

**RECORDING REQUESTED BY:  
AND WHEN RECORDED MAIL TO:**

PNC Bank, National Association  
26901 Agoura Road, Suite 200  
Calabasas Hills, CA 91301  
Re: DeAnza Gardens  
Fannie Mae No.: \_\_\_\_\_

**SUBORDINATION AGREEMENT**

**GOVERNMENTAL ENTITY**

**SUBORDINATION AGREEMENT GOVERNMENTAL ENTITY FOR REGULATORY  
AGREEMENT  
REGULATORY AGREEMENT ONLY/NO SUBORDINATE DEBT**

THIS SUBORDINATION AGREEMENT FOR REGULATORY AGREEMENT (this “**Agreement**”) is effective as of the \_\_\_ day of September, 2023, and is by the COUNTY OF CONTRA COSTA, a political subdivision of the State of California (“**Governmental Entity**”), the HOUSING AUTHORITY OF THE COUNTY OF CONTRA COSTA, a public body, corporate and politic (“**Owner**”) and DEANZA HOUSING CORPORATION, a California nonprofit public benefit corporation (“**Borrower**”), for the benefit of PNC BANK, NATIONAL ASSOCIATION, a national banking association, its successors and assigns (“**Lender**”).

**RECITALS:**

A. Simultaneously herewith Lender is making a loan to Borrower in the original principal amount of \$ \_\_\_\_\_ (“**Loan**”) pursuant to a Multifamily Loan and Security Agreement between Lender and Borrower dated September \_\_, 2023 (as supplemented or amended from time to time, the “**Loan Agreement**”) and evidenced by a Multifamily Note by Borrower to Lender dated September \_\_, 2023 (as supplemented or amended from time to time, the “**Note**”). The Loan is secured by a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing that will be recorded among the records of Contra Costa County, California (“**Official Records**”) (as supplemented or amended from time to time, the “**Mortgage**”) of certain improved real property located at 205 Pueblo Avenue, in Bay Point, Contra Costa County, California, as more particularly described on Exhibit A attached hereto (“**Property**”). The Loan Agreement, the Note and the Mortgage, together with all other documents executed with respect to the Loan, are hereinafter collectively referred to as the “**Loan Documents**”.

B. In connection with the construction and development of the Property, Owner and Borrower’s predecessor-in-interest, DeAnza Gardens, L.P., a California limited partnership (“**Partnership**”), entered into a certain Density Bonus and Redevelopment Inclusionary Housing Agreement dated as of June 1, 2003 (“**Regulatory Agreement**”) in favor of the Governmental Entity, which was recorded as Document No. 2003-0310250-00 in the Official Records, pursuant to which the Property was subjected to certain restrictions by Governmental Entity.

C. As a condition to making the Loan, Lender requires that the lien of the Mortgage be superior to the lien of the Regulatory Agreement. Lender will not make the Loan unless Governmental Entity and Borrower agree to subordinate their rights and obligations under the Regulatory Agreement.

D. Borrower, Owner and Governmental Entity hereby agree to subordinate the Regulatory Agreement on and subject to the terms, conditions and requirements set forth in this Agreement.

**NOW, THEREFORE,** in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Recitals. The foregoing Recitals are hereby incorporated into this Agreement as agreements among the parties.

2. Subordination. The Governmental Entity hereby agrees that the Regulatory Agreement is and shall at all times continue to be, subordinate, subject and inferior to the rights of Lender under the Loan Documents and that the liens, rights (including approval and consent rights), remedies, payment interests, priority interests, and security interests granted to Governmental Entity pursuant to or in connection with the Regulatory Agreement are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the liens, rights (including approval and consent rights), remedies, payment, priority and security interests granted to Lender pursuant to the Loan Documents and the terms, covenants, conditions, operations and effects thereof. Notwithstanding the above, Governmental Entity may exercise the remedies of specific performance or injunctive relief at any time in the event of a default under or breach of the terms of the Regulatory Agreement.

3. Financing, Encumbrance and Transfer Approval. Governmental Entity hereby approves and acknowledges the transfer of the leasehold interest in the Property from Partnership to Borrower and the financing evidenced by the Mortgage, which will be a lien on both the fee estate owned by Owner and the leasehold estate owned by Borrower. Governmental Entity further agrees that any transfer of the Property in connection with foreclosure of the Mortgage or a deed in lieu thereof shall not require Governmental Entity's consent but shall require written notice to Governmental Entity.

4. Reserved.

5. Lender Notice of Default. In consideration of Governmental Entity's agreements contained in this Agreement, Lender agrees that in the event of any default by Borrower under the Loan Documents, Governmental Entity shall be entitled to receive a copy of any notice of default given by Lender to Borrower under the Loan Documents. Neither the giving nor the failure to give a notice to Governmental Entity pursuant to this Section 5 will affect the validity of any notice given by Lender to the Borrower.

