

**PURCHASE OPTION AND  
RIGHT OF FIRST REFUSAL AGREEMENT**

This Agreement is made as of June 27, 2003, by and between DEANZA GARDENS, L.P., a California limited partnership (the "Partnership"), HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic ("Grantee"), and DEANZA HOUSING CORPORATION, a California nonprofit public benefit corporation ("DHC") (DHC and Grantee are hereinafter collectively referred to as the "General Partners"), and is consented to hereinbelow by BCP/DEANZA GARDENS, LLC, a Delaware limited liability company ("Investment Limited Partner"), and by BCCC, INC., a Massachusetts corporation ("BCCC"), the limited partners of the Partnership (collectively, the "Consenting Limited Partners").

WHEREAS, the General Partners and the Consenting Limited Partners, concurrently with the execution and delivery of this Agreement, are entering into that certain Second Amended and Restated Agreement of Limited Partnership dated as of the date hereof (the "Partnership Agreement") continuing the Partnership by amending and restating a prior partnership agreement; and

WHEREAS, Grantee has been instrumental in the development of the Property, as described in the Partnership Agreement, and will continue to provide services to the Partnership in connection with the continuation of the Partnership for the further development of the Apartment Complex; and

WHEREAS, the Apartment Complex is or will be subject to a governmental agency regulatory agreement (the "Regulatory Agreement") restricting its use to low-income housing (such use restrictions under the Regulatory Agreement being referred to collectively herein as the "Use Restrictions"); and

WHEREAS, the General Partners desire to provide for the continuation of the Apartment Complex as low-income housing upon termination of the Partnership by Grantee purchasing the Apartment Complex at the applicable price determined under this Agreement and operating the Apartment Complex in accordance with the Use Restrictions; and

WHEREAS, as a condition precedent to the formation or continuation of the Partnership pursuant to the Partnership Agreement, the General Partners have negotiated and required that the Partnership shall execute and deliver this Agreement in order to provide for such low-income housing, and the Consenting Limited Partners have consented to this Agreement in order to induce the General Partners to execute and deliver the Partnership Agreement;

NOW, THEREFORE, in consideration of the execution and delivery of the Partnership Agreement and the payment by the Grantee to the Partnership of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Grant of Option. The Partnership hereby grants to Grantee an option (the "Option") to purchase the real estate, fixtures, and personal property comprising the Apartment

Complex or associated with the physical operation thereof, located at the Apartment Complex and owned by the Partnership at the time of purchase (the "Property"), for a period of twenty-four (24) months (the "Option Period") following the close of the fifteen (15) year compliance period for the low-income housing tax credit for the Apartment Complex (the "Compliance Period") as determined under Section 42(i)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), on the terms and conditions set forth in this Agreement and subject to the conditions precedent to the exercise of the Option specified herein. The Apartment Complex real estate is legally described in Exhibit A attached hereto and made a part hereof.

2. Grant of Refusal Right. In the event that the Partnership receives a bona fide offer to purchase the Property (other than under the circumstances described in paragraph 1), which offer the Partnership intends to accept, Grantee shall have a right of first refusal to purchase the Property (the "Refusal Right") for a period of twenty-four (24) months (the "Refusal Right Period") following the close of the Compliance Period, on the terms and conditions set forth in this Agreement and subject to the conditions precedent to exercise of the Refusal Right specified herein. In addition to all other applicable conditions set forth in this Agreement, (a) the foregoing grant of the Refusal Right shall be effective only if Grantee is currently and remains at all times hereafter, until (i) the Refusal Right has been exercised and the resulting purchase and sale has been closed, or (ii) the Refusal Right has been assigned to a Permitted Assignee described in Paragraph 11 hereof, whichever first occurs, a qualified recipient of the Refusal Right under Section 42(i)(7)(A) of the Code, and (b) any assignment of the Refusal Right permitted under this Agreement and the Refusal Right so assigned shall be effective only if the assignee is at the time of the assignment and remains at all times thereafter, until the Refusal Right has been exercised and the resulting purchase and sale has been closed, a Permitted Assignee described in Paragraph 11 hereof meeting the requirements of Section 42(i)(7)(a) of the code. Prior to accepting any such bona fide offer to purchase the Property, the Partnership shall notify Grantee, the General Partners, and the Consenting Limited Partners of such offer and deliver to each of them a copy thereof. The Partnership shall not accept any such offer unless and until the Refusal Right has expired without exercise by Grantee under Paragraph 6 hereof.

