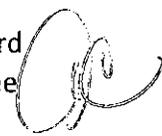


PLACER COUNTY
SUCCESSOR AGENCY BOARD
MEMORANDUM

TO: Honorable Placer County Successor Agency Board
FROM: Allison Carlos, Successor Agency Officer Designee
DATE: February 25, 2014
SUBJECT: Subordination Agreement with AMC Investments



REQUESTED ACTION

Adopt a resolution approving a subordination agreement between the Successor Agency of the former Placer County Redevelopment Agency and AMC Investments, a California General Partnership pertaining to \$15,000 security interest for the property located at 1525 Grass Valley Hwy, Auburn CA.

BACKGROUND

The former Placer County Redevelopment Agency (RDA) made a business assistance, forgivable façade loan in the amount of \$15,000 to AMC Investments for their business located at 1525 Grass Valley Hwy, Auburn, CA. When the RDA loan was first approved on March 6, 2008, it was in a second, subordinated position behind a first loan with UnionBanCal Mortgage. AMC Investments now desires to refinance their first loan and has requested that the Successor Agency of the former Placer County Redevelopment Agency (Successor Agency) subordinate to their new first loan with Community 1st Bank. The requested action will result in the Successor Agency continuing to be in a second security position behind the new first loan in the amount of \$720,000.

The Successor Agency acting in its capacity to oversee the interest of the RDA is the current holder of a promissory note (Note) executed in 2008 by RDA. The Successor Agency is also the current beneficiary under the existing second deed of trust recorded against the property to secure repayment of the note and is the beneficiary under agreements that were executed in connection with the loans. The Note executed by the Agency is a ten year forgivable façade loan for signage, and its forgiveness begins next month. No principal and interest payments are due on this loan unless in default.

It is an industry standard to allow the refinance of existing first mortgage loans and to subordinate to the new loans when the borrower's refinance resulted in a lower interest rate (in this case from 5 percent to 4.75 percent) and the total loan indebtedness did not exceed the assessed value of the property. The resulting lower loan payment increases the businesses cash flow and the likelihood that the business will remain successful.

Conclusion

It has been determined that the Successor Agency's security interests will remain in good standing as the assessed value of the property is \$924,680, the total indebtedness of the property after the refinance is seventy eight percent of the assessed value and the subordination request is reasonable. Therefore, approval for the Successor Agency to execute this agreement is requested.

C: David Boesch, Successor Agency Officer
Sue Bloch, Burke, Williams Sorenson, Successor Agency Counsel

Attached: Resolution and Form of a Subordination Agreement

**Before the Governing Board of the Placer County
Successor Agency to the Former
Redevelopment Agency of the
County of Placer, State of California**

In the matter of:

Reso. No. _____

Adopt a resolution approving a subordination agreement between Successor Agency of the former Placer County Redevelopment and AMC Investments, a California General Partnership pertaining to \$15,000 security interest for the property located at 1525 Grass Valley Hwy,

Ord No. _____

The following Resolution was duly passed by the Governing Board of the Placer County Successor Agency, at a regular meeting held _____, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:

Chair, Placer County Successor Agency

Clerk of Said Board

WHEREAS, the former Placer County Redevelopment Agency ("RDA") made a business assistance, forgivable \$15,000 façade loan to AMC Investments for their business at 1525 Grass Valley Highway, Auburn, California.

WHEREAS, when the RDA loan was first approved on March 6, 2008, it was in a second, subordinated position behind a first loan with Unionbanca Mortgage.

WHEREAS, on February 1, 2012, the State of California enacted AB 1x26 ("Dissolution Act"), which dissolved all redevelopment agencies in the state, including the RDA.

WHEREAS, under the provisions of the Dissolution Act, Placer County elected to become the Successor Agency of the RDA as a separate legal entity.

WHEREAS, AMC Investments now desires to refinance their first loan and has requested that the Successor Agency subordinate to their new first loan with Community 1st Bank.

WHEREAS, the subordination agreement it is a condition precedent to obtaining a new loan.

WHEREAS, the Successor Agency is the current beneficiary under the existing second Deed of Trust recorded against the property to secure repayment of the note and is the beneficiary under agreements that were executed in connection with the Loans.

WHEREAS, the original RDA loan was in second position behind Unionbancal and this action will result in the Successor Agency continuing to be in a second security position behind the new first loan in the amount of \$720,000.

WHEREAS, the Note executed by the Agency is a ten year forgivable façade loan for signage, and its forgiveness begins next month. No principal and interest payments are due on this loan unless in default.

WHEREAS, it is standard to allow the refinance of existing first mortgage loans and subordinate to the new loans when the borrower's refinance resulted in a lower interest rate, in this case from 5 percent to 4.75 percent, and the total loan indebtedness did not exceed the assessed value of the property of \$924,680.

NOW, THEREFORE, BE IT RESOLVED that the Governing Board of the Successor Agency to the former Placer County Redevelopment Agency hereby determines and authorizes:

1. The Successor Agency's security in the property will remain in good standing
2. Approves a subordination agreement between Successor Agency of the former Placer County Redevelopment and AMC Investments, a California General Partnership for the property located at 1525 Grass Valley Hwy, Auburn CA
3. Authorizes the Chair or the designee of the Chair to take such other actions and to execute such instruments as necessary to carry out the intent of this Resolution, including without limitation, the execution and recordation of a subordination agreement upon approved by the Oversight Board and the California Department of Finance.

