

RECORDING REQUESTED PURSUANT  
AND WHEN RECORDED MAIL TO:

Contra Costa County  
Department of Conservation and Development  
30 Muir Road  
Martinez, CA 94553  
Attn: Assistant Deputy Director

No fee for recording pursuant to  
Government Code Section 27383 and 27388.1

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SUBORDINATION AND INTERCREDITOR AGREEMENT

(Veterans Square Apartments)

This Subordination and Intercreditor Agreement (the "Agreement") is dated September \_\_\_\_\_, 2020, and is among the City of Pittsburg Housing Authority, a public body corporate and politic (the "Housing Authority"), the County of Contra Costa, a political subdivision of the State of California (the "County"), and Veterans Square, L.P., a California limited partnership ("Borrower"), with reference to the following facts:

RECITALS

A. Defined terms used but not defined in these recitals are as defined in Section 1 of this Agreement.

B. Pursuant to a Purchase and Sale Agreement dated July 22, 2020 between Satellite Affordable Housing Associates, a California nonprofit public benefit corporation ("SAHA") and Borrower, Borrower intends to purchase that certain real property located at 901 Los Medanos Street and 295 East 10th Street, in the City of Pittsburg, County of Contra Costa, State of California, as more particularly described in Exhibit A (the "Property"). Borrower intends to construct thirty (30) housing units on the Property, twenty-nine (29) of which are for rental to extremely low, very low and low income households, and one (1) manager's unit (the "Development"). The Development, as well as all landscaping, roads and parking spaces on the Property and any additional improvements on the Property, are the "Improvements".

C. The County has agreed to provide a loan of HOME Funds to Borrower in the amount of Two Million Two Hundred Thousand Four Hundred Dollars (\$2,200,400) (the "County Loan").

D. The County Loan is evidenced by the following documents: (i) a Development Loan Agreement between the County and Borrower of even date herewith (the "County Loan Agreement"), (ii) a promissory note executed by Borrower for the benefit of the County in the amount of the County Loan (the "County Note"), (iii) a Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing of even date herewith among Borrower, as trustor, Old

Republic Title Company, as trustee, and the County, as beneficiary, recorded against the Property concurrently herewith (the "County Deed of Trust"), (iv) a County Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith, between the County and Borrower recorded against the Property concurrently herewith (the "County Regulatory Agreement"), and (v) a HOME Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith, between the County and Borrower recorded against the Property concurrently herewith (the "HOME Regulatory Agreement"). The County Deed of Trust, the County Regulatory Agreement, and the HOME Regulatory Agreement are collectively referred to as the "County Recorded Documents."

E. The Housing Authority has agreed to provide a loan to Borrower in the amount of Seven Hundred Eighty Thousand Dollars (\$780,000) (the "Housing Authority Loan").

F. The Housing Authority Loan is evidenced by the following documents (among others): (i) a Loan Agreement by and between the Housing Authority and Borrower of even date herewith (the "Housing Authority Loan Agreement"); (ii) a Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing executed by Borrower for the benefit of the Housing Authority recorded against the Property concurrently herewith (the "Housing Authority Deed of Trust"); (iii) a Regulatory Agreement and Declaration of Restrictive Covenants between the Housing Authority and Borrower recorded against the Property concurrently herewith (the "Housing Authority Regulatory Agreement"), and (iv) a Promissory Note executed by Borrower for the benefit of the Housing Authority in the amount of the Housing Authority Loan (the "Housing Authority Note"). The Housing Authority Deed of Trust and the Housing Authority Regulatory Agreement are collectively referred to as the "Housing Authority Recorded Documents."

G. The Housing Authority and the County desire to (i) subordinate the Housing Authority Recorded Documents to the County Recorded Documents, and (iii) divide the Lenders' Share of Residual Receipts and Borrower's Shared Portion of Residual Receipts, as described herein.

