

DOC# 2022-0352726



Recording Requested by: OCT

Sep 02, 2022 02:55 PM

OFFICIAL RECORDS

Ernest J. Dronenburg, Jr.,

SAN DIEGO COUNTY RECORDER

FEES: \$134.00 (SB2 Atkins: \$75.00)

PAGES: 16

WHEN RECORDED, RETURN TO:

LA DRES LLC
c/o Paracorp Inc.
2804 Gateway Oaks Drive, Suite 100
Sacramento, California 95833

Property ID No.: 540-581-06-00

SUBORDINATION AGREEMENT

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE IN THE PROPERTY BECOMING SUBJECT TO AND HAVING LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT is entered into by and among 2018HMPF LLC, a California limited liability company ("Tenant"), HOME3940 LLC, a California limited liability company ("Landlord"), and LA DRES LLC, a California limited liability company, its successors and/or assigns ("Beneficiary"), affects the property commonly known as 3940 Home Avenue, San Diego, California 92105 (the "Property") and as more particularly described in Exhibit "A" attached hereto. This Agreement is entered into with reference to the following facts:

* DOT recorded 09/01/2022 as inst#2022-350386

A. Tenant and Landlord, or Tenant's or Landlord's predecessor(s) in interest, entered into that certain Commercial Lease Agreement effective as of October 15, 2020, and any other amendments and extensions thereto (the "Lease") covering the Property. ** Unrecorded lease

B. Beneficiary has agreed to make the loan ("Loan") to Landlord to be evidenced by the Secured Note executed by Landlord in favor of Beneficiary ("Note"), which Note is to be secured by the Deed of Trust, Assignment of Leases and Rents, Fixture Filing, and Security Agreement ("Deed of Trust") covering the Property, provided that the Lease is subordinated to the lien of the Deed of Trust. The Note, Deed of Trust and other documents relating to the Loan are collectively referred to herein as "Loan Documents."

C. For the purposes of completing the Loan, the parties hereto desire expressly to subordinate the Lease to the lien of the Deed of Trust, it being a condition precedent to Beneficiary's obligation to consummate the Loan that the lien of the Deed of Trust be unconditionally and at all times prior and superior to the leasehold interests and estates created by the Lease.

D. Tenant agrees that Tenant shall have no rights in the Property in the event Beneficiary should foreclose the Deed of Trust.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Subordination.** Notwithstanding anything to the contrary set forth in the Lease, the Lease and the leasehold estate created thereby and all of Tenant's rights thereunder shall be and shall at all times remain subject, subordinate and inferior to the Deed of Trust and the lien thereof, and all rights of Beneficiary thereunder and to any and all renewals, modifications, consolidations, replacements and extensions thereof.

2. **Acknowledgment and Agreement by Tenant.** Tenant acknowledges and agrees that:

2.1 Beneficiary would not make the Loan without this Agreement.

2.2 Tenant consents to and approves the Deed of Trust and the agreements evidencing and securing the Loan.

2.3 Beneficiary, in making any disbursements to Landlord, is under no obligation or duty to oversee or direct the application of the proceeds of such disbursements, and such proceeds may be used by Landlord for purposes other than improvement of the Property.

2.4 From and after the date hereof, in the event of any act or omission by Landlord which would give Tenant the right, either immediately or after the lapse of time, to terminate the Lease or to claim a partial or total eviction, Tenant will not exercise any such right:

2.4.1. until it has given written notice of such act or omission to Beneficiary; and

2.4.2. until the same period of time as is given to Landlord under the Lease to cure such act or omission shall have elapsed following such giving of notice to Beneficiary.

2.5 Tenant has notice that the Lease and the rent and all other sums due thereunder have been assigned or are to be assigned to Beneficiary as security for the Loan secured by the Deed of Trust. In the event that Beneficiary notifies Tenant of a default under the Deed of Trust and demands that Tenant pay its rent and all other sums due under the Lease to Beneficiary, Tenant shall honor such demand and pay its rent and all other sums due under the Lease directly to Beneficiary or as otherwise required pursuant to such notice.

2.6 Tenant shall send a copy of any notice or statement under the Lease to Beneficiary at the same time such notice or statement is sent to Landlord.

