ITS CAPACITY AS HOUSING SUCCESSOR AGENCY, APPROVING, AUTHORIZING, AND DIRECTING EXECUTION OF A SUBORDINATION OF DEED OF TRUST WITH BANK OF HEMET, A CALIFORNIA CORPORATION, WITH RESPECT TO A LOAN PREVIOUSLY MADE BY THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALM SPRINGS TO ASSIST IN FINANCING THE REHABILITATION OF THE SUNRISE VILLAGE MOBILE HOME PARK; AND AMENDING THE SUPPLEMENTAL REGULATORY AGREEMENT AND DECLARATION OF COVENANTS AND RESTRICTIONS TO SUBSTITUTE THE CITY AS HOUSING SUCCESSOR AGENCY TO ASSIST IN REFINANCING THE SUNRISE VILLAGE MOBILE HOME PARK LOCATED AT 1500 EAST SAN RAFAEL ROAD

WHEREAS, the Community Redevelopment Agency of the City of Palm Springs (the "Agency") has established an affordable housing setaside fund in accordance with Section 33000 et. seq. of the California Health and Safety Code; and

WHEREAS, AB X1 26 was signed by the Governor of California on June 29, 2011, making certain changes to the Redevelopment Law, including adding Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of the California Health and Safety Code, suspending most redevelopment agency activities and, among other things, prohibiting redevelopment agencies from incurring indebtedness or entering into or modifying contracts; and

WHEREAS, effective February 1, 2012, all existing redevelopment agencies and redevelopment agency components of community development agencies were dissolved; however, except for those provisions of the Redevelopment Law that are repealed, restricted, or revised pursuant to AB X1 26, all authority, rights, powers, duties and obligations previously vested with the former redevelopment agencies under the Redevelopment Law, are vested in the successor agencies; and

WHEREAS, at a meeting of January 4, 2012, the City of Palm Springs took action to designate itself as the Successor Agency and the Housing Successor Agency to the Community Redevelopment Agency, as provided in California Health and Safety Code §§ 34173 and 34176; and

WHEREAS, pursuant to Cal. Health & Safety Code §34176, the City expressed its intention to retain the housing assets and functions previously performed by the Palm Springs Community Redevelopment Agency and assume all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the Palm Springs Community Redevelopment Agency; and

WHEREAS, the City of Palm Springs (the "City") previously issued its Mobile Home Park Revenue Bonds In 2004, in order to finance the acquisition and renovation of the mobile home park known as Sunrise Village Mobile Home Park located at 1500 East San Rafael Road, Palm Springs, CA (the "Project"), more particularly described in Exhibit "A" to this Resolution ("Legal Description") by Santiago Sunrise Village Mobile Home Park Corporation, a California nonprofit corporation ("Owner"); and

WHEREAS, at the time of issuance in 2004, the Community Redevelopment Agency of the City of Palm Springs (the "Agency") entered into an Disposition and Development Agreement dated November 1, 2004, pursuant to which the Agency provided a loan in the amount of \$392,040 (the "Agency Loan") for additional financing with respect to the rehabilitation of the Project, and which was used to secure the Regulatory Agreement. A Promissory Note in the original principal amount of \$392,040 is dated November 1, 2004; and

WHEREAS, the Agency Loan is secured by a Deed of Trust with Assignment of Rents attached thereto containing terms, recorded November 5, 2004 as Instrument Number 2004- 882779 in the Official Records of Riverside County (the "Agency Deed of Trust"); and

WHEREAS, Santiago Sunrise Village Mobile Home Park Corporation, a California nonprofit corporation ("Owner") has arranged for a refinancing of the Project's bonds through a convention mortgage with Bank of Hemet, a California Corporation; and

WHEREAS, in order to facilitate the issuance and sale of the Bonds, the Owner has requested that the City, as the Housing Successor to the Agency, agree to subordinate the Agency Loan and Deed of Trust as set forth in a Subordination of Deed of Trust (the "Subordination Agreement") to be entered into with Bank of Hemet as Lender and Orange Coast Title Company as Trustee; and

WHEREAS, there is now before this City Council, acting solely in its capacity as the Housing Successor Agency, (the "City Council") a form of the Subordination Agreement; and

WHEREAS, the City has determined that the refinancing of the Project at long-term competitive interest rates to refinance the Prior Bonds and to finance additional renovations to the Project will benefit the tenants residing therein and will benefit the City by improving the affordable housing available within the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL, AS FOLLOWS:

Section 1. The City Council, acting solely in its capacity as the Housing Successor Agency, hereby approves the Subordination Agreement, in substantially the form on file with the City Clerk, with such changes as are not inconsistent with the purposes of this Resolution.

