

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

(Civic Center Apartments)

This Subordination and Intercreditor Agreement (the "Agreement") is dated as of March 15, 2025, and is among the City of Richmond, a municipal corporation (the "City"), the County of Contra Costa, a political subdivision of the State of California (the "County"), and 425 Civic Center, LP, 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. The City has acquired that certain real property located at 425 24th Street, Richmond, California as more particularly described in Exhibit A (the "Property"). Borrower is leasing the Property from the City for a term of 55 years pursuant to a ground lease dated as of March 1, 2025 (the "Ground Lease"), and thereby has a leasehold interest in the Property for the term of the Ground Lease (the "Leasehold Interest"). A memorandum of the Ground Lease will be recorded in the Official Records of Contra Costa County substantially concurrently with the recordation of this Agreement.

C. The Property is improved with a motel consisting of 49 rooms and related improvements (the "Existing Improvements"). Borrower has acquired the Existing Improvements from the City. Borrower is rehabilitating the Existing Improvements into an affordable housing development with 48 units available for rental to extremely low income persons and 1 manager's unit, and attendant site improvements (collectively, the "Improvements"). Together, (i) the Leasehold Interest, and (ii) Borrower's fee interest in the Improvements, are the "Development."

D. Concurrently herewith the County is lending Borrower Nine Hundred Ninety Nine Thousand Nine Hundred Ninety Five Dollars (\$999,995) of Community Development Block Grant Program funds (the "County Loan").

E. The County Loan is evidenced by the following documents dated of even date herewith (among others): (i) a Development Loan Agreement between the County and Borrower (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"); and (iii) a Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing among Borrower, as trustor, Old Republic Title Company, as trustee, and the County, as beneficiary, recorded against the Property concurrently herewith securing the County Loan (the "County Deed of Trust").

F. The City is making a loan to Borrower in the amount of Eight Million Two Hundred Sixty Thousand One Hundred Sixty Dollars (\$8,260,160) funded by the California Department of Housing and Community Development's Homekey Program, established by California Health and Safety Code Section 50675.1.1, (the "City Homekey Loan"). The City is also making a loan to Borrower of low income housing trust funds in the approximate amount of Eight Million Three Hundred Thousand Dollars (\$8,300,000) (the "City Housing Funds Loan"). Finally, the City is providing seller carry-back financing with respect to the Existing Improvements in the amount of Three Million One Hundred Thirty-Six Thousand Five Hundred Sixty One Dollars (\$3,136,561) (the "City Seller Carry-Back Loan"). The City Homekey Loan, the City Housing Funds Loan, and the City Seller Carry-Back Loan are collectively referred to in this Agreement as the "City Loan".

G. The City Loan is evidenced by the following documents dated of even date herewith (among others): (i) a loan agreement between the City and Borrower (the "City Loan Agreement"); (ii) a promissory note executed by Borrower for the benefit of the City in the amount of the City Homekey Loan ( the "City Homekey Note"); (iii) a promissory note executed by Borrower for the benefit of the City in the amount of the City Housing Funds Loan ( the "City Housing Funds Note"); (iv) a promissory note executed by Borrower for the benefit of the City in the amount of the City Seller Carry-Back Loan ( the "City Seller Carry-Back Note"); and (v) a Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing among Borrower, as trustor, Old Republic Title Company, as trustee, and the City, as beneficiary, recorded against the Property concurrently herewith securing the City Loan (the "City Deed of Trust"). The City Homekey Note, the City Housing Funds Note, and the City Seller Carry-Back Note are collectively referred to in this Agreement as the "City Notes".

H. The City and the County desire to (i) subordinate the County Deed of Trust to the City Deed of Trust, and (ii) divide the proceeds of the Lenders' Share 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 City Loan Payment" has the meaning in Section 2(b).
  - (b) "Annual County Loan Payment" has the meaning in Section 2(a).