3. Purchase Price Under Option. The purchase price for the Property pursuant to the Option (the "Option Price") shall be the greater of the following amounts, subject to the provision set forth hereinbelow:

(a) Debt and Taxes. An amount sufficient (i) to pay all debts, liabilities and obligations of the Partnership upon its termination and liquidation as projected to occur immediately following the sale pursuant to the Option, including, but not limited to, fees and debts to Partners of the Partnership (or their Affiliates), and (ii) to distribute to the Partners cash proceeds equal to the taxes projected by the Auditors to be imposed on the Partners of the Partnership as a result of the sale pursuant to the Option; or

(b) Fair Market Value. The fair market value of the Property, appraised as low-income housing taking into account the effect on the projected income of the Property as a result of all Use Restrictions to the extent continuation of such use is required under the Use Restrictions, taking into consideration any repairs, improvements or deferred maintenance deemed necessary by a capital needs assessment conducted by a third party

inspector selected by the Partnership's regular Auditors, who is experienced in determining capital needs for similar projects in Northern California; provided, however, unless such procedure is determined at the time the Option is exercised to be unreasonable, the fair market value so determined shall not be greater than the capitalized value of the future income stream, taking into account the effect on the projected income of the Property of all Use Restrictions to the extent continuation of such use is required under the Use Restrictions using a capitalization rate of two percent (2%) over the Fannie Mae thirty (30) day-forward commitment rate for thirty (30) year, fully amortized multifamily loans. Any such appraisal is to be made by a licensed appraiser selected by the Partnership's regular Auditors, who is a Member of the Appraiser Institute and who has experience in low-income housing in the geographic area in which such Property is located and is to be paid for by the Partnership; provided, however, that if prior to exercise of the Option the Internal Revenue Service (the "Service") has issued a revenue ruling or provided a private letter ruling to the Partnership, the applicability of which ruling shall be determined in the judgment of tax counsel to the Consenting Limited Partners, or tax counsel approved by the Consenting Limited Partners has issued an opinion letter, concluding that property of the nature and use of the Property may be sold under circumstances described in this Agreement at the price determined under Section 42(i)(7)(B) of the Code without limiting tax credits or deductions that would otherwise be available to the Consenting Limited Partners, then the Option Price shall be such price.

4. Purchase Price Under Refusal. The purchase price for the Property pursuant to the Refusal Right shall be lesser of (a) the purchase price set forth in the bona fide offer to purchase the Property or (b) the minimum purchase price set forth in Section 42(i)(7)(B) of the Code, which generally is equal to the sum of (x) an amount sufficient to pay all debts and liabilities of the Partnership upon its termination and liquidation as projected to occur immediately following the sale pursuant to the Refusal Right, and (y) an amount sufficient to distribute to the Partners cash proceeds equal to the taxes projected to be imposed on the Partners of the Partnership as a result of the sale pursuant to the Refusal Right.

5. Conditions Precedent. Notwithstanding anything in this Agreement to the contrary, the Option and the Refusal Right granted hereunder shall be contingent on the following:

(a) General Partners. Grantee shall have remained in good standing as a General Partner of the Partnership without the occurrence of any event described in Section 4.5(a)(iii) of the Partnership Agreement after giving effect to the curative provisions applicable thereto; and

(b) Regulatory Agreement. Either (i) the Regulatory Agreement shall have been entered into and remained in full force and effect, or (ii) if the Regulatory Agreement is no longer in effect due to reasons other than a default thereunder by the Partnership, such Use Restrictions shall have remained in effect by other means and shall continue in effect by inclusion in the deed as required under Paragraph 10 hereof.

If any or all of such conditions precedent have not been met, the Option and the Refusal Right shall not be exercisable. Upon any of the events terminating the Option or the Refusal Right

under this Paragraph 5, the Option and the Refusal Right shall be void and of no further force and effect.