Section 2. The City Council, acting solely in its capacity as the Housing Successor Agency, hereby approves the Amendment to the Supplemental Regulatory Agreement and Declaration of Covenants and Restrictions to substitute the City as Housing Successor Agency for the former Community Redevelopment Agency, in substantially the form on file with the City Clerk, with such changes as are not inconsistent with the purposes of this Resolution. The City Manager, City Clerk, and any other proper officers and officials of the City are hereby authorized to execute the same on behalf of the City. The City Manager, City Clerk, and any other proper officers and officials of the City are hereby authorized and directed to take all steps on behalf of the City to perform and discharge the obligations of the City under said instrument.

Section 3. The City Manager, City Clerk, and any other proper officers and officials of the City are hereby authorized to execute the documents authorized and directed to take all steps on behalf of the City to perform and discharge the obligations of the City under said instrument.

Section 4. The adoption of this Resolution shall not obligate the City or any department thereof to (i) provide any additional financing with respect to the Project or (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the operation of the Project.

Section 5. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED BY THE PALM SPRINGS CITY COUNCIL THIS \_\_\_\_ DAY OF NOVEMBER, 2014.

\_\_\_\_\_  
David H. Ready, City Manager

ATTEST:

\_\_\_\_\_  
JAMES THOMPSON, CITY CLERK

CERTIFICATION

STATE OF CALIFORNIA )  
COUNTY OF RIVERSIDE ) ss.  
CITY OF PALM SPRINGS )

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. \_\_\_\_\_ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on \_\_\_\_\_, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
James Thompson, City Clerk  
City of Palm Springs, California



EXHIBIT "A"  
LEGAL DESCRIPTION OF THE PROPERTY

The Subordinated Deed of Trust covers the following described real property (the "Real Property") located in City of Palm Springs, County of Riverside, State of California:

Lot 1 of Tract No. 17642-1 in the City of Palm Springs, County of Riverside, State of California, as per Map on file in Book 122 Pages 88, 89 and 90 of Maps, in the Office of the recorder of said County, together with Parcel 2 as shown described in document recorded April 25, 1996 as Instrument No. 148930, records of said County. Except the Northerly 731.00 feet of said Lot 1 and except the Northerly 731 feet of said Parcel 2 of instrument No. 148930

The Real Property or its address is commonly known as 1500 E. San Rafael Drive, Palm Springs, CA 92262.

The Assessor's Parcel Number for the Real Property is 669-500-028-8.

**RECORDATION REQUESTED BY:**  
The Bank of Hemet, a California corporation  
3715 Sunnyside Drive  
Riverside, CA 92506

**WHEN RECORDED MAIL TO:**  
The Bank of Hemet, a California corporation  
3715 Sunnyside Drive  
Riverside, CA 92506

**FOR RECORDER'S USE ONLY**

**NOTICE: THIS SUBORDINATION OF DEED OF TRUST 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.**

**SUBORDINATION OF DEED OF TRUST**

**THIS SUBORDINATION OF DEED OF TRUST** dated November 1, 2014, is made and executed among The City of Palm Springs as Successor Agency to The Community Redevelopment Agency of the City of Palm Springs, a public body, corporate and politic ("Beneficiary"); Santiago Sunrise Village Mobile Home Park Corporation, a California nonprofit corporation ("Borrower"); and The Bank of Hemet, a California corporation ("Lender").

**SUBORDINATED INDEBTEDNESS.** Beneficiary has extended the following described financial accommodations, secured by the Real Property (the "Subordinated Indebtedness"):

Promissory Note in the original principal amount of \$392,040.00 dated November 1, 2004.