2.7 Tenant has no right or option of any nature whatsoever, whether pursuant to the Lease or otherwise, to purchase the Premises or the Property, or any portion thereof or any interest therein, and to the extent that Tenant has had, or hereafter acquires, any such right or option the same is hereby acknowledged to be subject and subordinate to the Deed of Trust and is hereby waived and released as against Beneficiary.

2.8 Tenant warrants and represents that the Lease is in full force and effect and that, as of the date of this Agreement and to the best of Tenant's knowledge, there is no default under the Lease by Landlord or Tenant.

2.9 Tenant shall not use the Property, or permit anything to be done in or about the Property, which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which hereafter may be enacted or promulgated.

2.10 Upon receipt, Tenant shall immediately comply with any "Cease and Desist" order from any city, county, state or Federal agency and Tenant's continued operation in violation of the Cease and Desist constitutes a breach of the Lease and such Lease shall automatically terminate.

2.11 In the event any Federal, state or local governmental agency commences a forfeiture action against the Property alleging that Tenant has violated Federal, state or local law, Tenant shall be in breach under the Lease the Lease shall automatically terminate.

3. Foreclosure and Sale. In the event of foreclosure of the Deed of Trust, or upon a sale of the Property pursuant to the trustee's power of sale contained therein, or foreclosure, then the Lease shall terminate automatically and without further action of Beneficiary, and Tenant shall vacate the Property immediately. Without limiting the scope of the foregoing, Beneficiary, or any purchaser at a trustee's or sheriff's sale or any successor owner of the Property, shall not be:

3.1.1. liable for any act or omission of a prior landlord (including Landlord);

3.1.2. liable for the return of any security deposit unless such deposit has been delivered by Beneficiary, by Landlord or is deposited in an escrow fund available to Beneficiary;

3.1.3. liable or obligated to expand the Property, pay tenant improvement allowances, construct additional improvements or otherwise expend funds which are capital in nature, other than expenses for maintenance and repair;

3.1.4. liable to reconstruct the Premises or the Property to the extent insurance proceeds are not available therefore;

3.1.5. liable for any obligation to indemnify or reimburse Tenant, any leasehold mortgagee, or any other third party or any of their respective successors and assigns from and against any loss, liability, damage or cost relating to or arising from the presence of any toxic or hazardous materials on, under or about the Property;

3.1.6. liable or bound by any right of first refusal or option to purchase all or any portion of the Property set forth in the Lease;

3.1.7. subject to any offsets or defenses which Tenant might have against any prior landlord (including Landlord);

3.1.8. bound by any rent or additional rent which Tenant might have paid in advance to any prior landlord (including Landlord) for a period in excess of one month or by any security deposit, cleaning deposit or other prepaid charge which Tenant might have paid in advance to any prior landlord (including Landlord); or

3.1.9. bound by an amendment or modification of the Lease made without Beneficiary's consent.

3.2 Beneficiary shall have no responsibility to provide (or liability for not providing) any additional space for which Tenant has any option or right under the Lease unless Beneficiary at its option elects to provide the same and Tenant hereby releases Beneficiary from any obligation it may otherwise have to provide the same, and agrees that Tenant shall have no right to cancel the Lease, abate rent or assert any claim against Beneficiary as a result of the failure to provide any option space.

3.3 Beneficiary shall have no liability to Tenant or any other party for any conflict between the provisions of the Lease and the provisions of any other lease affecting the Property, including, but not limited to, any provisions relating to renewal options and options to expand, and in the event of such a conflict, Tenant shall have no right to cancel the Lease or take any other remedial action against Beneficiary or action against any other party for which Beneficiary would be liable.

4. Acknowledgment and Agreement by Landlord. Landlord, as landlord under the Lease and mortgagor or trustor under the Deed of Trust, acknowledges and agrees for itself and its heirs, successor and assigns, that:

4.1 This Agreement does not:

4.1.1. constitute a waiver by Beneficiary or any of its rights under the Deed of Trust; and/or

4.1.2. in any way release Landlord from its obligations to comply with the terms, provisions, conditions, covenants, agreements and clauses of the Deed of Trust;

4.2 The provisions of the Deed of Trust remain in full force and effect and must be complied with by Landlord; and

4.3 In the event of a default under the Deed of Trust, Tenant may pay all rent and all other sums due under the Lease to Beneficiary as provided in this Agreement with respect to Tenant's occupancy of the Property prior to Tenant vacating the Property upon foreclosure of the Deed of Trust.

