SUBORDINATION AND INTERCREDITOR AGREEMENT

THIS **SUBORDINATION AND INTERCREDITOR AGREEMENT** (the "**Agreement**") is entered into as of May __, 2018, by and among **CITY OF MILPITAS HOUSING AUTHORITY** successor in interest to **REDEVELOPMENT AGENCY OF THE CITY OF MILPITAS**, having an address at 455 East Calaveras Blvd., Milpitas, California 95035 (together with its successors and/or assigns "**Junior Creditor**"), **BRIDGE HOUSING VENTURES, INC.**, a California corporation having an address of _____ (together with its permitted successors and assigns "**Borrower**"), **MILPITAS HOUSING ASSOCIATES, LP**, a California limited partnership having an address of One Kaiser Plaza, Suite 745, Oakland, California 94612 (together with its permitted successors and assigns "**Owner**"), and **LIIF HOUSING PRESERVATION FUND, LLC**, a Delaware limited liability company having at its office at 50 California Street, Suite 2900, San Francisco, California 94111, in its capacity as Agent for the benefit of certain lenders (together with its permitted successors and assigns "**Lender**").

RECITALS

WHEREAS, Lender has agreed to make a loan to Borrower in the maximum principal amount of SEVEN MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS ($7,500,000.00) pursuant to that certain Loan Agreement between Borrower and Lender, and acknowledged by Owner (the "**Senior Loan Agreement**"), a Promissory Note in the maximum principal amount of $7,500,000.00 (the "**Senior Note**"), a Deed of Trust, Assignment of Leases and Rents and Security Agreement ("**Senior Deed of Trust**") on the real property described on **Exhibit "A"** attached hereto and incorporated herein by this reference, and other loan documents all of even date herewith (as the same may be amended, supplemented or otherwise modified from time to time as permitted hereunder, and including any replacement or refinancing thereof permitted pursuant to Section 5 below, the "**Senior Loan Documents**") pursuant to which, among other things, Lender has agreed, subject to the terms and conditions set forth in the Senior Loan Agreement, to make a loan (the "**Loan**") and other financial accommodations to Borrower evidenced by the Senior Note. The Senior Loan is guaranteed by BRIDGE Housing Corporation, a California non-profit corporation (the "**Guarantor**") pursuant to a Guaranty Agreement (the "**Senior Guaranty**") dated of even date and the Senior Guaranty is one of the Senior Loan Documents. All capitalized terms not defined herein shall have the meanings ascribed to such terms in the Loan Agreement; and

WHEREAS, Owner and the Redevelopment Agency of the City of Milpitas, the predecessor in interest to Junior Creditor entered into a Loan Agreement dated August 22, 1997 (as the same may be amended, supplemented or otherwise modified from time to time as permitted hereunder, the "**Junior Loan Agreement**") pursuant to which, among other things, the Junior Creditor has extended credit to Borrower as evidenced by a Promissory Note dated August 22, 1997 in the maximum principal amount of $3,000,000.00 (the "**Junior Note**"), as secured by a Deed of Trust, Assignment of Rents, and Security Agreement dated August 22, 1997 (the "**Junior Deed of Trust**") on the real property described on **Exhibit "A"** attached hereto and incorporated herein by this reference, and other loan documentation (as the same may be amended, supplemented or otherwise modified from time to time as permitted hereunder collectively the "**Junior Loan Documents**"); and

WHEREAS, Assembly Bill X1 26 dissolved the Redevelopment Agency of the City of Milpitas, along with all existing redevelopment agencies in the State of California, and required that all rights, powers, assets, liabilities, duties and obligations associated with the housing activities of the former Redevelopment Agency be transferred to a "housing successor agency." By Resolution No. HA3/8151/RA428, a joint resolution of the City of Milpitas Housing Authority, the City Council of the City of Milpitas and the Redevelopment Agency of the City of Milpitas, the Redevelopment Agency transferred all rights, powers, assets, liabilities, duties and obligations associated with the housing activities of the former Redevelopment Agency, including the Junior Loan Documents, to Junior Creditor.