**SUBORDINATED DEED OF TRUST.** The Subordinated indebtedness is or will be secured by the Real Property and evidenced by a deed of trust dated November 1, 2004 from Santiago Sunrise Village Mobile Home Park Corporation, a California nonprofit corporation ("Trustor") to Orange Coast Title Company ("Trustee") in favor of The City of Palm Springs as Successor Agency to The Community Redevelopment Agency of the City of Palm Springs, a public body, corporate and politic ("Beneficiary") (the "Subordinated Deed of Trust") and recorded in Riverside County, State of California as follows:

recorded November 5, 2004 as Instrument Number 2004-0882779

**REAL PROPERTY DESCRIPTION.** The Subordinated Deed of Trust covers the following described real property (the "Real Property") located in Riverside County, State of California:

Lot 1 of Tract No. 17642-1 in the City of Palm Springs, County of Riverside, State of California, as per Map on file in Book 122 Pages 88, 89 and 90 of Maps, in the Office of the recorder of said County, together with Parcel 2 as shown described in document recorded April 25, 1996 as instrument No. 148930, records of said County.

Except the Northerly 731.00 feet of said Lot 1 and except the Northerly 731 feet of said Parcel 2 of instrument No. 148930

The Real Property or its address is commonly known as 1500 E. San Rafael Drive, Palm Springs, CA 92262. The Assessor's Parcel Number for the Real Property is 669-500-028-8.

**SUPERIOR INDEBTEDNESS.** Lender has extended or has agreed to extend the following described financial accommodations to Borrower, secured by the Real Property (the "Superior Indebtedness"):

Promissory Note in the amount of Four Million Eight Hundred Seventy Five Thousand and no/100 (\$4,875,000.00) secured by a Deed of Trust.

**LENDER'S LIEN.** The Superior indebtedness is or will be secured by the Real Property and evidenced by a mortgage, deed of trust, or other lien instrument, dated \_\_\_\_\_, from Borrower to Lender (the "Lender's Lien") and recorded in Riverside County, State of California as follows:

to be recorded concurrently.

As a condition to the granting of the requested financial accommodations, Lender has required that the Lender's Lien be and remain superior to the Subordinated Deed of Trust.

**REQUESTED FINANCIAL ACCOMMODATIONS.** Trustor, who may or may not be the same person or entity as Borrower, and Beneficiary each want Lender to provide financial accommodations to Borrower in the form of the Superior Indebtedness. Trustor and Beneficiary each represent and acknowledge to Lender that Beneficiary will benefit as a result of these financial accommodations from Lender to Borrower, and Beneficiary acknowledges receipt of valuable consideration for entering into this Subordination.

**NOW THEREFORE THE PARTIES TO THIS SUBORDINATION HEREBY AGREE AS FOLLOWS:**

**SUBORDINATION.** The Subordinated Deed of Trust and the Subordinated Indebtedness secured by the Subordinated Deed of Trust is and shall be subordinated in all respects to Lender's Lien and the Superior Indebtedness, and it is agreed that Lender's Lien shall be and remain, at all times, prior and superior to the lien of the Subordinated Deed of Trust. Beneficiary also subordinates to Lender's Lien all other

**SUBORDINATION OF DEED OF TRUST  
(Continued)**

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Security Interests in the Real Property held by Beneficiary, whether now existing or hereafter acquired. The words "Security interest" mean and include without limitation any type of collateral security, whether in the form of a lien, charge, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

**BENEFICIARY'S REPRESENTATIONS AND WARRANTIES.** Beneficiary represents and warrants to Lender that: (A) no representations or agreements of any kind have been made to Beneficiary which would limit or qualify in any way the terms of this Subordination; (B) this Subordination is executed at Borrower's request and not at the request of Lender; (C) Lender has made no representation to Beneficiary as to the creditworthiness of Borrower; and (D) Beneficiary has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Beneficiary agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Beneficiary's risks under this Subordination, and Beneficiary further agrees that Lender shall have no obligation to disclose to Beneficiary information or material acquired by Lender in the course of its relationship with Beneficiary.

**BENEFICIARY WAIVERS.** Beneficiary waives any right to require Lender: (A) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any Superior Indebtedness secured by Lender's Lien, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional indebtedness; (C) to resort for payment or to proceed directly or at once against any person, including Borrower; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to pursue any other remedy within Lender's power; or (F) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

**LENDER'S RIGHTS.** Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Subordination. In particular, without limitation, Lender may, without notice of any kind to Beneficiary, (A) make one or more additional secured or unsecured loans to Borrower; (B) repeatedly alter, compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part of it, including increases and decreases of the rate of interest on the Superior Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or guarantors on any terms or manner Lender chooses; (E) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; (F) apply such security and direct the order or manner of sale of the security, as Lender in its discretion may determine; and (G) transfer this Subordination to another party.

