|  |  |
| --- | --- |
| **RECORDING REQUESTED BY:**     **When Recorded Mail Document To:**       |  |
| APN:       | SPACE ABOVE THIS LINE IS FOR RECORDER’S USE |

**SUBORDINATION AGREEMENT**

**NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR LIEN AGAINST THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF A SUBSEQUENT DEED OF TRUST.**

THIS AGREEMENT, made this       day of      , 20     , by      , owner of the land hereinafter described and hereinafter referred to as “Owner,” and       hereinafter referred to as “Creditor”:

**WITNESSETH**

THAT WHEREAS, Creditor is the owner and holder of a lien, hereinafter referred to as the “Creditor’s Lien”, encumbering real property situated in the County of      , described as:

which lien was recorded on      , as Instrument Number      , Official Records of said County; and

WHEREAS, Owner has executed, or is about to execute, a Deed of Trust and note in the sum of approximately $      dated      , in favor of      , hereinafter referred to as “Lender,” payable with interest and upon the terms and conditions described therein, which Deed of Trust is to be record concurrently herewith; and

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 Creditor’s Lien; 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 Creditor’s Lien and provided that Creditor will specifically and unconditionally subordinate the lien or charge of the Creditor’s Lien 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 Creditor 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 Creditor’s Lien.

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 Creditor’s Lien.
2. That Lender would not make its loan above described without this subordination agreement.
3. That this agreement shall be the whole and only agreement between the parties hereto with regard to the subordination of the lien or charge of Creditor’s Lien to the lien or charge of the Deed of Trust in favor of Lender above referred to and shall supersede and cancel any prior agreements as to such, or any, 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 a deed or deeds of trust or to a mortgage or mortgages to be thereafter executed.

Creditor declares, agrees and acknowledges that

1. Creditor consents to and approves (i) all provisions of the note and 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;
2. 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; and
3. Creditor intentionally and unconditionally waives, relinquishes and subordinates the lien or charge of the Creditor’s Lien in favor of the lien or charge upon said land of the Deed of Trust in favor of Lender and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, specific loans and advances are being and will be made and, 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.

**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**

|  |
| --- |
| DATED:        |
|

|  |
| --- |
| 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      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 California that the foregoing paragraph is true and correct. WITNESS my hand and official seal. |
|   |
|  |
|       |
|       |
|       |
| SPACE BELOW RESERVED FOR NOTARY SEAL |

Signature