6. Exercise of Option or Refusal Right. The Option and the Refusal Right each may be exercised by Grantee by (a) giving prior written notice of its intent to exercise the Option or the Refusal Right to the Partnership and each of its Partners in the manner provided in the Partnership Agreement and in compliance with the requirements of this Paragraph 6, and (b) complying with the contract and closing requirements of Paragraph 9 hereof. Any such notice of intent to exercise the Option shall be given during the period commencing one (1) year prior to the expiration of the Compliance Period and terminating at the end of the Option Period. Any such notice of intent to exercise the Refusal Right shall be given within ninety (90) days after Grantee has received the Partnership's notice of a bona fide offer pursuant to Paragraph 2 hereof. In either case, the notice of intent shall specify a closing date within one hundred twenty (120) days immediately following the date of exercise. If the foregoing requirements (including those of Paragraph 9 hereof) are not met as and when provided herein, the Option or the Refusal Right, or both, as applicable, shall expire and be of no further force or effect. Upon notice by Grantee of its intent to exercise the Option or the Refusal Right, all rights under the other shall be subordinate to the rights then being so exercised unless and until such exercise is withdrawn or discontinued, and upon the closing of any sale of the Property pursuant to such notice shall expire and be of no further force or effect, provided that in the event that the Option and the Refusal Right are hereafter held by different parties by reason of any permitted assignment or otherwise, Grantee in its assignment or such parties by written agreement may specify any other order of priority consistent with the other terms and conditions of this Agreement.

7. Determination of Price. Upon notice by Grantee of its intent to exercise the Option or the Refusal Right, the Partnership and Grantee shall follow the procedure set forth in this Agreement for determining the Option Price or the Refusal Right Price, as applicable, for the Property (the "Purchase Price"). Any such agreement shall be subject to the prior written consent of the Consenting Limited Partners, which shall not be withheld as to any Purchase Price determined properly in accordance with this Agreement. In the event Grantee for any reason withdraws or discontinues its exercise of the Option or the Refusal Right, it shall pay any and all expenses of accounting, appraisal, and arbitration incurred in the determination of the Purchase Price and any expenses incurred in the preparation of a purchase contract as provided hereinbelow, including without limitation reasonable legal fees of the Partnership and the Consenting Limited Partners in connection with any such arbitration and contract.

8. Arbitration. In the event of any dispute hereunder, each of Grantee, the General Partners, the Consenting Limited Partners, and any other Partners of the Partnership who are in disagreement shall exercise best efforts in good faith to agree on a single arbitrator to act hereunder. Such arbitrator shall conduct proceedings in the geographic area in which the Property is located, according to such procedures as the arbitrator shall designate, provided that they are fair and do not violate the Uniform Arbitration Act if and as adopted by the state in which the Property is located or any similar act that may apply. In the absence of an agreement by such parties on a single arbitrator or on any other method of arbitration, such dispute shall be submitted for arbitration in accordance with the applicable rules of the American Arbitration Association.

In any event, the arbitrator(s) appointed hereunder shall have all of the jurisdiction and powers of courts of law and equity in civil matters. The parties to such arbitration hereby agree to accept any decision or award made by the arbitrators in accordance with arbitration proceedings conducted pursuant hereto, and the same shall be final and binding on such parties. Any such decision or award may be enforced, and judgment thereon may be entered, by any court of competent jurisdiction. All fees and expenses of such arbitration proceedings, including both those of the arbitrator(s) and reasonable attorneys' fees of counsel for the respective parties to arbitration, shall be paid by the party or parties against whom the decision or award is rendered or as may otherwise be determined to be equitable by the arbitrators. In the event any disagreeing party fails to appoint an arbitrator who is able and willing to serve hereunder within twenty (20) days after any demand for arbitration by any other party or fails to proceed in good faith with arbitration proceedings hereunder, the other parties may each at its option take any action available to them in law or equity in any court of competent jurisdiction.

9. Contract and Closing. Upon determination of the Purchase Price for the Property, the Partnership and Grantee shall execute escrow instructions legally consistent with this Agreement, and attach any notices or statements required under federal or state law applicable to the transaction for the purchase and sale of such Property in accordance with this Agreement and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area which such Property is located, providing for a closing not later than the date specified in the Grantee's notice of intent to exercise the Option or the Refusal Right, as applicable, or ninety (90) days after the Purchase Price has been determined whichever is later. In the absence of any such contract, this Agreement shall be specifically enforceable upon the exercise of the Option or the Refusal Right, as applicable. The purchase and sale hereunder shall be closed through a deed-and-money escrow with the title insurer for the Property or another mutually acceptable title company.