**DEFAULT BY BORROWER.** If Borrower becomes insolvent or bankrupt, this Subordination shall remain in full force and effect.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Subordination:

**Amendments.** This Subordination constitutes the entire understanding and agreement of the parties as to the matters set forth in this Subordination. No alteration of or amendment to this Subordination shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Subordination, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Beneficiary also will pay any court costs, in addition to all other sums provided by law.

**Authority.** The person who signs this Subordination as or on behalf of Beneficiary represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Beneficiary's security interests in Beneficiary's property, if any.

**Caption Headings.** Caption headings in this Subordination are for convenience purposes only and are not to be used to interpret or define the provisions of this Subordination.

**Governing Law.** This Subordination will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Subordination has been accepted by Lender in the State of California.

**Choice of Venue.** If there is a lawsuit, Beneficiary agrees upon Lender's request to submit to the jurisdiction of the courts of Riverside County, State of California.

**Successors.** This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Subordination, and the covenants of Beneficiary herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Subordination unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Subordination shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Subordination. No prior waiver by

**SUBORDINATION OF DEED OF TRUST  
(Continued)**

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Lender, nor any course of dealing between Lender and Beneficiary, shall constitute a waiver of any of Lender's rights or of any of Beneficiary's obligations as to any future transactions. Whenever the consent of Lender is required under this Subordination, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**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.**

EACH PARTY TO THIS SUBORDINATION ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION, AND EACH PARTY AGREES TO ITS TERMS. THIS SUBORDINATION IS DATED NOVEMBER 1, 2014.

**BORROWER:**

**SANTIAGO SUNRISE VILLAGE MOBILE HOME PARK CORPORATION, A CALIFORNIA  
NONPROFIT CORPORATION**

By: \_\_\_\_\_  
Garry Edmundson, Director / Chief Operating Officer of Santiago Sunrise Village  
Mobile Home Park Corporation, a California nonprofit corporation

**BENEFICIARY:**

**THE CITY OF PALM SPRINGS AS SUCCESSOR AGENCY TO THE COMMUNITY  
REDEVELOPMENT AGENCY OF THE CITY OF PALM SPRINGS, A PUBLIC BODY,  
CORPORATE AND POLITIC**

By: \_\_\_\_\_  
Authorized Signer for The City of Palm Springs as Successor Agency to The  
Community Redevelopment Agency of the City of Palm Springs, a public body,  
corporate and politic

By: \_\_\_\_\_  
Authorized Signer for The City of Palm Springs as Successor Agency to The  
Community Redevelopment Agency of the City of Palm Springs, a public body,  
corporate and politic

**LENDER:**

**THE BANK OF HEMET, A CALIFORNIA CORPORATION**

X \_\_\_\_\_  
Frank Larreta, Vice President



SUBORDINATION OF DEED OF TRUST  
(Continued)

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ )  
 ) SS  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_\_\_ before me, \_\_\_\_\_  
(here insert name and title of the officer)

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)

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ )  
 ) SS  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_\_\_ before me, \_\_\_\_\_  
(here insert name and title of the officer)

personally appeared **Frank Larreta**, 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)

**RECORDATION REQUESTED BY:**

The Bank of Hemet, a California corporation  
3715 Sunnyside Drive  
Riverside, CA 92506

**WHEN RECORDED MAIL TO:**

The Bank of Hemet, a California corporation  
3715 Sunnyside Drive  
Riverside, CA 92506

FOR RECORDER'S USE ONLY

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**SUBORDINATION OF DEED OF TRUST**

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**SUBORDINATED INDEBTEDNESS.** Beneficiary has extended the following described financial accommodations, secured by the Real Property (the "Subordinated Indebtedness"):

Promissory Note in the original principal amount of \$392,040.00 dated November 1, 2004.

