

This instrument prepared by
and after recording should be
returned to:

Kutak Rock LLP
303 Peachtree Street, NE
Suite 2750
Atlanta, GA 30308
Attention: Cory B. Thompson, Esq.

SUBORDINATION AGREEMENT
(City of Milpitas Housing Authority Regulatory Agreement)

This **SUBORDINATION AGREEMENT** (this "Agreement") is made and entered into as of July 1, 2015, among **U.S. BANK NATIONAL ASSOCIATION**, as trustee for the holders of the Taxable Bonds, as defined herein (together with its successors and assigns, "Taxable Bond Trustee"), **U.S. BANK NATIONAL ASSOCIATION**, as trustee for the holders of the Tax-Exempt Bonds, as defined herein (together with its successors and assigns, "Tax-Exempt Bond Trustee"), **DEUTSCHE BANK AG, NEW YORK BRANCH** (together with its successors and assigns, "DBAG" and together with Taxable Bond Trustee and Tax-Exempt Bond Trustee, collectively, the "Lienholders"), the **CITY OF MILPITAS HOUSING AUTHORITY**, as successor-in-interest to the Milpitas Redevelopment Agency (together with its successors and assigns, the "MHA"), and **MONTAGUE PARKWAY ASSOCIATES, LP**, a California limited partnership (together with its successors and assigns, "Borrower").

R E C I T A L S

A. Borrower is the owner of a multifamily housing rental development known generally as "the Crossing at Montague Apartments" located in the City of Milpitas, Santa Clara County, California (the "Project"). The land upon which the Project is located is legally described on Exhibit A attached hereto and incorporated herein by reference.

B. Borrower and the MHA, as successor-in-interest to the Milpitas Redevelopment Agency, are parties to that certain Regulatory Agreement with respect to the Project (as amended, restated and/or supplemented from time to time, the "Regulatory Agreement") dated March 1, 2001, recorded on July 17, 2001 as Instrument No. 15776339 in the Official Records of Santa Clara County, California (the "Official Records").

C. Montague Parkway Associates, LP, a California limited partnership (in such capacity, the "Taxable Bond Issuer") has issued its [\$74,775,000] Montague Parkway Associates

LP Taxable Multifamily Housing Revenue Bonds (The Crossing at Montague Apartments) 2015 Series A (the “Taxable Bonds”) pursuant to that certain Indenture of Trust dated as of July 1, 2015, between Taxable Bond Issuer and Taxable Bond Trustee. The proceeds of the Taxable Bonds have been loaned to Borrower (the “Taxable Bond Loan”), and the Taxable Bond Loan is secured by, among other things, that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Taxable Bonds) encumbering the Project, dated as of July 1, 2015, by Borrower, as grantor, to First American Title Insurance Company, as trustee, for the benefit of Taxable Bond Trustee, as beneficiary, to be recorded in the Official Records on or about the same date this Agreement is recorded in the Official Records (as amended, restated and/or supplemented from time to time, the “Taxable Bond Deed of Trust”).

D. California Municipal Finance Authority (the “Tax-Exempt Bond Issuer”) has issued its [\$45,000,000] California Municipal Finance Authority Multifamily Housing Refunding Revenue Bonds (The Crossing at Montague Apartments), 2015 Series A (the “Tax-Exempt Bonds”) pursuant to that certain Indenture of Trust dated as of July 1, 2015, between Tax-Exempt Bond Issuer and Tax-Exempt Bond Trustee. The proceeds of the Tax-Exempt Bonds have been loaned to Borrower (the “Tax-Exempt Bond Loan” and together with the Taxable Bond Loan, collectively the “Loans”), and the Tax-Exempt Bond Loan is secured by, among other things, that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Tax Exempt Bonds) encumbering the Project, dated as of July 1, 2015, by Borrower, as grantor, to First American Title Insurance Company, as trustee, for the benefit of Tax-Exempt Bond Trustee, as beneficiary, to be recorded in the Official Records on or about the same date this Agreement is recorded in the Official Records (as amended, restated and/or supplemented from time to time, the “Tax-Exempt Bond Deed of Trust”).

E. Borrower and DBAG have entered into that certain Master Financing Agreement dated as of July [___], 2015 (as amended, restated and/or supplemented from time to time, the “Master Financing Agreement”). The obligations of Borrower under the Master Financing Agreement are secured by, among other things, that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Swap) encumbering the Project, dated as of July [___], 2015, by Borrower, as grantor, to First American Title Insurance Company, as trustee, for the benefit of DBAG, as beneficiary, to be recorded in the Official Records on or about the same date this Agreement is recorded in the Official Records (as amended, restated and/or supplemented from time to time, the “Swap Deed of Trust” and together with the Taxable Bond Deed of Trust and the Tax-Exempt Bond Deed of Trust, collectively, the “Deeds of Trust” and each a “Deed of Trust”).