10. Use Restrictions. In consideration of the Option and the Refusal Right granted hereunder at the price specified herein, Grantee hereby agrees that the deed granting the Property to Grantee shall contain a covenant running with the land, restricting use of the Property to low-income housing to the extent required by those Use Restrictions contained in the Regulatory Agreement. All provisions relating to the Use Restrictions contained in such deed and in this Agreement shall be subject and subordinate to any third-party liens encumbering the Property.

The deed to Grantee shall be subject to the prior written approval of the Consenting Limited Partners, which shall not be unreasonably withheld. In the absence of a deed conforming to the requirements of this Agreement, the provisions of this Agreement shall run with the land. In the event that neither the Option nor the Refusal Right is exercised, or the sale pursuant thereto is not consummated, then, subject to the approval of the Special Limited Partner, upon conveyance of the Property to anyone other than Grantee or its Permitted Assignee hereunder, the foregoing provisions shall terminate and have no further force or effect.

11. Assignment. Grantee may assign all or any of its rights under this Agreement to (a) a qualified nonprofit organization, as defined in Section 42(h)(5)(C) of the code, (b) a government agency, or (c) a tenant organization (in cooperative form or otherwise) or resident management corporation of the Property (each a "Permitted Assignee") that demonstrates its ability and willingness to maintain the Property as low-income housing in accordance with the

Use Restrictions, in any case subject to the prior written consent of the Special Limited Partner, and subject in any event to the conditions precedent to the Refusal Right and the Option set forth in Paragraphs 2 and 3 hereof. Prior to any assignment or proposed assignment of its rights hereunder, Grantee shall give written notice thereof to the Partnership, DHC as a General Partner, and the Consenting Limited Partners. Upon any permitted assignment hereunder, references in this Agreement to Grantee shall mean the Permitted Assignee where the context so requires, subject to all applicable conditions to the effectiveness of the rights granted under this Agreement and so assigned. No assignment of Grantee's rights hereunder shall be effective unless and until the Permitted Assignee enters into a written agreement accepting the assignment and assuming all of Grantee's obligations under this Agreement and copies of such written agreement are delivered to the Partnership, DHC as a General Partner, and the Consenting Limited Partners. Except as specifically permitted herein, Grantee's rights hereunder shall not be assignable.

12. Legal Fees. The non-prevailing party shall pay on demand all reasonable fees and expenses incurred by the prevailing party in any dispute not resolved by arbitration.

13. Reformation as a Redemption. Notwithstanding the foregoing, Grantee, as a General Partner of the Partnership, shall have the option to reform this Agreement to provide for a redemption by the Partnership of the Consenting Limited Partners' Interest in the Partnership in lieu of a purchase by Grantee of the Property; provided, however, that the economic, tax and material consequences of the transaction for the Consenting Limited Partners shall not be altered thereby, and that any such reformation shall require execution by the Partnership and any other General Partner of all documentation and the prior written consent of the Consenting Limited Partners to all documentation. In connection with any such redemption, Grantee shall be entitled to appoint a substitute general partner to the Partnership if necessary for the purpose of causing the Partnership to have a minimum of two partners at all times.

14. Miscellaneous. This Agreement shall be liberally construed in accordance with the laws of the State of California in order to effectuate the purposes of this Agreement. This Agreement may be executed in counterparts or counterpart signature pages, which together shall constitute a single agreement. This Agreement and the Option and Refusal Right provided for herein are subordinate to all rights of California Community Reinvestment Corporation under the deed(s) of trust securing its loan(s) to the Partnership.

IN WITNESS WHEREOF, the parties have executed this document as of the date first set forth hereinabove.

PARTNERSHIP:

DEANZA GARDENS, L.P., a California limited partnership, by its general partners

DEANZA HOUSING CORPORATION, a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Rudy Tamayo, Executive Director

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic

By: \_\_\_\_\_  
Rudy Tamayo, Deputy Executive Director

GRANTEE:

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic


By: \_\_\_\_\_  
Rudy Tamayo, Deputy Executive Director

The undersigned hereby consents to the foregoing Agreement as of the date first set forth hereinabove.

BCP/DEANZA GARDENS, LLC, a Delaware limited liability company, by its manager, BCCC, Inc., a Massachusetts corporation

By:   
Marc N. Teal, Senior Vice President

BCCC, Inc., a Massachusetts corporation


By:   
Marc N. Teal, Senior Vice President

IN WITNESS WHEREOF, the parties have executed this document as of the date first set forth hereinabove.