WHEREAS, as an inducement to and as one of the conditions precedent to the agreement of Lender to consummate the transactions contemplated by the Senior Loan Agreement, Lender requires the execution and delivery of this Agreement by the Junior Creditor and Borrower.

NOW, THEREFORE, in order to induce Lender to consummate the transaction contemplated by the Senior Loan Agreement, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

1. Definitions. The following terms shall have the following meanings in this Agreement:

"**Collection Action**" shall mean any action taken by Lender or Junior Creditor, directly or through their respective agents or attorneys, to enforce the Senior Loan Documents and/or the Junior Loan Documents, pursue recovery and sale of the collateral described therein, and collection all amounts owed under the Senior Loan Documents and/or the Junior Loan Documents.

"**Event of Default**" shall mean an occurrence constituting a default under the Senior Loan Documents or the Junior Loan Documents or both, as may be applicable.

"**Junior Creditor**" shall mean the party identified in the introductory paragraph of this Agreement and any other holder(s) of the Junior Note from time to time as permitted hereunder.

"**Junior Debt**" shall mean all of the indebtedness and obligations of Borrower to Junior Creditor evidenced by the Junior Note and all other indebtedness, obligations and liabilities now or hereafter owed by Borrower to Junior Creditor under the Junior Loan Documents.

"**Junior Loan Documents**" shall mean, collectively, the Junior Note, the Junior Loan Agreement, the Junior Deed of Trust, and all other documents and instruments evidencing, securing or otherwise pertaining to all or any portion of the Junior Debt.

"**Junior Default Notice**" shall mean a written notice from Junior Creditor to Lender pursuant to which Lender is notified of the occurrence of an Event of Default under the Junior Loan Documents, which notice incorporates a reasonably detailed description of such Event of Default.

"**Lender**" shall mean, collectively, LIIF Housing Preservation Fund, LLC and any other lender under the Loan Agreement or any holder of any Senior Debt, including any Person designated as agent or representative of the holders of Senior Debt.

"**Proceeding**" shall mean any voluntary or involuntary insolvency, bankruptcy, receivership, custodianship, liquidation, dissolution, reorganization, assignment for the benefit of Creditor, appointment of a custodian, receiver, trustee or other officer with similar powers or any other proceeding for the liquidation, dissolution or other winding up of a Person.

"**Senior Debt**" shall mean all indebtedness, obligations and liabilities (including all principal, interest (including any interest accruing on the foregoing after the commencement of a Proceeding, without regard to whether or not such interest is an allowed claim), advancements, fees, charges and collection expenses) now or hereafter owing by Borrower under or secured by the Senior Loan Documents, including any liability of Guarantor, provided, however, that in no event shall the principal amount of the Senior Debt exceed $7,500,000.00 plus interest, fees, charges, collection expenses and protective advances as may be permitted by the Senior Loan Documents, nor shall the interest rate thereon be increased other than as permitted in the Senior Loan Documents, except pursuant to Section 5 below; Senior Debt shall be considered to be outstanding whenever any loan commitment under the Senior Loan Agreement or the Senior Loan Documents evidencing such Senior Debt is outstanding.

"**Senior Loan Documents**" shall mean the Senior Loan Agreement, the Senior Note, the Senior Guaranty, the other Senior Loan Documents (as defined in the Senior Loan Agreement), and all other documents and instruments executed or delivered by Borrower in connection therewith or to evidence any loans or other financial accommodations which at any future time may be made available to Borrower by Lender.

"**Senior Default Notice**" shall mean a written notice from Lender to the Junior Creditor pursuant to which Junior Creditor is notified of the occurrence of an Event of Default under the Senior Debt, which notice incorporates a reasonably detailed description of such Event of Default.

2. Subordination.

2.1 Subordination of Junior Debt to Senior Debt. Borrower, Owner and Guarantor covenant and agree, and Junior Creditor by its acceptance of the Junior Note (whether upon original issue or upon transfer or assignment), and execution of this Agreement likewise covenants and agrees that the payment of any and all of the Junior Debt shall be subordinate and subject in right of payment, to the extent and in the manner hereinafter set forth herein and in Sections 2.2 and 2.3, to the prior payment in full of the Senior Debt, and that each holder of Senior Debt, whether now outstanding or hereafter created, incurred, assumed or guaranteed, shall be deemed to have acquired Senior Debt in reliance upon the provisions contained in this Agreement.