6. Governmental Entity Notice of Default. Governmental Entity shall give Lender a concurrent copy of each material notice (including without limitation each notice of default) given by Governmental Entity under or with respect to the Regulatory Agreement, and agrees that Lender, at Lender's sole election, shall have the right (but not the obligation) to cure any default by Owner and/or Borrower under the Regulatory Agreement on its and/or Owner's and/or Borrower's behalf. Governmental Entity hereby represents that, to the best of its knowledge, there is no current default under the Regulatory Agreement.

7. Governmental Entity's Rights. Except as set forth in Sections 2 and 8 of this Agreement, nothing in this Agreement is intended to abridge or adversely affect any right or obligation of Borrower, Owner and/or Governmental Entity, respectively, under the Regulatory

Agreement; provided that, (A) the Regulatory Agreement may be released but it may not be modified, amended, changed or otherwise altered without the prior written consent of Lender so long as the Loan is secured by the Property and (B) for so long as the Loan is secured by the Property, notwithstanding the terms of the Regulatory Agreement to the contrary, neither Borrower, Owner nor Governmental Entity will, without Lender's prior written consent, exercise or seek any right or remedy under the Regulatory Agreement or available at law or in equity which will or could result in (i) a transfer of possession of the Property or the control, operations or management thereof, (ii) the collection or possession of rents or revenues from or with respect to the Property by any party other than Borrower or Lender; (iii) appointment of a receiver for the Property; (iv) the application of insurance or condemnation proceeds other than as approved by Lender pursuant to the Loan Documents; (v) the removal or replacement of the existing property manager of the Property; or (vi) a material adverse effect on Lender's security for the Loan.

8. Foreclosure by Lender. In the event of foreclosure, deed in lieu of foreclosure, or similar disposition of the Property by Lender, no consent shall be required from Governmental Entity.

9. Entire Agreement. This Agreement represents the entire understanding and agreement between the parties hereto with regard to the subordination of the Regulatory Agreement to the lien or charge of the Loan Documents, and shall supersede and cancel any prior agreements with regard to this subject matter.

10. Binding Provisions. The covenants and agreements contained in this Agreement shall be binding upon the heirs, personal representatives, successors and assigns of the respective parties to this Agreement.

11. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

12. Modifications. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest.

13. Notices. All notices required or permitted hereunder shall be deemed to have been received either (i) when delivered by hand and the party giving such notice has received a signed receipt thereof, or (ii) three (3) days following the date deposited in the United States mail, postage prepaid, by registered or certified mail, return receipt requested, addressed as follows (or addressed in such other manner as the party being notified shall have requested by written notice to the other party):

If to Governmental Entity:

County of Contract Costa  
Department of Conservation and Development  
30 Muir Road  
Martinez, CA 94553

Attention: Assistant Deputy Director

If to Lender:

PNC Bank, National Association  
26901 Agoura Road, Suite 200  
Calabasas Hills, CA 91301

With a copy to:

Fannie Mae  
Attention: Multifamily Asset Management  
Drawer AM  
1100 15th Street, NW  
Washington, DC 20005

If to Borrower:

DeAnza Housing Corporation  
3133 Estudillo Street  
P.O. Box 2759  
Martinez, CA 94553  
Attention: Joseph Villarreal

If to Owner:

Housing Authority of the County of Contra Costa  
3133 Estudillo Street  
P.O. Box 2759  
Martinez, CA 94553  
Attention: Joseph Villarreal

14. Further Instruments. Each of the parties hereto will, whenever and as often as they shall be requested to do so by the other, execute, acknowledge and deliver, or cause to be executed, acknowledged or delivered, any and all such further instruments and documents as may be reasonably necessary to carry out the intent and purpose of this Agreement, and to do any and all further acts reasonably necessary to carry out the intent and purpose of this Agreement.

15. Valid Authorization. Each person executing this Agreement on behalf of a party hereto represents and warrants that such person is duly and validly authorized to do so on behalf of such party with full right and authority to execute this Agreement and to bind such party with respect to all of its obligations hereunder.

16. Counterparts. This Agreement may be executed in counterparts each of which shall be deemed an original and all of which when taken together constitute one and the same

instrument, binding on all of the parties. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

**NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN THE REGULATORY AGREEMENT BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF THE MORTGAGE.**

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year above written.

**GOVERNMENTAL ENTITY:**

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

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**BORROWER:**

DEANZA HOUSING CORPORATION,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Name: Joseph Villarreal  
Its: President

**OWNER:**

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

By: \_\_\_\_\_  
Name: Joseph Villarreal  
Its: Executive Director

ACKNOWLEDGED AND AGREED TO AS OF THE DAY AND YEAR SET FORTH ABOVE.