NOW, THEREFORE, the Parties agree as follows:

#### AGREEMENT

1. Definitions. The following terms have the following meanings:
  - (a) "Annual County Loan Payment" has the meaning in Section 2(a).
  - (b) "Annual Housing Authority Loan Payment" has the meaning in Section 2(b).
  - (c) "Annual Operating Expenses" means for each calendar year, the following costs reasonably and actually incurred for operation and maintenance of the Development:
    - i. property taxes and assessments imposed on the Development;
    - ii. debt service currently due on a non-optional basis (excluding debt

service due from residual receipts or surplus cash of the Development) on the HTSV Loan;

iii. on-site service provider fees for tenant social services, provided the County and Housing Authority have approved, in writing, the plan and budget for such services before such services begin;

iv. fees paid to the Issuer with respect to the Bonds;

v. payment to HCD of a portion of the accrued interest on the NPLH HCD Loan and HCD MHP Loan pursuant to California Code of Regulations, Title 25, Section 7308;

vi. property management fees and reimbursements, on-site property management office expenses, and salaries of property management and maintenance personnel, not to exceed amounts that are standard in the industry and which are pursuant to a management contract approved by the County and the Housing Authority;

vii. the Partnership/Asset Fee;

viii. fees for accounting, audit, and legal services incurred by Borrower's general partner in the asset management of the Development, not to exceed amounts that are standard in the industry, to the extent such fees are not included in the Partnership/Asset Fee;

ix. premiums for insurance required for the Improvements to satisfy the requirements of any lender of Approved Financing;

x. utility services not paid for directly by tenants, including water, sewer, and trash collection;

xi. maintenance and repair expenses and services;

xii. any annual license or certificate of occupancy fees required for operation of the Development;

xiii. security services;

xiv. advertising and marketing;

xv. cash deposited into the Replacement Reserve Account in the amount set forth in Section 4.2(a) of the County Loan Agreement;

xvi. cash deposited into the Operating Reserve Account to maintain the amount set forth in Section 4.2(b) of the County Loan Agreement (excluding amounts deposited to initially capitalize the account);

xvii. payment of any previously unpaid portion of Developer Fee (without interest), not to exceed the amount set forth in Section 3.18 of the County Loan

Agreement;

xviii. extraordinary operating costs specifically approved in writing by the County and the Housing Authority;

xix. payments of deductibles in connection with casualty insurance claims not normally paid from reserves, the amount of uninsured losses actually replaced, repaired or restored, and not normally paid from reserves, and other ordinary and reasonable operating expenses approved in writing by the County and the Housing Authority and not listed above.

Annual Operating Expenses do not include the following: depreciation, amortization, depletion or other non-cash expenses, initial deposits to capitalize a reserve account, any amount expended from a reserve account, and any capital cost associated with the Development.

(d) "Approved Financing" means all of the following loans, grants, equity, and operating subsidy obtained by Borrower and approved by the County and the Housing Authority for the purpose of financing the acquisition of the Property and construction of the Development in addition to the County Loan and the Housing Authority Loan:

(i) multi-family housing revenue tax exempt bonds in the approximate amount of Eleven Million Four Hundred Thirty-Four Thousand Six Hundred Ten Dollars (\$11,434,610) (the "Bonds") issued by the County of Contra Costa (the "Issuer") that are purchased by the Bank and the sale proceeds of which are loaned to Borrower;

(ii) a taxable construction loan from the Bank in the amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_);

(iii) construction/permanent loan from the Housing Trust of Silicon Valley in the approximate amount of One Million Three Hundred Thirty-One Thousand Dollars (\$1,331,000) (the "HTSV Loan");

(iv) permanent loan of No Place Like Home program ("NPLH") funds from the California Department of Housing and Community Development ("HCD") in the approximate amount of One Million Eight Hundred Four Thousand Nine Hundred Twenty Dollars (\$1,804,920) (the "NPLH HCD Loan");

(v) permanent loan of Multifamily Housing Program funds from HCD in the approximate amount of Four Million Four Hundred Twenty-Seven Thousand Six Hundred Fifty-Three Dollars (\$4,427,653) (the "MHP HCD Loan");

(vi) seller carry-back loan from SAHA in the approximate amount of Three Hundred Twenty-Five Thousand Dollars (the "Seller Loan");

(vii) Low Income Housing Tax Credit investor equity funds in the approximate amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) provided by the Investor Limited Partner (the "Tax Credit Investor Equity");

(viii) capital contribution from Borrower's general partner in the approximate amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "GP Capital Contribution"); and

(ix) NPLH Capitalized Operating Subsidy from HCD in the approximate amount of One Million Eight Hundred Four Thousand Nine Hundred Twenty Dollars (\$1,804,920).