**SUBORDINATED DEED OF TRUST.** The Subordinated Indebtedness is or will be secured by the Real Property and evidenced by a deed of trust dated November 1, 2004 from Santiago Sunrise Village Mobile Home Park Corporation, a California nonprofit corporation ("Trustor") to Orange Coast Title Company ("Trustee") in favor of The City of Palm Springs as Successor Agency to The Community Redevelopment Agency of the City of Palm Springs, a public body, corporate and politic ("Beneficiary") (the "Subordinated Deed of Trust") and recorded in Riverside County, State of California as follows:

recorded November 5, 2004 as Instrument Number 2004-0882779.

**REAL PROPERTY DESCRIPTION.** The Subordinated Deed of Trust covers the following described real property (the "Real Property") located in Riverside County, State of California:

Lot 1 of Tract No. 17642-1 in the City of Palm Springs, County of Riverside, State of California, as per Map on file in Book 122 Pages 88, 89 and 90 of Maps, in the Office of the recorder of said County, together with Parcel 2 as shown described in document recorded April 25, 1996 as Instrument No. 148930, records of said County.

Except the Northerly 731.00 feet of said Lot 1 and except the Northerly 731 feet of said Parcel 2 of instrument No. 148930

The Real Property or its address is commonly known as 1500 E. San Rafael Drive, Palm Springs, CA 92262. The Assessor's Parcel Number for the Real Property is 669-500-028-8.

**SUPERIOR INDEBTEDNESS.** Lender has extended or has agreed to extend the following described financial accommodations to Borrower, secured by the Real Property (the "Superior Indebtedness"):

Promissory Note in the amount of Four Million Eight Hundred Seventy Five Thousand and no/100 (\$4,875,000.00) secured by a Deed of Trust.

**LENDER'S LIEN.** The Superior Indebtedness is or will be secured by the Real Property and evidenced by a mortgage, deed of trust, or other lien instrument, dated \_\_\_\_\_, from Borrower to Lender (the "Lender's Lien") and recorded in Riverside County, State of California as follows:

to be recorded concurrently.

As a condition to the granting of the requested financial accommodations, Lender has required that the Lender's Lien be and remain superior to the Subordinated Deed of Trust.

**REQUESTED FINANCIAL ACCOMMODATIONS.** Trustor, who may or may not be the same person or entity as Borrower, and Beneficiary each want Lender to provide financial accommodations to Borrower in the form of the Superior Indebtedness. Trustor and Beneficiary each represent and acknowledge to Lender that Beneficiary will benefit as a result of these financial accommodations from Lender to Borrower, and Beneficiary acknowledges receipt of valuable consideration for entering into this Subordination.

**NOW THEREFORE THE PARTIES TO THIS SUBORDINATION HEREBY AGREE AS FOLLOWS:**

**SUBORDINATION.** The Subordinated Deed of Trust and the Subordinated Indebtedness secured by the Subordinated Deed of Trust is and shall be subordinated in all respects to Lender's Lien and the Superior Indebtedness, and it is agreed that Lender's Lien shall be and remain, at all times, prior and superior to the lien of the Subordinated Deed of Trust. Beneficiary also subordinates to Lender's Lien all other

**SUBORDINATION OF DEED OF TRUST  
(Continued)**

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Security Interests in the Real Property held by Beneficiary, whether now existing or hereafter acquired. The words "Security Interest" mean and include without limitation any type of collateral security, whether in the form of a lien, charge, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

**BENEFICIARY'S REPRESENTATIONS AND WARRANTIES.** Beneficiary represents and warrants to Lender that: (A) no representations or agreements of any kind have been made to Beneficiary which would limit or qualify in any way the terms of this Subordination; (B) this Subordination is executed at Borrower's request and not at the request of Lender; (C) Lender has made no representation to Beneficiary as to the creditworthiness of Borrower; and (D) Beneficiary has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Beneficiary agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Beneficiary's risks under this Subordination, and Beneficiary further agrees that Lender shall have no obligation to disclose to Beneficiary information or material acquired by Lender in the course of its relationship with Beneficiary.

**BENEFICIARY WAIVERS.** Beneficiary waives any right to require Lender: (A) to make, extend, renew, or modify any loan to Borrower or to grant any other financial accommodations to Borrower whatsoever; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any Superior Indebtedness secured by Lender's Lien, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Superior Indebtedness, or in connection with the creation of new or additional indebtedness; (C) to resort for payment or to proceed directly or at once against any person, including Borrower; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to pursue any other remedy within Lender's power; or (F) to commit any act or omission of any kind, at any time, with respect to any matter whatsoever.