2.2 Proceedings. In the event of any Proceeding involving Borrower or Owner, (a) all Senior Debt first shall be paid in full in cash before any payment of or with respect to the Junior Debt shall be made; (b) any payment or distribution, whether in cash,

property or securities which, but for the terms hereof, otherwise would be payable or deliverable in respect of the Junior Debt, shall be paid or delivered directly to Lender (to be held and/or applied by Lender in accordance with the terms of the Senior Loan Documents) until all Senior Debt is paid in full, and Junior Creditor irrevocably authorizes, empowers and directs all receivers, trustees, liquidators, custodians, conservators and others having authority in the premises to effect all such payments and distributions, and Junior Creditor also irrevocably authorizes, empowers and directs Lender to demand, sue for, collect and receive every such payment or distribution; (c) Junior Creditor agrees to execute and deliver to Lender or its representatives all such further instruments confirming the authorization referred to in the foregoing clause (b), (d) Junior Creditor agrees not to initiate or prosecute or encourage any other person to initiate or prosecute any claim, action or other proceeding challenging the enforceability of the Senior Debt, any liens and security interests securing the Senior Debt, any claim or adequate protection rights granted or allowed by any bankruptcy court in favor of the Senior Debt, the terms of any proposed orders authorizing the use of cash collateral to which the holders of a majority in principal amount of the Senior Debt consent, or the terms of any proposed debtor-in-possession financing to be provided by any holder of Senior Debt or otherwise supported by the holders of a majority in principal amount of the Senior Debt in such Proceeding, including, without limitation, any claim or objection based on lack of adequate protection with respect to the Junior Debt; and (e) Junior Creditor hereby irrevocably authorizes, empowers and appoints Lender, to the exclusion of any other appointment, as its agent and attorney-in-fact to (i) execute, verify, deliver and file such proofs of claim in respect of the Junior Debt in connection with such proceeding upon the failure of Junior Creditor to do so prior to fifteen (15) days before the expiration of the time to file any such proof of claim so long as Junior Creditor shall have had the right for at least fifteen (15) days to so execute, verify, deliver and file such proofs of claim and (ii) vote such claim in any such Proceeding upon the failure of Junior Creditor to do so prior to five (5) business days before the expiration of the time to vote any such claim so long as Junior Creditor shall have had the right for a period of at least five (5) business days to vote such claim; provided, however, that Lender shall have no obligation to execute, verify, deliver, file and/or vote any such proof of claim. In the event that Lender votes any claim in accordance with the authority granted hereby, Junior Creditor shall not be entitled to change or withdraw such vote. The Senior Debt shall continue to be treated as Senior Debt and the provisions of this Agreement shall continue to govern the relative rights and priorities of Lender and Junior Creditor even if all or part of the Senior Debt or the security interests securing the Senior Debt are subordinated, set aside, avoided or disallowed in connection with any such Proceeding and this Agreement shall be reinstated if at any time any payment of any of the Senior Debt is rescinded or must otherwise be returned by any holder of Senior Debt or any representative of such holder.

2.3 Permitted Payment of Junior Debt. Subject to the provisions of subsection 2.2, Owner may pay to Junior Creditor and Junior Creditor may accept and retain, any regularly scheduled installments of interest or principal due and owing to Junior

Creditor by Owner under Junior Creditor's Junior Note in accordance with its present tenor, but without prepayment (whether mandatory or optional) until the full repayment of the Senior Debt, and without payment upon acceleration, except as set forth in Section 2.4.