(e) "Available Net Proceeds" means the result obtained by multiplying the Net Proceeds of Permanent Financing by 0.75.

(f) "Bank" means JP Morgan Chase Bank, N.A., and its successors and assigns.

(g) "Bonds" has the meaning set forth in Section 1.1(d)(i).

(h) "Borrower" has the meaning set forth in the first paragraph of this Agreement.

(i) "Borrower's Shared Portion of Residual Receipts" means twenty-five percent (25%) of Residual Receipts.

(j) "City" means the City of Pittsburg, California, a municipal corporation.

(k) "County Loan" has the meaning set forth in Paragraph C of the Recitals.

(l) "Completion Date" means the date a final certificate of occupancy, or equivalent document is issued by the City to certify that the Development may be legally occupied.

(m) "County" has the meaning set forth in the first paragraph of this Agreement.

(n) "County Additional Prorata Share" means the result obtained by dividing County Loan by the sum of the County Loan and the Housing Authority Loan.

(o) "County Deed of Trust" has the meaning set forth in Paragraph D of the Recitals.

(p) "County Loan Agreement" has the meaning set forth in Paragraph D of the Recitals.

(q) "County Prorata Percentage" means the result, expressed as a percentage, obtained by dividing the County Loan minus any Special County Loan Repayment, by the sum of the County Loan minus any Special County Loan Repayment, the Housing Authority Loan minus any Special Housing Authority Loan Repayment, the NPLH HCD Loan, and the MHP HCD Loan, to the extent such loan funds are disbursed.

- (r) "County Note" has the meaning set forth in Paragraph D of the Recitals.
- (s) "County Recorded Documents" has the meaning set forth in Paragraph D of the Recitals.
- (t) "County Regulatory Agreement" has the meaning set forth in Paragraph D of the Recitals.
- (u) "Default Rate" means a rate of interest equal to the lesser of the maximum rate permitted by law and ten percent (10%) per annum.
- (v) "Developer Fee" has the meaning set forth in Section 3.18 of the County Loan Agreement.
- (w) "Development" has the meaning set forth in Paragraph B of the Recitals.
- (x) "Fifteen Year Compliance Period" means the fifteen (15)-year compliance period as described in Section 42(i)(1) of the Internal Revenue Code of 1986, as amended.
- (y) "Final Cost Certification" means the Final Cost Certification Sources and Uses of Funds prepared by Borrower for the Development that (1) Borrower submits to the California Tax Credit Allocation Committee, and (2) has been prepared using generally accepted accounting standards in effect in the United States of America from time to time, consistently applied.
- (z) "Final Development Cost" means the total of the cost of acquisition and construction of the Development as shown on the Final Cost Certification.
- (aa) GP Capital Contribution has the meaning set forth in Section 1.1(d)(vii).
- (bb) "Gross Revenue" means for each calendar year, all revenue, income, receipts, and other consideration actually received from the operation and leasing of the Development. Gross Revenue includes, but is not limited to:
  - i. all rents, fees and charges paid by tenants;
  - ii. Section 8 payments and other rental or operating subsidy payments received for the dwelling units;
  - iii. deposits forfeited by tenants;
  - iv. all cancellation fees;
  - v. price index adjustments and any other rental adjustments to leases or rental agreements;
  - vi. net proceeds from vending and laundry room machines;

vii. the proceeds of business interruption or similar insurance not paid to senior lenders;

viii. the proceeds of casualty insurance not used to rebuild the Development and not paid to senior lenders; and

ix. condemnation awards for a taking of part or all of the Development for a temporary period.

Gross Revenue does not include tenants' security deposits, loan proceeds, unexpended amounts (including interest) in any reserve account, required deposits to reserve accounts, capital contributions or similar advances.

(cc) "HCD" has the meaning set forth in Section 1(d)(iv).

(dd) "HOME Funds" means Home Investment Partnerships Act funds provided from HUD to the County pursuant to the Cranston-Gonzales National Housing Act of 1990, which must be used in accordance with 24 C.F.R. Part 92.

(ee) "HOME Regulatory Agreement" has the meaning set forth in Paragraph D of the Recitals.