(c) "Annual Operating Expenses" means for each calendar year, the following costs reasonably and actually incurred for operation and maintenance of the Development:

- i. ground rent payments in the amount set forth in the Ground Lease;
- ii. property taxes and assessments imposed on the Development;
- iii. debt service currently due on a non-optional basis (excluding debt service due from residual receipts or surplus cash of the Development) on Approved Financing;
- iv. on-site service provider fees for tenant social services, provided the County and City have approved, in writing, the plan and budget for such services before such services begin;
- v. 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 City;
- vi. the Partnership/Asset Fee only after the Asset Fee Reserve Account has been depleted;
- vii. 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;
- viii. premiums for insurance required for the Improvements to satisfy the requirements of any lender of Approved Financing;
- ix. utility services not paid for directly by tenants, including water, sewer, and trash collection;
- x. maintenance and repair expenses and services;
- xi. any annual license or certificate of occupancy fees required for operation of the Development;
- xii. security services;
- xiii. advertising and marketing;
- xiv. cash deposited into the Replacement Reserve Account in the amount set forth in Section 4.1(a) of the County Loan Agreement and Section 1.2.3 of the City Housing Funds Note, after depletion of the Capitalized Replacement Reserve;
- xv. cash deposited into the Operating Reserve Account to maintain the amount set forth in Section 4.1(b) of the County Loan Agreement after depletion of the Project Capitalized Operating Reserve, City Capitalized Operating Reserve, and Homekey Capitalized

Operating Subsidy;

xvi. extraordinary operating costs specifically approved in writing by the County and the City; and

xvii. 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 City 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 City for the purpose of financing the acquisition of the Leasehold Interest and the construction of the Improvements in addition to the County Loan and the City Loan:

i. capitalized operating subsidy from the California Department of Housing and Community Development in the amount of Two Million Four Hundred Nineteen Thousand Two Hundred Dollars (\$2,419,200).

(e) "Asset Fee Reserve Account" has the meaning set forth in Section 3.19 of the County Loan Agreement.

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

(g) "Capitalized Replacement Reserve" has the meaning set forth in Section 4.1(a) of the County Loan Agreement.

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

(i) "City Capitalized Operating Reserve" has the meaning set forth in Section 4.1(b) of the County Loan Agreement.

(j) "City Deed of Trust" has the meaning set forth in Paragraph G of the Recitals.

(k) "City Homekey Loan" has the meaning set forth in Paragraph F of the Recitals.

(l) "City Homekey Note" has the meaning set forth in Paragraph G of the Recitals.

(m) "City Housing Funds Loan" has the meaning set forth in Paragraph F of the Recitals.

(n) "City Housing Funds Note" has the meaning set forth in Paragraph G of the Recitals.

(o) "City Loan" has the meaning set forth in Paragraph F of the Recitals.

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

(q) "City Loan Prorata Percentage" means the result, expressed as a percentage, obtained by dividing the original principal amount of the City Loan by the sum of the original principal amounts of the County Loan and the City Housing Funds Loan, to the extent such funds have been or are disbursed.

(r) "City Notes" has the meaning set forth in Paragraph G of the Recitals.

(s) "City Seller Carry-Back Loan" has the meaning set forth in Paragraph F of the Recitals.

(t) "City Seller Carry-Back Note" has the meaning set forth in Paragraph G of the Recitals.

(u) "Completion Date" means the date a final certificate of occupancy, or equivalent document (such as a construction permit sign off for rehabilitation projects) is issued by the City to certify that the Development may be legally occupied.

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

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

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

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

(z) "County Loan Prorata Percentage" means the result, expressed as a percentage, obtained by dividing the amount of the County Loan by the sum of the County Loan and the City Housing Funds Loan, to the extent such funds have been or are disbursed.

(aa) "County Note" has the meaning set forth in Paragraph E of the Recitals.

(bb) "Default Rate" means a rate of interest equal to the lesser of the maximum rate permitted by law and ten percent (10%) per annum.

(cc) "Development" has the meaning set forth in Paragraph C of the Recitals.

(dd) "Existing Improvements" has the meaning set forth in Paragraph C of the Recitals.

(ee) "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.

(ff) "Ground Lease" has the meaning set forth in Paragraph B of the Recitals.

(gg) "Homekey Capitalized Operating Subsidy" has the meaning set forth in Section 1.1(g)(iv) of the County Loan Agreement.

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

(ii) "Improvements" has the meaning set forth in Paragraph C of the Recitals.

(jj) "Leasehold Interest" has the meaning set forth in Paragraph B of the Recitals.

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

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

(mm) "Partnership/Asset Fee" means partnership management fees (including any asset management fees) payable pursuant to the Partnership Agreement to any partner of Borrower, in the amounts approved by the County as set forth in Section 3.19 of the County Loan Agreement and subject to the limits set forth in Section 1.2.3 of the City Housing Funds Note.