2.4 Restriction on Action by Junior Creditor.

(a) Until the Senior Debt is paid in full, Junior Creditor shall not, without the prior written consent of Lender, take any Collection Action with respect to the Junior Debt, except as permitted in this Section 2.4. Upon the earlier to occur of: (i) acceleration of the Senior Debt; or (ii) a Proceeding involving Borrower and/or Owner; Junior Creditor, may accelerate the Junior Debt or take any other Collection Action which is not inconsistent with or in contravention of the enforcement actions against Borrower, Owner and/or Guarantor taken by the holders of the Senior Debt and the provisions of this Agreement; provided, however, that Junior Creditor will not enforce, or attempt to enforce, any lien or security interest securing the Junior Debt until the Senior Debt is paid in full except as hereinafter set forth in this Section 2.4; provided, further, that if following the acceleration of the Senior Debt as described in clause (i) above, such acceleration is rescinded, then all Collection Actions taken by Junior Creditor shall likewise be rescinded if such Collection Action is based solely on clause (i) above.

Notwithstanding the foregoing, subject to the other provisions of this Agreement, including but not limited to payment and lien priorities established here, Junior Creditor may (i) file proofs of claim against Owner in any Proceeding involving Owner, (ii) compute interest on all amounts due and payable under the Junior Loan at the default interest rate described in the Junior Loan Documents, and (iii) in the event of an uncured Event of Default under the Junior Loan Documents, at any time after the expiration of thirty (30) days following the date of the Junior Default Notice, institute a Collection Action against Owner, provided, however, that any recovery therefrom must be applied first to pay the Senior Debt in full before being applied to any of the Junior Debt, and (iv) take any action against Guarantor permitted by the Junior Loan Documents, and receive and retain payments made by Guarantor on account of the Junior Debt. Further, nothing herein shall preclude the Junior Lender from bringing an action against Owner to specifically enforce covenants in the Junior Loan Documents.

(b) Until the Senior Debt is paid in full in cash and notwithstanding anything contained in the Junior Loan Documents or the Senior Loan Documents to the contrary, Junior Creditor shall not, without the prior written consent of Lender, agree to any amendment, modification or supplement to the Junior Loan Documents which (i) increases the maximum principal amount of the Junior Debt or rate of interest on any of the Junior Debt, (ii) accelerates the dates (including maturity dates) upon which payments of principal or interest on the Junior Debt are due, (iii) makes more restrictive or adds any event of default or any covenant with respect to the Junior Debt, (iv) changes the redemption or prepayment provisions of the Junior Debt, (v)

alters the subordination provisions with respect to the Junior Debt, including, without limitation, subordinating the Junior Debt to any other debt, or (vi) changes or amends any other term of the Junior Loan Documents if such change or amendment would materially increase the obligations of Owner or confer additional material rights on Junior Creditor or any other holder of the Junior Debt in a manner adverse to Lender.

2.5 Incorrect Payments. If any payment or distribution on account of the Junior Debt not permitted to be made by Borrower or Owner or received by Junior Creditor under this Agreement is received by Junior Creditor before all Senior Debt is paid in full in cash, such payment or distribution shall not be commingled with any asset of Junior Creditor, shall be held in trust by Junior Creditor for the benefit of Lender and shall be promptly paid over to Lender's designated representative in the form received (except for the addition of any endorsement or assignment necessary to effect a transfer of all rights therein to Lender or any such representative), for application (in accordance with the Senior Loan Documents) to the payment of the Senior Debt then remaining unpaid, until all of the Senior Debt is paid in full in cash. If any payment or distribution on account of the Senior Debt not permitted to be made by Owner or Borrower or received by Senior Creditor under this Agreement is received by Senior Creditor after all Senior Debt has been paid in full in cash, such payment or distribution shall not be commingled with any asset of such Senior Creditor, shall be held in trust by such Senior Creditor for the benefit of the Junior Creditor and shall be promptly paid over to the Junior Creditor' designated representative in the form received (except for the addition of any endorsement or assignment necessary to effect a transfer of all rights therein to the Junior Creditor or any such representative), for application (in accordance with the Junior Loan Documents) to the payment of the Junior Debt then remaining unpaid, until all of the Junior Debt is paid in full in cash.