(ff) "Housing Authority" has the meaning set forth in the first paragraph of this Agreement.

(gg) "Housing Authority Additional Prorata Share" means the result obtained by dividing Housing Authority Loan by the sum of the County Loan and the Housing Authority Loan.

(hh) "Housing Authority Deed of Trust" has the meaning set forth in Paragraph F of the Recitals.

(ii) "Housing Authority Loan" has the meaning set forth in Paragraph E of the Recitals.

(jj) "Housing Authority Loan Agreement" has the meaning set forth in Paragraph F of the Recitals.

(kk) "Housing Authority Note" has the meaning set forth in Paragraph F of the Recitals.

(ll) "Housing Authority Prorata Percentage" means the result, expressed as a percentage, obtained by dividing the Housing Authority Loan minus any Special Housing Authority Loan Repayment, by the sum of the Housing Authority Loan minus any Special Housing Authority Loan Repayment, the County Loan minus any Special County Loan Repayment, the NPLH HCD Loan, and the MHP HCD Loan, to the extent such loan funds are disbursed.

(mm) "Housing Authority Recorded Documents" has the meaning set forth in Paragraph F of the Recitals.

(nn) "Housing Authority Regulatory Agreement" has the meaning set forth in Paragraph F of the Recitals.

(oo) "HTSV Loan" has the meaning set forth in Section 1.1(d)(iii).

(pp) "HUD" means the United States Department of Housing and Urban Development.

(qq) "Improvements" has the meaning set forth in Paragraph B of the Recitals.

(rr) "Investor Limited Partner" means, Raymond James Tax Credit Fund XX, LLC, a \_\_\_\_\_ limited liability company, and its permitted successors and assigns.

(ss) "Lenders' Share of Residual Receipts" means fifty percent (50%) of Residual Receipts.

(tt) "MHP HCD Loan" has the meaning set forth in Section 1.1(d)(v).

(uu) "Net Proceeds of Permanent Financing" means the amount by which Permanent Financing exceeds the Final Development Costs.

(vv) "NPLH HCD Loan" has the meaning set forth in Section 1.1(d)(iv).

(ww) "Parties" means the Housing Authority, the County, and Borrower.

(xx) "Partnership Agreement" means the agreement between Borrower's general partner and the Investor Limited Partner that governs the operation and organization of Borrower as a California limited partnership.

(yy) "Partnership/Asset Fee" means (i) partnership management fees (including any asset management fees) payable pursuant to the Partnership Agreement to any partner or affiliate of Borrower or any affiliate of a partner of Borrower, if any, during the Fifteen Year Compliance Period, and (ii) after the expiration of the Fifteen Year Compliance Period asset management fees payable to partners of Borrower, in the amounts approved by the County as set forth in Section 3.19 of the County Loan Agreement.

(zz) "Permanent Financing" means the sum of the following amounts: (i) the County Loan; (ii) the Housing Authority Loan; (iii) the NPLH HCD Loan; (iv) the MHP HCD Loan; (v) the HTSV Loan; (vi) the Seller Loan; (vii) the Tax Credit Investor Equity; and (viii) the GP Capital Contribution.

(aaa) "Property" has the meaning set forth in Paragraph B of the Recitals.

(bbb) "Residual Receipts" means for each calendar year, the amount by which Gross Revenue exceeds Annual Operating Expenses.

(ccc) "SAHA" has the meaning set forth in Paragraph B of the Recitals.

(ddd) "Seller Loan" has the meaning set forth in Section 1.1(d)(vi).

(eee) "Special County Loan Payment" has the meaning set forth in Section 3(a).

(fff) "Special Housing Authority Loan Payment" has the meaning in Section 3(b).

(ggg) "Statement of Residual Receipts" means an itemized statement of Residual Receipts.

(hhh) "Tax Credit Investor Equity" has the meaning set forth in Section 1.1(d)(vii).

(iii) "Term" means the period of time that commences on the date of this Agreement, and expires, unless sooner terminated in accordance with this Agreement, on the fifty-fifth (55<sup>th</sup>) anniversary of the Completion Date; provided, however, if a record of the Completion Date cannot be located or established, the Term will expire on the fifty-seventh (57<sup>th</sup>) anniversary of this Agreement.