5. No Obligation of Beneficiary. Beneficiary shall have no obligation or incur any liability with respect to the erection or completion of the improvements in which the Premises are located or for completion of the Premises or any improvements for Tenant's use and occupancy, either at the commencement of the term of the Lease or upon any renewal or extension thereof or upon the addition of additional space, pursuant to any expansion rights contained in the Lease.

6. Beneficiary's Status. Nothing in this Agreement will be construed to be an agreement by Beneficiary to perform any covenant of the Landlord under the Lease.

7. Environmental Matters. Tenant agrees that all operations or activities on, or any use or occupancy of the Property or any portion thereof, by Tenant, its assignees, subtenants, and their respective agents, employees, representatives, and contractors (collectively, Tenant Affiliates), throughout the term of the Lease, will be in all respects in compliance with all applicable federal, state, and local laws, statutes, orders, ordinances, codes, and rules and regulations (Laws) in any way relating to the generation, handling,

manufacturing, treatment, storage, use, transportation, release, spillage, leakage, dumping, discharge, or disposal of any Hazardous Material.

Tenant agrees to indemnify, defend, and hold Beneficiary harmless from any and all claims, actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest, or losses, including reasonable attorney fees and expenses, consultant fees, and expert fees, together with all other costs and expenses of any kind or nature that arise during or after the term of the Lease, directly or indirectly, from or in connection with the presence, suspected presence, release or suspected release, of any Hazardous Material in or into the air, soil, surface water, or groundwater at, on, about, under, or within the Property or any portion thereof by Tenant or Tenant Affiliates, or from or in connection with the failure of Tenant or Tenant Affiliates to comply with any Laws or other requirements regarding protection of the environment, public health, or safety.

As used herein, "Hazardous Material" means any hazardous or toxic substance, material, or waste that is or becomes regulated by any local governmental authority, the state in which the Property is located, or the United States Government, including any material or substance that is (i) defined or listed as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance," or "hazardous material" under any applicable Law; (ii) petroleum; or (iii) asbestos. Each of the covenants and agreements of Tenant set forth in this section survive the expiration or earlier termination of the Lease.

8. Notice. All notices hereunder to Beneficiary shall be deemed to have been duly given if mailed by United States registered or certified mail, with return receipt requested, postage prepaid to Beneficiary at c/o Paracorp Inc., 2804 Gateway Oaks Drive, Suite 100, Sacramento, California 95833 (or at such other address as shall be given in writing by Beneficiary to Tenant) and shall be deemed complete upon any such mailing.

9. Miscellaneous.

9.1 This Agreement supersedes any inconsistent provisions of the Lease. This Agreement may only be modified by a written agreement by the parties or their successors-in-interest.

9.2 Nothing contained in this Agreement shall be construed to derogate from or in any way impair or affect the lien and charge or provisions of the Deed of Trust.

9.3 Beneficiary shall have no obligations nor incur any liability with respect to any warranties of any nature whatsoever, whether pursuant to the Lease or otherwise, including, without limitation, any warranties respecting use, compliance with zoning, Landlord's title, Landlord's authority, habitability, fitness for purpose or possession.

9.4 In the event that Beneficiary shall acquire title to the Premises or the Property, Beneficiary shall have no obligation, nor incur any liability, beyond Beneficiary's then equity interest, if any, in the Premises, and Tenant shall look exclusively to such equity interest of Beneficiary, if any, in the Premises for the payment and discharge of any obligations imposed upon Beneficiary hereunder or under the Lease, and Beneficiary is hereby released and relieved of any other obligations hereunder and under the Lease.

9.5 This Agreement shall inure to the benefit of the parties hereto, their respective successors and permitted assigns; provided however, that in the event of the assignment or transfer of the interest of Beneficiary, all obligations and liabilities of Beneficiary under this Agreement shall terminate, and thereupon all such obligations and liabilities shall be the responsibility of the party to whom Beneficiary's interest is assigned or transferred; and provided further that the interest of Tenant under this Agreement may not be assigned or transferred without the prior written consent of Beneficiary.