2.6 Security Agreements.

(a) Borrower, Owner, Junior Creditor and Lender acknowledge that the security agreements executed in connection with the Senior Debt and the Junior Debt (collectively, the "Security Agreements") require Borrower and Owner, upon receipt of any portion of the Collateral (as defined in each Security Agreement) evidenced by an agreement, security, instrument or document, including, without limitation, any tangible chattel paper and any investment property (as each such term is defined in each Security Agreement) consisting of certificated securities, to deliver the original thereof to Lender together with an appropriate endorsement or other specific evidence of assignment thereof and appoint Lender as Owner's and Borrower's attorney and agent-in-fact to endorse or assign the same on Borrower's and Owner's behalf. Notwithstanding such requirement, Borrower and/or Owner shall deliver the original of any such agreement, security, instrument or document (i) until all of the Senior Debt is paid in full in cash, to Lender, who shall hold and deal with such items pursuant to

the terms of, and the priorities established pursuant to, this Agreement, and (ii) after the Senior Debt is paid in full, but subject to the rights of any other creditor of Borrower or Owner holding a deed of trust on the Property having priority over the Junior Deed of Trust to the Junior Creditor, who shall hold and deal with such items (as agent for itself and all creditors to whom Borrower is still indebted pursuant to the Junior Loan Documents) pursuant to the terms of, and the priorities established pursuant to, this Agreement. Promptly following the payment in full of the Senior Debt, Lender shall deliver to the Junior Creditor (except as otherwise required under applicable law), to be held pursuant to clause (ii) of the immediately preceding sentence, the originals of any such agreement, security instrument or document which is then still in the possession of Lender.

(b) Borrower, Owner, Junior Creditor and Lender acknowledge that each Security Agreement requires Borrower and Owner to direct its insurers to pay all proceeds of any insurance policies insuring the Collateral to Lender and Junior Creditor and other creditors of Borrower and Owner with a deed of trust on the Property. Notwithstanding such requirement, Borrower and Owner shall direct their insurers to pay all such proceeds (i) until all of the Senior Debt is paid in full in cash, to Lender, who shall hold and deal with such proceeds pursuant to the terms of, and the priorities established pursuant to, this Agreement, and (ii) after the Senior Debt is paid in full, to the Junior Creditor, but subject to the rights of any other creditor of Borrower and Owner holding a deed of trust on the Property having priority over the Junior Deed of Trust, who shall hold and deal with such proceeds (as agent for itself and other creditors to whom Borrower is still indebted pursuant to the Junior Loan Documents) pursuant to the terms of, and the priorities established pursuant to, this Agreement. Promptly following the payment in full of the Senior Debt, Lender shall deliver to the Junior Creditor (except as otherwise required under applicable law), to be held pursuant to clause (ii) of the immediately preceding sentence, any proceeds which are then still in the possession of Lender.

3. Sale, Transfer, etc. Junior Creditor may sell, assign, pledge, dispose of or otherwise transfer all or any portion of the Junior Debt to any Person without obtaining Lender's written consent thereto, provided that, prior to the consummation of any such action, the transferee thereof shall execute and deliver to Lender an agreement substantially identical to this Agreement, providing for the continued subordination and forbearance of the Junior Debt to the Senior Debt as provided herein and for the continued effectiveness of all of the rights of Lender arising under this Agreement. Notwithstanding the failure to execute or deliver any such agreement, the subordination effected hereby shall survive any sale, assignment, pledge, disposition or other transfer of all or any portion of the Junior Debt, and the terms of this Agreement shall be binding upon the successors and assigns of Junior Creditor, as provided in Section 19 below.

4. Prepayments. Should Borrower, Owner or anyone on behalf of Borrower or Owner attempt to make any prepayments under the Junior Debt at a time when there is no Event of Default, Junior Creditor agrees that such prepayment shall be accepted for the benefit of Senior Lender and forwarded as appropriate and applied to the Senior Debt until the Senior Debt is repaid and the balance can be applied to Junior Debt.