**PARTNERSHIP:**

DEANZA GARDENS, L.P.,  
a California limited partnership

By: DeAnza Housing Corporation,  
a California nonprofit public benefit corporation  
Its: Managin General Partner

By: \_\_\_\_\_  
Name: Joseph Villarreal  
Its: President

**LENDER:**

PNC BANK, NATIONAL ASSOCIATION,  
a national banking association

By: \_\_\_\_\_  
Tara Suaya,  
Senior Vice President

**ACKNOWLEDGMENT**

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 \_\_\_\_\_, 20\_\_\_\_, 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.

Signature \_\_\_\_\_

**(Seal)**

**ACKNOWLEDGMENT**

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WITNESS my hand and official seal.

Signature \_\_\_\_\_

**(Seal)**

**EXHIBIT A**  
**Legal Description**

ALL THAT REAL PROPERTY SITUATED IN THE UNINCORPORATED AREA OF THE COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PORTION OF LOTS 4 AND 5 IN THE NORTHWEST  $\frac{1}{4}$  OF SECTION 14, TOWNSHIP 2 NORTH, RANGE 1 WEST, MOUNT DIABLO BASE AND MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTH LINE OF THE 100 FOOT STRIP OF LAND DESCRIBED IN THE DEED FROM ERNEST H. WARD, ET UX, TO EAST BAY MUNICIPAL UTILITY DISTRICT, DATED AUGUST 17, 1926 AND RECORDED AUGUST 24, 1926 IN BOOK 53 OF OFFICIAL RECORDS, AT PAGE 41, WITH THE EAST LINE OF THE  $\frac{3}{4}$  OF AN ACRE PARCEL OF LAND DESCRIBED IN THE DEED FROM EDWARD G. SELLERS, ET UX, TO C.J. PRAMBERG, DATED AUGUST 7, 1894 AND RECORDED APRIL 29, 1896 IN BOOK 73 OF DEEDS, AT PAGE 32; THENCE FROM SAID POINT OF BEGINNING SOUTH  $73^{\circ} 08' 30''$  EAST ALONG SAID SOUTH LINE, 1332.87 FEET TO THE EAST LINE OF THE 41.67 ACRE TRACT DESCRIBED IN THE DEED FROM S.A. SELLERS, ET UX, TO CARRIE T. MOUSER, ET AL, DATED MARCH 11, 1914 AND RECORDED MARCH 14, 1914 IN BOOK 224 OF DEEDS, AT PAGE 60; THENCE SOUTH  $00^{\circ} 00' 30''$  WEST ALONG SAID LINE, 305.75 FEET TO THE SOUTH LINE OF SAID MOUSER TRACT; THENCE NORTH  $89^{\circ} 59' 30''$  WEST ALONG SAID LINE AND THE EXTENSION WESTERLY THEREOF, 1282.20 FEET TO THE EAST LINE OF THE PARCEL OF LAND DESCRIBED IN THE DEED FROM DIEDRICH E. PRAMBERG, ET AL, TO CONTRA COSTA COUNTY, DATED DECEMBER 16, 1929 AND RECORDED JULY 23, 1930 IN BOOK 248 OF OFFICIAL RECORDS, AT PAGE 137, THENCE NORTH  $00^{\circ} 09' 00''$  EAST ALONG SAID LINE, 693.57 FEET TO THE SOUTH LINE OF THE 0.049 OF AN ACRE PARCEL DESCRIBED IN THE DEED FROM DIEDRICH E. PRAMBERG, ET AL, TO EAST BAY MUNICIPAL UTILITY DISTRICT, DATED SEPTEMBER 30, 1929 AND RECORDED OCTOBER 4, 1929 IN BOOK 211 OF OFFICIAL RECORDS, AT PAGE 82; THENCE SOUTH  $73^{\circ} 08' 30''$  EAST ALONG SAID LINE, 5.025 FEET TO THE POINT OF THE BEGINNING.

EXCEPTING THEREFROM THE EASTERLY 115 FEET AS DESCRIBED IN THE DECLARATION OF TRUST AS EXECUTED BY THE HOUSING AUTHORITY OF CONTRA COSTA COUNTY AND RECORDED APRIL 19, 1968 IN BOOK 5606 AT PAGE 106 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM A PARCEL RESERVED FOR THE "HEAD START DAYCARE FACILITY", SAID PARCEL ADJOINING THE SOUTHERLY BOUNDARY LINE AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE AND BEARING SOUTH 89° 59' 30" EAST 243.42 FEET FROM THE SOUTHWESTERLY CORNER OF THE ABOVE DESCRIBED PARCEL, AND RUNNING THENCE FROM SAID POINT OF BEGINNING, NORTH 00° 00' 30" EAST 124.07 FEET; THENCE NORTH 88° 21' 01" EAST 126.42 FEET; THENCE SOUTH 00° 00' 30" WEST 130.75 FEET TO SAID SOUTHERLY LINE; THENCE NORTH 89° 59' 30" WEST AND ALONG SAID SOUTHERLY LINE 126.24 FEET TO THE POINT OF THE BEGINNING.

**ASSESSOR'S PARCEL NO:**                    097-100-006