9.6 This Agreement shall be governed by and construed in accordance with the laws of the State in which the Property is located. Notwithstanding the foregoing, in the event any governmental authority seeks to enforce Federal law with respect to the Premises, including but not limited to an issuance of a "Cease and Desist" and/or the threat of and/or actual commencement of a forfeiture action, Sections 2.9, 2.10 and 2.11 shall be interpreted to include compliance with Federal law, as well as California law.

9.7 This Agreement may be signed in one or more counterparts, each of which shall be deemed an original. This Agreement shall be deemed fully executed and effective when all parties have executed at least one of the counterparts, even though no single counterpart bears all such signatures.


IN WITNESS WHEREOF, the parties have executed this Subordination Agreement as of August 12, 2022.

[THIS SPACE INTENTIONALLY LEFT BLANK]

[SIGNATURES FOLLOW]

LANDLORD:

HOME3940 LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

By: 

Aaron Magagna, Manager and Sole Member

TENANT:

2018HMPF LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

By: 

Aaron Magagna, Sole Member

BENEFICIARY:

LA DRES LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

By: 

Name: NARESH KOTWANI

Title: _____

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)

County of SAN DIEGO)

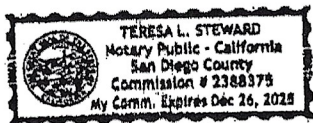
On 8.22.2022 before me, TERESA L. STEWARD, Notary Public
Date Here Insert Name of the Officer

Personally Appeared AARON MAGAGNA
Name(s) of Signer(s)

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 [Handwritten Signature]
Signature of Notary Public

GOVERNMENT CODE 2736.17

I CERTIFY UNDER PENALTY OF PERJURY THAT THE NOTARY SEAL ON THE
DOCUMENT TO WHICH THIS STATEMENT IS ATTACHED READS AS FOLLOWS:

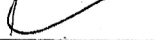
NAME OF NOTARY: Teresa L. Steward

DATE OF COMMISSION EXPIRES: 12/26/2025

COUNTY WHERE BOND IS FILED: San Diego

COMMISSION NO.: 2388375

MANUFACTURER/VENDOR.: NNA1

SIGNATURE: 

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)

County of SAN DIEGO)

On 8-22-2022 before me, TERESA L. STEWARD, Notary Public
Date Here Insert Name of the Officer

Personally Appeared ARON MAGAGNA
Name(s) of Signer(s)

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 [Handwritten Signature]
Signature of Notary Public

GOVERNMENT CODE 2736.17

I CERTIFY UNDER PENALTY OF PERJURY THAT THE NOTARY SEAL ON THE
DOCUMENT TO WHICH THIS STATEMENT IS ATTACHED READS AS FOLLOWS:

NAME OF NOTARY: Teresa L. Steward

DATE OF COMMISSION EXPIRES: 12/26/2025

COUNTY WHERE BOND IS FILED: San Diego

COMMISSION NO.: 2388375

MANUFACTURER/VENDOR.: NNA1

SIGNATURE: _____

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 FLORIDA)

County of HILLSBOROUGH)

On 8/26/2022 before me, Melinda Dunn, Notary Public
Date Here Insert Name of the Officer

Personally Appeared NARESH KOTWANI *
Name(s) of Signer(s)

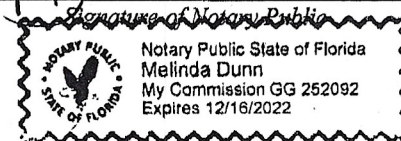
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), 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 FLORIDA that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Melinda Dunn



* TAKEN FROM
DL

I certify under penalty of perjury and the laws of the State of California that the illegible portion of this document to which this statement is attached reads as follows:

Signature of Notary Public

Place of Execution Santa Ana, CA Date 09/02/2022

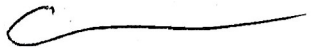
Signature 

Exhibit "A"
Legal Description of Property

Exhibit "A"

Lot 5 of Home Avenue Industrial Center, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 5473, filed in the office of the County Recorder of San Diego County, October 6, 1964.