Recording Requested By

PLACER TITLE COMPANY

And when recorded mail to

Allison Carlos
Successor Agency

Escrow no. 102-40048-DY

DRAFT

(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 OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT, made December 10, 2013, by AMC INVESTMENTS, A CALIFORNIA GENERAL PARTNERSHIP owner of the land hereinafter described and hereinafter referred to as "Owner," and SUCCESSOR AGENCY OF THE FORMER PLACER COUNTY REDEVELOPMENT AGENCY present owner and holder of the Deed of Trust first hereinafter described and hereinafter referred to as "Beneficiary";

WITNESSETH:

THAT, WHEREAS, AMC INVESTMENTS, A CALIFORNIA GENERAL PARTNERSHIP did execute a Deed of Trust dated March 4 2008, to PLACER TITLE COMPANY, as trustee, covering:

PARCEL ONE:

PARCEL A, AS SHOWN ON THE AMENDED PARCEL MAP NO. 70293, BEING A PORTION OF THE NORTHEAST QUARTER OF SECTION 4, TOWNSHIP 12 NORTH, RANGE 8 EAST, M.D.B.&M., FILED FOR THE RECORD IN BOOK 3 OF MAPS, AT PAGE 68, RECORDS OF SAID COUNTY.

PARCEL TWO:

A NON-EXCLUSIVE EASEMENT, 40 FEET IN WIDTH, FOR ROAD AND UTILITY PURPOSES, LYING SOUTHWESTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE MOST NORTHERLY CORNER OF PARCEL B, OF THE ABOVE DESCRIBED PARCEL MAP; THENCE SOUTH 35°, 23' EAST TO THE NORTHERLY LINE OF COUNTY ROAD F 6014 (LIVE OAK LANE) AND THE END OF SAID LINE.

APN: 038-101-018

to secure a note in the sum of \$15,000.00, dated March 4 2008, in favor of REDEVELOPMENT AGENCY COUNTY OF PLACER, which Deed of Trust was recorded March 7, 2008 as 2008-0018571, Official Records of said County; and

WHEREAS, Owner has executed, or is about to execute, a Deed of Trust in the sum of \$720,000.00 or less, dated December 10, 2013, in favor of COMMUNITY 1ST BANK, hereinafter referred to as "Lender", payable with interest and upon the terms and conditions described therein, which Deed of Trust recorded December 19, 2013 under Series No. 13-0115761.

WHEREAS, it is a condition precedent to obtaining said loan that said Deed of Trust last above-mentioned shall unconditionally be and remain at all times a lien or charge upon the land hereinbefore described, prior and superior to the lien or charge of the Deed of Trust first above-mentioned; and

WHEREAS, Lender is willing to make said loan provided the Deed of Trust securing the same is a lien or charge upon the above-described property prior and superior to the lien or charge of the Deed of Trust first above-mentioned and provided that Beneficiary will specifically and unconditionally subordinate the lien or charge of the Deed of Trust first above-mentioned to the lien or charge of the Deed of Trust in favor of Lender; and

WHEREAS, it is to the mutual benefit of the parties hereto that Lender make such loan to Owner; and Beneficiary is willing that the Deed of Trust securing the same shall, when recorded, constitute a lien or charge upon said land which is unconditionally prior and superior to the lien or charge of the Deed of Trust first above-mentioned.

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

- (1) That said Deed of Trust securing said note in favor of Lender, and any renewals or extensions thereof, shall unconditionally be and remain at all times a lien or charge on the property therein described, prior and superior to the lien or charge of the Deed of Trust first above-mentioned;
- (2) That Lender would not make its loan above-described without this subordination agreement; and
- (3) That this agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Deed of Trust first above-mentioned to the lien or charge of the Deed of Trust in favor of Lender above-referred to and shall supersede and cancel, but only insofar as would affect the priority between the deeds of trust hereinbefore specifically described, any prior agreements as to such subordination, including, but not limited to, those provisions, if any, contained in the Deed of Trust first above-mentioned, which provide for the subordination of the lien or charge thereof to another deed or deeds of trust or to another mortgage or mortgages.

Beneficiary declares, agrees, and acknowledges that:

- (a) He consents to and approves (i) all provisions of the Deed of Trust in favor of Lender above-referred to, and (ii) all agreements, including but not limited to, any loan or escrow agreements between Owner and Lender for the disbursement of the proceeds of Lender's loan;
- (b) Lender, in making disbursements pursuant to any such agreement, is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom 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) He intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the Deed of Trust first above-mentioned in favor of the lien or charge upon said land

of the Deed of Trust in favor of Lender above-referred to, and understands that in reliance upon, and in consideration of his waiver, relinquishment and subordination, specific loans and advances 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 and subordination; and

(d) An endorsement has been placed upon the note secured by the Deed of Trust first above-mentioned that said Deed of Trust by this instrument been subordinated to the lien or charge of the Deed of Trust in favor of Lender above-referred to.

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.

BENEFICIARY:

SUCCESSOR AGENCY OF THE FORMER
PLACER COUNTY REDEVELOPMENT AGENCY

BY: _____
Authorized Signer

TRUSTORS:

AMC INVESTMENTS
A CALIFORNIA GENERAL PARTNERSHIP

BY: _____
THEODORE J. VELING, PARTNER

BY: _____
LARRY D. GOSS, PARTNER

BY: _____
KENT M. JACKSON, PARTNER

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

**(CLTA Subordination form "A")
(Recorded Deed of Trust to Deed of Trust to record)**

STATE OF _____)
)ss.
COUNTY OF _____)

On _____ before me, _____,

Notary Public, personally appeared _____

_____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct. WITNESS my hand and official seal.

Signature _____

STATE OF _____)
)ss.
COUNTY OF _____)

On _____ before me, _____,

Notary Public, personally appeared _____

_____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct. WITNESS my hand and official seal.

Signature _____