**LENDER'S RIGHTS.** Lender may take or omit any and all actions with respect to Lender's Lien without affecting whatsoever any of Lender's rights under this Subordination. In particular, without limitation, Lender may, without notice of any kind to Beneficiary, (A) make one or more additional secured or unsecured loans to Borrower; (B) repeatedly alter, compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Superior Indebtedness or any part of it, including increases and decreases of the rate of interest on the Superior Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) take and hold collateral for the payment of the Superior Indebtedness, and exchange, enforce, waive, and release any such collateral, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or guarantors on any terms or manner Lender chooses; (E) determine how, when and what application of payments and credits, shall be made on the Superior Indebtedness; (F) apply such security and direct the order or manner of sale of the security, as Lender in its discretion may determine; and (G) transfer this Subordination to another party.

**DEFAULT BY BORROWER.** If Borrower becomes insolvent or bankrupt, this Subordination shall remain in full force and effect.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Subordination:

**Amendments.** This Subordination constitutes the entire understanding and agreement of the parties as to the matters set forth in this Subordination. No alteration of or amendment to this Subordination shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Subordination, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Beneficiary also will pay any court costs, in addition to all other sums provided by law.

**Authority.** The person who signs this Subordination as or on behalf of Beneficiary represents and warrants that he or she has authority to execute this Subordination and to subordinate the Subordinated Indebtedness and the Beneficiary's security interests in Beneficiary's property, if any.

**Caption Headings.** Caption headings in this Subordination are for convenience purposes only and are not to be used to interpret or define the provisions of this Subordination.

**Governing Law.** This Subordination will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Subordination has been accepted by Lender in the State of California.

**Choice of Venue.** If there is a lawsuit, Beneficiary agrees upon Lender's request to submit to the jurisdiction of the courts of Riverside County, State of California.

**Successors.** This Subordination shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Subordination, and the covenants of Beneficiary herein in favor of Lender shall extend to, include, and be enforceable by any transferee or endorsee to whom Lender may transfer any or all of the Superior Indebtedness.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Subordination unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Subordination shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Subordination. No prior waiver by



**SUBORDINATION OF DEED OF TRUST  
(Continued)**

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Lender, nor any course of dealing between Lender and Beneficiary, shall constitute a waiver of any of Lender's rights or of any of Beneficiary's obligations as to any future transactions. Whenever the consent of Lender is required under this Subordination, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**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.**

EACH PARTY TO THIS SUBORDINATION ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS SUBORDINATION, AND EACH PARTY AGREES TO ITS TERMS. THIS SUBORDINATION IS DATED NOVEMBER 1, 2014.

**BORROWER:**

**SANTIAGO SUNRISE VILLAGE MOBILE HOME PARK CORPORATION, A CALIFORNIA  
NONPROFIT CORPORATION**

By: \_\_\_\_\_  
Garry Edmundson, Director / Chief Operating Officer of Santiago Sunrise Village  
Mobile Home Park Corporation, a California nonprofit corporation

**BENEFICIARY:**

**THE CITY OF PALM SPRINGS AS SUCCESSOR AGENCY TO THE COMMUNITY  
REDEVELOPMENT AGENCY OF THE CITY OF PALM SPRINGS, A PUBLIC BODY,  
CORPORATE AND POLITIC**

By: \_\_\_\_\_  
Authorized Signer for The City of Palm Springs as Successor Agency to The  
Community Redevelopment Agency of the City of Palm Springs, a public body,  
corporate and politic

By: \_\_\_\_\_  
Authorized Signer for The City of Palm Springs as Successor Agency to The  
Community Redevelopment Agency of the City of Palm Springs, a public body,  
corporate and politic

**LENDER:**

**THE BANK OF HEMET, A CALIFORNIA CORPORATION**

X \_\_\_\_\_  
Frank Larreta, Vice President



**SUBORDINATION OF DEED OF TRUST  
(Continued)**

**CERTIFICATE OF ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_ )  
 ) SS  
 COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_\_\_ before me, \_\_\_\_\_  
(here insert name and title of the officer)

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)

**CERTIFICATE OF ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_ )  
 ) SS  
 COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_\_\_ before me, \_\_\_\_\_  
(here insert name and title of the officer)

personally appeared **Frank Larreta**, 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)