

Redevelopment Agency  
January 23, 2007

Agency Agenda Item 4A

Honorable Chairman and Members  
of the Torrance Redevelopment Agency  
City Hall  
Torrance, California

Members of the Agency:

**SUBJECT: Redevelopment Agency consideration of a modification of the Subordination Agreement between the Redevelopment Agency and Robert and Laurie Brandt for property located at 1256 and 1266 Sartori Avenue.**

**Expenditure: None**

### **RECOMMENDATION**

Redevelopment Staff recommends that the Redevelopment Agency take the following actions on the attached modification to the Subordination Agreement between the Redevelopment Agency and Robert and Laurie Brandt for property located at 1256 and 1266 Sartori Avenue:

1. Approve the modification to the Subordination Agreement; and
2. Direct the Executive Director to execute the Agreement.

Funding:  
Not applicable

### **BACKGROUND AND ANALYSIS:**

On October 27, 1998, the Redevelopment Agency approved a Disposition and Development Agreement between the Redevelopment Agency and Robert and Laurie Brandt for the purchase of a building and parking lot located on 1256 and 1266 Sartori Avenue. The Agreement included a loan from the Agency, which totaled \$275,000 and had two repayment tiers.

On August 27, 2002, the Redevelopment Agency approved a "Modification to Subordinated Deed of Trust with Assignment of Rents" and an "Amendment to Note" between the Redevelopment Agency and Robert and Laurie Brandt for the property located on 1256 and 1266 Sartori Avenue. The Agency approved the modification, allowing the Red Car Brewery & Restaurant to continue in operation while protecting the

Agency's investment in this enterprise, which assists in the revitalization of the Downtown by bringing diners and potential customers to the area. Since then, the Brandt's have been paying their loan as assigned.

At the present time, the Brandt's wish to refinance their existing first loan for the property (not the Agency loan) and have provided staff with the attached new Subordination Agreement. The original loan was for \$1,000,000 and the new loan is for \$860,000 plus fees. The existing Agency's loan, which is currently subordinated to the Brandt's first loan, will be subordinated to the new first loan, and the new Subordination Agreement will reflect this change. All other provisions of the existing Subordination Agreement remain the same.

Respectfully submitted,

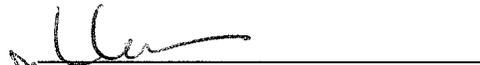
Jeffery W. Gibson  
Deputy Executive Director

By



Ted Semaan, Manager  
Redevelopment & General Plan Divisions

CONCUR:



Jeffery W. Gibson  
Deputy Executive Director



LeRoy J. Jackson  
Executive Director

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Attachments:

A. Subordination Agreement

**RECORDING REQUESTED BY:**  
Tradewinds Escrow, Inc.

**WHEN RECORDED MAIL TO:**

The Redevelopment Agency  
of the City of Torrance  
Attn: Executive Director  
3031 Torrance Blvd.  
Torrance CA 90503

ESCROW NO: 000808-GC  
TITLE ORDER NO: 095032949-68

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 June 18, 1999 recorded document number 00-0088737 and subsequently modified on August 27, 2002 under document number 02-2050516, by Robert B. Brandt and Laurie S. Latham Brandt, Owner of the land hereinafter described and hereinafter referred to as "Owner", and The Redevelopment Agency of the City of Torrance, a public body, corporate and public, Present owner and holder of the deed of trust and note first hereinafter described and hereinafter referred to as "Beneficiary";

### WITNESSETH

THAT WHEREAS, Robert B. Brandt and Laurie S. Latham Brandt did execute a deed of trust, dated June 18, 1999 to First American Title Insurance Company, a Corporation as trustee, covering: LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT "A" AND MADE A PART HEREOF

to secure a note in the sum of \$275,000, dated June 18, 1999, in favor of The Redevelopment Agency of the City of Torrance, a public body, which deed of trust was recorded as Instrument No. 00-88737, on January 21, 2000, 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 \$860,000 dated December 20, 2006, in favor of Bank of America, its successors and/or assigns, hereinafter referred to as "Lender," payable with interest and upon the terms and conditions described therein, which deed of trust is to be recorded 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 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

CLTA SUBORDINATION "A"

**INITIALS:** \_\_\_\_\_

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 above mentioned.
- (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 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 agreement as to such subordination including, but not limited, 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 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;
- (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, 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; and
- (d) An endorsement has been placed upon the note secured by the deed of trust first above mentioned that said deed of trust has 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.

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

The Redevelopment Agency of the City of Torrance,  
a public body, corporate and public

\_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Robert B. Brandt

\_\_\_\_\_  
Attest: Clerk for the Redevelopment Agency of the  
City of Torrance

\_\_\_\_\_  
Laurie S. Latham Brandt  
"Trustor"

\_\_\_\_\_  
Approved as to Form:  
Counsel for the Redevelopment Agency

"Beneficiary"

**(ALL SIGNATURES MUST BE ACKNOWLEDGED)**

STATE OF CALIFORNIA  
COUNTY OF \_\_\_\_\_

ON \_\_\_\_\_ before me, \_\_\_\_\_ personally appeared

personally known to me (or 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.

Witness my hand and official seal.

Signature \_\_\_\_\_

STATE OF CALIFORNIA  
COUNTY OF \_\_\_\_\_

ON \_\_\_\_\_ before me, \_\_\_\_\_ personally appeared

personally known to me (or 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.

Witness my hand and official seal.

Signature \_\_\_\_\_