## 2. Annual Payments to County and Housing Authority.

### (a) County Loan.

i. Commencing on June 1, 2023, and on June 1 of each year thereafter during the Term, Borrower shall make a loan payment to the County in an amount equal to the sum of (1) the County Loan Prorata Percentage of the Lenders' Share of Residual Receipts, and (2) the results obtained by multiplying the County Additional Prorata Share by Borrower's Shared Portion of Residual Receipts (each such payment, an "Annual County Loan Payment"). A numerical example of the methodology to be used to calculate the Annual County Loan Payment is shown in Exhibit B attached hereto. In the event of a conflict between the text of this Section 2(a) and Exhibit B, the text of this Section 2(a) will prevail. The County shall apply all Annual County Loan Payments to the County Loan as follows: (1) first, to accrued interest, and (2) second, to principal.

ii. Borrower shall repay the County Loan pursuant to the terms of the County Loan Agreement and the County Note. In the event of any conflict between the repayment terms and provisions of the County Loan Agreement and this Agreement, the provisions of this Agreement apply. The County may not consent to any amendment or waiver of the terms of the County Loan Agreement or the County Note if such amendment or waiver could reasonably be deemed to materially adversely affect the Housing Authority, without the Housing Authority's prior written approval, which the Housing Authority may withhold in its sole discretion.

(b) Housing Authority Loan.

i. Commencing on June 1, 2023, and on June 1 of each year thereafter during the Term, Borrower shall make a loan payment to the Housing Authority in an amount equal to the sum of (1) the Housing Authority Loan Prorata Percentage of the Lenders' Share of Residual Receipts, and (2) the results obtained by multiplying the Housing Authority Additional Prorata Share by Borrower's Shared Portion of Residual Receipts (each such payment, an "Annual Housing Authority Loan Payment"). A numerical example of the methodology to be used to calculate the Annual Housing Authority Loan Payment is shown in Exhibit B attached hereto. In the event of a conflict between the text of this Section 2(b) and Exhibit B, the text of this Section 2(b) will prevail. The Housing Authority shall apply all Annual Housing Authority Loan Payments to the Housing Authority Loan as follows: (1) first, to accrued interest, and (2) second, to principal for the Housing Authority Loan.

ii. Borrower shall repay the Housing Authority Loan pursuant to the terms of the Housing Authority Loan Agreement and the Housing Authority Note. In the event of any conflict between the repayment terms of the Housing Authority Loan Agreement and this Agreement, the provisions of this Agreement apply. The Housing Authority may not consent to any amendment or waiver of the terms of the Housing Authority Loan Agreement or the Housing Authority Note, if such amendment or waiver could reasonably be deemed to materially adversely affect the County, without the County's prior written approval, which the County may withhold in its sole discretion.

3. Special Repayment from Net Proceeds of Permanent Financing.

(a) To the extent consistent with the regulations applicable to the NPLH HCD Loan and MHP HCD Loan, no later than ten (10) days after the date Borrower receives its final capital contribution from the Investor Limited Partner, Borrower shall pay to the County as a special repayment of the County Loan, an amount equal to the result obtained by multiplying the County Additional Prorata Percentage by the Available Net Proceeds (the "Special County Loan Payment").

(b) To the extent consistent with the regulations applicable to the NPLH HCD Loan and MHP HCD Loan, no later than ten (10) days after the date Borrower receives its final capital contribution from the Investor Limited Partner, Borrower shall pay to the Housing Authority as a special repayment of the Housing Authority Loan, an amount equal to the result obtained by multiplying the Housing Authority Additional Prorata Percentage by the Available Net Proceeds (the "Special Housing Authority Loan Payment").

(c) No later than one hundred eighty (180) days following completion of construction of the Development, Borrower shall submit to the County and the Housing Authority a preliminary calculation of the Net Proceeds of Permanent Financing and a draft of the Final Cost Certification. The County and the Housing Authority shall approve or disapprove Borrower's determination of the amount of the Net Proceeds of Permanent Financing in writing within thirty (30) days of receipt. If Borrower's determination is disapproved by the County or the Housing Authority, Borrower shall re-submit documentation to the County and the Housing Authority until approval of the County and the Housing Authority is obtained.