5. Modifications to Senior Debt. Until the Senior Debt is paid in full in cash and notwithstanding anything contained in the Junior Loan Documents or the Senior Loan Documents to the contrary, Lender shall not, without the prior written consent of Junior Creditor, agree to any amendment, modification or supplement to the Senior Loan Documents which (i) increases the maximum principal amount of the Senior Debt or rate of interest on any of the Senior Debt (except as provided in the Senior Loan Documents including but not limited to the provisions of the Senior Loan Documents allowing for protective advances and default rate of interest, (ii) accelerates the dates (including maturity dates) upon which payments of principal or interest on the Senior Debt are due, except following an event of default, (iii) makes more restrictive or adds any event of default or any covenant with respect to the Senior Debt, (iv) changes the redemption or prepayment provisions of the Senior Debt, or (v) alters the subordination provisions with respect to the Senior Debt, including, without limitation, subordinating the Senior Debt to any other debt. Subject to the foregoing, in the administration of its Loan either before or after an event of default Lender may proceed in its sole discretion.

6. Continued Effectiveness of this Agreement. The terms of this Agreement, the subordination effected hereby, and the rights and the obligations of Junior Creditor or Lender arising hereunder, shall not be affected, modified or impaired in any manner or to any extent by: (a) any amendment or modification of or supplement to the Senior Loan Agreement, any of the other Senior Loan Documents, any of the Junior Loan Documents made in accordance with this Agreement; (b) the validity or enforceability of any of such documents; or (c) any exercise or non-exercise of any right, power or remedy under or in respect of the Senior Debt or the Junior Debt or any of the instruments or documents referred to in clause (a) above. Junior Creditor hereby acknowledges that the provisions of this Agreement are intended to be enforceable at all times, whether before the commencement of, after the commencement of, in connection with or premised on the occurrence of a Proceeding.

7. Representations and Warranties. Junior Creditor hereby severally represents and warrants to Lender as follows:

   (a) Existence and Power. Junior Creditor is duly organized and validly existing under the laws of the state of its organization.

   (b) Authority. Junior Creditor has full power and authority to enter into, execute, deliver and carry out the terms of this Agreement, all of which have been duly authorized by all proper and necessary action and are not prohibited by its organizational documents or otherwise.

(c) Binding Agreements. This Agreement, when executed and delivered, will constitute the valid and legally binding obligation of Junior Creditor enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of Creditor' rights generally and by equitable principles.

(d) Conflicting Agreements; Litigation. No provisions of any deed of trust, indenture, contract, agreement, statute, rule, regulation, judgment, decree or order binding on Junior Creditor conflicts with, or requires any consent which has not already been obtained under, or would in any way prevent the execution, delivery or performance of the terms of this Agreement. The execution, delivery and carrying out of the terms of this Agreement will not constitute a default under, or result in the creation or imposition of, or obligation to create, any lien upon the property of Junior Creditor pursuant to the terms of any such deed of trust, indenture, contract or agreement. No pending or, to the best of Junior Creditor's knowledge, threatened, litigation, arbitration or other proceedings if adversely determined would in any way prevent the performance of the terms of this Agreement.

8. Representations and Warranties. Lender hereby represents and warrants to the Junior Creditor as follows:

(a) Existence and Power. Lender is duly organized, validly existing and in good standing under the laws of the state of its organization.

(b) Authority. Lender has full power and authority to enter into, execute, deliver and carry out the terms of this Agreement, all of which have been duly authorized by all proper and necessary action and are not prohibited by its organizational documents or otherwise.

(c) Binding Agreements. This Agreement, when executed and delivered, will constitute the valid and legally binding obligation of Lender enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of Creditor' rights generally and by equitable principles.

(d) Conflicting Agreements; Litigation. No provisions of any deed of trust, indenture, contract, agreement, statute, rule, regulation, judgment, decree or order binding on Lender conflicts with, or requires any consent which has not already been obtained under, or would in any way prevent the execution, delivery or performance of the terms of this Agreement. The execution, delivery and carrying out of the terms of this Agreement will not constitute a default under, or result in the creation or imposition of, or obligation to create, any lien upon the property of Lender pursuant to the terms of any such deed of trust, indenture, contract or agreement. No pending or, to the

best of Lender's knowledge, threatened, litigation, arbitration or other proceedings if adversely determined would in any way prevent the performance of the terms of this Agreement.