(nn) "Project Capitalized Operating Reserve" has the meaning set forth in Section 4.1(b) of the County Loan Agreement.

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

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

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

(rr) "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 City.

(a) County Loan.

i. Commencing on June 1, 2026, and on June 1 of each year thereafter during the Term, Borrower shall make a loan payment to the County of the County Loan in an amount equal to the County Loan Prorata Percentage of Lenders' Share of Residual Receipts (each such payment, an "Annual County Loan Payment"). 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 City, without the City's prior written approval, which the City may withhold in its sole discretion.

(b) City Loan.

i. Commencing on June 1, 2026, and on June 1 of each year thereafter during the Term, Borrower shall make a loan payment to the City in an amount equal the City Loan Prorata Percentage of Lenders' Share of Residual Receipts (each such payment, an "Annual City Loan Payment"). The City shall apply all Annual City Loan Payments to the City Loan as follows: (1) first, to accrued interest, if any, and (2) second, to principal for the City

Loan.

ii. Borrower shall repay the City Loan pursuant to the terms of the City Loan Agreement and the City Notes. In the event of any conflict between the repayment terms of the City Loan Agreement, City Notes, and this Agreement, the provisions of this Agreement apply. The City may not consent to any amendment or waiver of the terms of the City Loan Agreement or the City Notes, 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. Reports and Accounting of Residual Receipts.

(a) Annual Reports. In connection with the Annual County Loan Payment and the Annual City Loan Payment, Borrower shall furnish to the City 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 2025, 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 Lenders' Share 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 City to substantiate Borrower's calculation of Lenders' Share of Residual Receipts.

(b) Books and Records. Borrower shall keep and maintain at the principal place of business of Borrower set forth in Section 10 below, or elsewhere with the written consent of the County and the City, 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 City, 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 City 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 City Audits.

i. The receipt by the County or the City of any statement pursuant to subsection (a) above or any payment by Borrower or acceptance by the County or the City of any loan repayment for any period does not bind the County or the City as to the correctness of such statement or such payment. The County or the City or any designated agent or employee of the County or the City is entitled at any time to audit the Residual Receipts and all books, records, and accounts pertaining thereto. The County and/or the City 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 City, 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 City, 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 City.

4. Subordination.

(a) The City Deed of Trust will unconditionally be and at all times remain a lien or charge on the Development prior and superior to the County Deed of Trust.

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

5. Notice of Default.

The County and the City 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 City Loan and the County Loan.

6. 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:

City: City of Richmond  
450 Civic Center Plaza  
Richmond, CA 94804  
Attention: City Manager

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

Borrower: 425 Civic Center, LP  
c/o Novin Development Corp.  
1990 North California, Boulevard, Suite 800  
Walnut Creek, CA 94596  
Attn: Iman Novin, President

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).

7. 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.

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

9. 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.

10. Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties with respect to the subject matter hereof.

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

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

*[signatures on following page]*

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

**BORROWER:**

425 CIVIC CENTER LP,  
a California limited partnership

By: Trinity Center Walnut Creek,  
a California nonprofit public benefit  
corporation,  
its managing general partner

By: \_\_\_\_\_  
Name: Susan Leslie Gleason  
Its: Executive Director

By: NDC Contra Costa LLC,  
a California limited liability company,  
its administrative general partner

By: Novin Development Corp.  
a California corporation,  
its sole member/manager

By: \_\_\_\_\_  
Name: Iman Novin  
Its: President and CEO

**APPROVED AS TO FORM:**

THOMAS L. GEIGER  
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

*Signatures continue on following page*

**ATTEST:**

By: \_\_\_\_\_  
\_\_\_\_\_, City Clerk

**CITY:**

CITY OF RICHMOND, a municipal corporation

By: \_\_\_\_\_  
\_\_\_\_\_, City Manager

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
\_\_\_\_\_,  
City Attorney

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

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

Lots 22, 23, 24, 25, 26, 27, 28 and 29 in Block 17, as shown on the Map of "Nicholl Mac Donald Avenue Civic Center", filed October 29, 1912, in Map Book 8, Page 190, Contra Costa County Records.

APN: 515-200-003-9