4. Reports and Accounting of Residual Receipts.

(a) Annual Reports. In connection with the Annual County Loan Payment and the Annual Housing Authority Loan Payment, Borrower shall furnish to the Housing Authority and the County:

i. The Statement of Residual Receipts for the relevant period. The first Statement of Residual Receipts will cover the period that begins on January 1, 2022 and ends on December 31 of that same year. Subsequent statements of Residual Receipts will cover the twelve-month period that ends on December 31 of each year;

ii. A statement from the independent public accountant that audited Borrower's financial records for the relevant period, which statement must confirm that Borrower's calculation of the Lender's Share of Residual Receipts and Borrower's Shared Portion of Residual Receipts is accurate based on Operating Income and Annual Operating Expenses; and

iii. Any additional documentation reasonably required by the County or the Housing Authority to substantiate Borrower's calculation of Lender's Share of Residual Receipts and Borrower's Shared Portion of Residual Receipts.

(b) Books and Records. Borrower shall keep and maintain at the principal place of business of Borrower set forth in Section 5 below, or elsewhere with the written consent of the County and the Housing Authority, full, complete and appropriate books, record and accounts relating to the Development, including all books, records and accounts necessary or prudent to evidence and substantiate in full detail Borrower's calculation of Residual Receipts and disbursements of Residual Receipts. Borrower shall cause all books, records and accounts relating to its compliance with the terms, provisions, covenants and conditions of this Agreement to be kept and maintained in accordance with generally accepted accounting principles consistently applied, and to be consistent with requirements of this Agreement, which provide for the calculation of Residual Receipts on a cash basis. Borrower shall cause all books, records, and accounts to be open to and available for inspection by the County and the Housing Authority, their auditors or other authorized representatives at reasonable intervals during normal business hours. Borrower shall cause copies of all tax returns and other reports that Borrower may be required to furnish to any government agency to be open for inspection by the County and the Housing Authority at all reasonable times at the place that the books, records and accounts of Borrower are kept. Borrower shall preserve records on which any statement of Residual Receipts is based for a period of not less than five (5) years after such statement is rendered, and for any period during which there is an audit undertaken pursuant to subsection (c) below then pending.

(c) County and Housing Authority Audits.

i. The receipt by the County or the Housing Authority of any statement pursuant to subsection (a) above or any payment by Borrower or acceptance by the County or the Housing Authority of any loan repayment for any period does not bind the County or the Housing Authority as to the correctness of such statement or such payment. The County or the Housing Authority or any designated agent or employee of the County or the Housing

Authority is entitled at any time to audit the Residual Receipts and all books, records, and accounts pertaining thereto. The County and/or the Housing Authority may conduct such audit during normal business hours at the principal place of business of Borrower and other places where records are kept. Immediately after the completion of an audit, the County or the Housing Authority, as the case may be, shall deliver a copy of the results of the audit to Borrower.

ii. If it is determined as a result of an audit that there has been a deficiency in a loan repayment to the County and/or the Housing Authority, then such deficiency will become immediately due and payable, with interest at the Default Rate from the date the deficient amount should have been paid. In addition, if the audit determines that Residual Receipts have been understated for any year by the greater of (i) \$2,500, and (ii) an amount that exceeds five percent (5%) of the Residual Receipts, then, in addition to paying the deficiency with interest, Borrower shall pay all of the costs and expenses connected with the audit and review of Borrower's accounts and records incurred by the County and/or the Housing Authority.

5. Subordination.

(a) The County Recorded Documents will unconditionally be and at all times remain a lien or charge on the Property prior and superior to the Housing Authority Recorded Documents.

(b) The Housing Authority intentionally and unconditionally subordinates all of its rights, titles and interests in and to the Property that result from the Housing Authority Recorded Documents, to the lien or charge of the County Recorded Documents upon the Property and understands that in reliance upon, and in consideration of, this subordination, specific loan modifications are being and will be made by the County 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 subordination.

6. Notice of Default. The County and the Housing Authority shall each notify the other promptly upon declaring a default or learning of the occurrence of any material event of default, or any event which with the lapse of time would become a material event of default, under its respective loan documents for the Housing Authority Loan and the County Loan.