PARTNERSHIP:

DEANZA GARDENS, L.P., a California limited partnership, by its general partners

DEANZA HOUSING CORPORATION, a California nonprofit public benefit corporation

By:   
Rudy Tamayo, Executive Director

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic

By:   
Rudy Tamayo, Deputy Executive Director

GRANTEE:

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic

By:   
Rudy Tamayo, Deputy Executive Director

The undersigned hereby consents to the foregoing Agreement as of the date first set forth hereinabove.

BCP/DEANZA GARDENS, LLC, a Delaware limited liability company, by its manager, BCCC, Inc., a Massachusetts corporation

By: \_\_\_\_\_  
Marc N. Teal, Senior Vice President

BCCC, Inc., a Massachusetts corporation

By: \_\_\_\_\_  
Marc N. Teal, Senior Vice President



Acknowledgments

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_, before me, the undersigned, personally appeared Rudy Tamayo, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

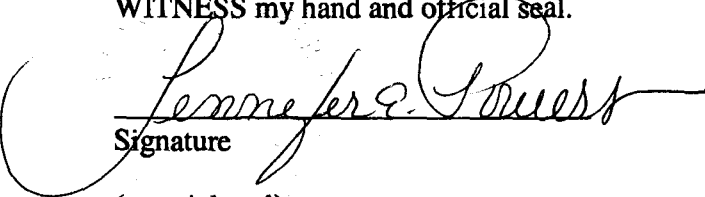
\_\_\_\_\_  
Signature

(notarial seal)

COMMONWEALTH OF MASSACHUSETTS )  
 ) SS.  
COUNTY OF SUFFOLK )

On June 25, 2008, before me, the undersigned, personally appeared Marc N. Teal, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacities, and that by his signatures on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

  
Signature

(notarial seal)

EXHIBIT A

LEGAL DESCRIPTION OF  
PROJECT REAL ESTATE

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

John T. Haygood, Esq.  
Goldfarb & Lipman  
1300 Clay Street, Ninth Floor  
City Center Plaza  
Oakland, CA 94612

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(Space Above This Line For Recorder's Use)

**MEMORANDUM OF PURCHASE OPTION  
AND RIGHT OF FIRST REFUSAL AGREEMENT**

This Memorandum of Purchase Option and Right of First Refusal Agreement ("Memorandum") is entered into as of June \_\_\_\_, 2003 by and among DEANZA GARDENS, L.P., a California limited partnership (the "Partnership"), HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic (the "Grantee"), and DEANZA HOUSING CORPORATION, a California nonprofit public benefit corporation, and is consented to herein below by BCP/DEANZA GARDENS, LLC, a Delaware limited liability company, (the "Investor Limited Partner") and by BCCC, INC., a Massachusetts corporation (the "Special Limited Partner"), the limited partners of the Partnership (collectively, the "Consenting Limited Partners") with respect to that certain Purchase Option and Right of First Refusal Agreement ("Agreement") dated as of June \_\_\_\_, 2003, between the Partnership and the Grantee and consented to by the Consenting Limited Partners.

Pursuant to the Agreement, Partnership has granted to Grantee a purchase option and right of first refusal, on the terms and conditions stated in the Agreement, to purchase the real estate, fixtures, and personal property comprising the Apartment Complex or associated with the physical operation thereof, located at the Apartment Complex and owned by the Partnership at the time of purchase (the "Property"), located in Bay Point, Contra Costa County, California, and known as DeAnza Gardens, more particularly described in Exhibit A attached hereto, for a period of twenty-four (24) months (the "Option Period") following the close of the compliance period for the low-income housing tax credit for the Apartment Complex (the "Compliance Period") as determined under Section 42(i)(1) of the Internal Revenue Code of 1986.

This Memorandum shall incorporate all of the terms and provisions of the Agreement as though fully set forth herein.

This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Agreement, of which this is a memorandum.


This Memorandum may be executed in any number of counterparts, all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the date first written above.

PARTNERSHIP:


DEANZA GARDENS, L. P., a California Limited Partnership, by its general partners

HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic

By: 

Its: Deputy Executive Director

DEANZA HOUSING CORPORATION a California nonprofit public benefit corporation

By: 

Its: Executive Director

Acknowledgments

STATE OF CALIFORNIA            )  
  )ss  
COUNTY OF ALAMEDA         )

On June, 2003, before me, Jane C. Durango, a notary public, personally appeared Rudy Tamayo personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