F. Taxable Bond Issuer has agreed to make the Taxable Bond Loan, Tax-Exempt Bond Issuer has agreed to make the Tax-Exempt Bond Loan, and DBAG has agreed to enter into the Master Financing Agreement, in each case conditioned upon the MHA agreeing to subordinate the Regulatory Agreement to the lien of each Deed of Trust.

AGREEMENT

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the MHA, and the above recitations, and at the request of Borrower in order to induce Taxable Bond Issuer to make the Taxable Bond Loan, Tax-Exempt Bond Issuer to make the Tax-Exempt Bond Loan, and DBAG to enter into Master Financing Agreement, the MHA hereby agrees for the benefit of the Lienholders as follows:

1. Subordination. The Regulatory Agreement is hereby subordinated to the lien of each Deed of Trust. In the event of a foreclosure under any of the Deeds of Trust or the execution and delivery of a deed in lieu of such foreclosure, the Regulatory Agreement (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate and be of no further force or effect. No renewal, modification, extension, amendment, amendment and restatement, or assignment of any of the Deeds of Trust or the other instruments evidencing and/or securing the Loans or the Master Financing Agreement requires the consent of the MHA to the continued subordination of the Regulatory Agreement to the Deeds of Trust. The provisions of this Agreement for the benefit of the Lienholders shall automatically extend to the Deeds of Trust following any such renewals, modifications, extensions, amendments, amendments and restatements, or assignments.

2. Amendments to Regulatory Agreement. Until such time as all of the Deeds of Trust have been terminated and re-conveyed or released of record, unless and until the MHA obtains the prior written consent of each Lienholder whose Deed of Trust remains in effect, which consent may be withheld or given by each such Lienholder in its sole and absolute discretion, the MHA shall not enter into or consent to any further amendments, restatements and/or supplements to the Regulatory Agreement.

3. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of California.

4. Binding. This Agreement is binding on the MHA and inures to the benefit of the Lienholders, including all subsequent holders of the Deeds of Trust.

5. Severability. If any provision of this Agreement is, for any reason and to any extent, invalid or unenforceable, then the remainder of this Agreement shall not be affected by such invalidity or unenforceability, and there shall be deemed substituted for the invalid or unenforceable provision the most similar provision which would be valid and enforceable under applicable law.

6. Amendments and Waivers. Except as otherwise provided herein, this Agreement may be changed, modified or waived only by a writing signed by the parties hereto.

7. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter herein, and this Agreement supersedes and

replaces any agreement or understanding that may have existed between the parties hereto prior to the date hereof in respect of such subject matter.

8. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed an original but all of which together shall constitute one and the same agreement. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the day and year first above written.

TAXABLE BOND TRUSTEE:

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Name: Francine Rockett
Title: Vice President

[acknowledgement follows on subsequent page]

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)
) ss:
COUNTY OF _____)

On _____, 2015 before me, _____
(insert name and title of the officer),

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]

[signatures follow on subsequent page]

TAX-EXEMPT BOND TRUSTEE:

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____

Name: Francine Rockett

Title: Vice President

[acknowledgement follows on subsequent page]

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WITNESS my hand and official seal.

Signature: _____

[Seal]

[signatures follow on subsequent page]

DBAG:

**DEUTSCHE BANK AG, NEW YORK
BRANCH**

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

[acknowledgements follow on subsequent page]

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Signature: _____

[Seal]

[acknowledgement follows on subsequent page]

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WITNESS my hand and official seal.

Signature: _____

[Seal]

[signatures follow on subsequent page]

MHA:

CITY OF MILPITAS HOUSING AUTHORITY

By: _____

Name: _____

Title: _____

[acknowledgement follows on subsequent page]

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WITNESS my hand and official seal.

Signature: _____

[Seal]

[signatures follow on subsequent page]

BORROWER:

MONTAGUE PARKWAY ASSOCIATES, LP, a
California limited partnership

By: Alcohol and Drug Awareness Program, a California
non-profit public benefit corporation

Its: Managing General Partner

By: _____
Dale Benner

Its: Executive Director

By: Capital Apartments LLC, a California limited
liability company

Its: Co-General Partner

By: _____
David S. Wilson

Its: Manager

[acknowledgements follow on subsequent page]

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Signature: _____

[Seal]

EXHIBIT A

LEGAL DESCRIPTION OF THE PROJECT

[to be inserted]