7. Notices. All notices required or permitted by any provision of this Agreement must be in writing and sent by registered or certified mail, postage prepaid, return receipt requested, or delivered by express delivery service, return receipt requested, or delivered personally, to the principal office of the Parties as follows:

Housing Authority:      Housing Authority of the  
   City of Pittsburg  
   65 Civic Avenue  
   Pittsburg, CA 94565  
   Attn: Executive Director

County:                      County of Contra Costa  
   Department of Conservation and Development  
   30 Muir Road

Martinez, California 94553  
Attention: Assistant Deputy Director

Borrower: Veterans Square, L.P.  
c/o Satellite Affordable Housing Associates  
1835 Alcatraz Avenue  
Berkeley, CA 94703  
Attention: Chief Executive Officer

Investor Limited  
Partner: Raymond James Tax Credit Fund XX L.L.C.  
c/o Raymond James Tax Credit Funds, Inc.  
880 Carillon Parkway  
St. Petersburg, Florida 33716  
Facsimile No.: 727-567-8455  
Attention: Steven J. Kropf, President

with a copy to: Nixon Peabody LLP  
Exchange Place  
53 State Street  
Boston, MA 02109  
Attn: Nathan A. Bernard  
Facsimile No.: 617-345-1000

Such written notices, demands, and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate as provided in this Section. Receipt will be deemed to have occurred on the date marked on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable).

8. Titles. Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and are to be disregarded in interpreting any part of the Agreement's provisions.

9. California Law. This Agreement is governed by the laws of the State of California.

10. Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions will continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

11. Legal Actions. If any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach of this Agreement, then the Party prevailing in any such action shall be entitled to recover against the Party not prevailing all reasonable attorneys' fees and costs incurred in such action.

12. Entire Agreement. This Agreement constitutes the entire understanding and agreement of the Parties with respect to the subordination of the Housing Authority Recorded Documents to the lien or charge of the County Recorded Documents and the division of the

Lenders' Share of Residual Receipts, and Borrower's Shared Portion of Residual Receipts between the Housing Authority and the County.

13. Counterparts. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

14. Amendments. This Agreement may not be modified except by written instrument executed by and amongst the Parties.

*[Remainder of Page Left Intentionally Blank]*

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**BORROWER:**

VETERANS SQUARE, L.P.,  
a California limited partnership

By: Veterans Square LLC,  
a California limited liability company,  
its general partner

By: Satellite Affordable Housing Associates,  
a California nonprofit public benefit  
corporation, its manager

By: \_\_\_\_\_  
Susan Friedland,  
Chief Executive Officer

**APPROVED AS TO FORM:**

SHARON L. ANDERSON  
County Counsel

By: \_\_\_\_\_  
Kathleen Andrus  
Deputy County Counsel

**COUNTY:**

COUNTY OF CONTRA COSTA, a political  
subdivision of the State of California

By: \_\_\_\_\_  
John Kopchik  
Director, Department of Conservation and  
Development

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Donna Mooney  
Authority Attorney

**HOUSING AUTHORITY:**

CITY OF PITTSBURG HOUSING  
AUTHORITY, a public body corporate and politic

By: \_\_\_\_\_  
Garrett Evans, Executive Director

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 \_\_\_\_\_ )

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.

\_\_\_\_\_  
Name: \_\_\_\_\_  
Notary Public

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 \_\_\_\_\_ )

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.

\_\_\_\_\_  
Name: \_\_\_\_\_  
Notary Public

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 \_\_\_\_\_ )

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.

\_\_\_\_\_  
Name: \_\_\_\_\_  
Notary Public

EXHIBIT A  
LEGAL DESCRIPTION OF THE PROPERTY

The land referred to is situated in the County of Contra Costa, City of Pittsburg, State of California, and is described as follows:

Parcel One:

Lots 1, 2, 15 and 16 Block 79, Map of Resubdivision of Block 79, City of Pittsburg, filed May 18, 1926 in Map Book 19, Page 504, Contra Costa County Records.

APN: 085-182-001

Parcel Two:

Lots 8 and 9, Block 78, as delineated upon the certain Map entitled "Official Map of the City of Pittsburg", filed March 23, 1914, Contra Costa County Records.

APN: 085-196-001

EXHIBIT B  
COUNTY/HOUSING AUTHORITY  
RESIDUAL RECEIPTS NUMERICAL EXPLANATION

[To be Attached]