9. No Divestiture. Junior Creditor is the current owner and holder of the Junior Note issued to it on the date hereof.

10. Default under Junior Note. No Event of Default exists under or with respect to the Junior Note or any of the other Junior Loan Documents.

11. Default Notices. Junior Creditor, Owner and Borrower each shall provide Lender with a Junior Default Notice upon the occurrence of each Event of Default under the Junior Loan Documents, and Junior Creditor shall notify Lender in the event such Event of Default is cured or waived. Likewise, Lender, Owner and Borrower each shall provide Junior Creditor with a Senior Default Notice upon the occurrence of each Event of Default under the Senior Loan Documents, and Lender shall notify Junior Creditor in the event such Event of Default is cured or waived. Junior Creditor shall have the right, but shall not have the obligation, to cure any monetary Event of Default under the Senior Loan Documents. Junior Creditor shall not be subrogated to the rights of Lender under the Senior Loan Documents or the Subordinate Loan Documents, as applicable, by reason of Junior Creditor having cured any Senior Deed of Trust Default or any Event of Default under the Junior Loan Documents. Lender acknowledges that, to the extent so provided in the Junior Loan Documents, amounts advanced or expended by Junior Creditor to cure a Default under the Senior Deed of Trust may be added to and become a part of the Junior Debt.

12. Cumulative Rights, No Waivers. Each and every right, remedy and power granted to Lender hereunder shall be cumulative and in addition to any other right, remedy or power specifically granted herein, in the Senior Loan Agreement or the other Senior Loan Documents or now or hereafter existing in equity, at law, by virtue of statute or otherwise, and may be exercised by Lender, from time to time, concurrently or independently and as often and in such order as Lender may deem expedient. Any failure or delay on the part of Lender in exercising any such right, remedy or power, or abandonment or discontinuance of steps to enforce the same, shall not operate as a waiver thereof or affect the rights of Lender thereafter to exercise the same, and any single or partial exercise of any such right, remedy or power shall not preclude any other or further exercise thereof or the exercise of any other right, remedy or power, and no such failure, delay, abandonment or single or partial exercise of the rights of Lender hereunder shall be deemed to establish a custom or course of dealing or performance among the parties hereto.

13. Modification. Any modification or waiver of any provision of this Agreement shall not be effective in any event unless the same is in writing and signed by Lender and Junior Creditor, and then such modification or waiver shall be effective only in the specific instance and for the specific purpose given. Any notice to or demand on Junior Creditor in any event not specifically required of Lender hereunder shall not entitle Junior Creditor to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

14. Priority of Liens. Notwithstanding the date, manner or order in which liens or security interests securing the Junior Debt or the Senior Debt are granted or perfected, unless and until the Senior Debt is paid in full in cash, the liens and security interests now or hereafter securing payment of the Senior Debt shall always and under all circumstances have priority over the liens and security interests now or hereafter securing payment of the Junior Debt. Should there by any liquidation of Owner, Borrower, Guarantor or any of Owner's, Borrower's or Guarantor's assets, a foreclosure of any of Owner's or Borrower's assets, a bankruptcy proceeding of the Owner, Borrower or Guarantor (either voluntary or involuntary), the payment of any insurance claim upon the loss or damage of any property of the Borrower or any other disposition (all of the foregoing referred to collectively as a "Disposition") of all or any part of the collateral encumbered by Senior Loan Documents, Senior Deed of Trust or Junior Loan Documents, then Lender shall receive all of the proceeds of any Disposition to the full extent of any indebtedness and other amounts owed at such time by Borrower to Lender under the Senior Loan, and shall apply such proceeds (to the extent the same are not made available to Owner or Borrower, at Lender's sole option, for use in repairing or replacing such Collateral) to the Senior Loan. If there are proceeds of insurance/eminent domain remaining after full repayment of the Senior Loan, such proceeds shall be applied in a manner consistent with the Junior Loan Documents. Junior Creditor agrees to turn over to Lender any proceeds of any Dispositions while the Senior Loan remains unpaid. If Lender desires to sell, or consents to the sale or liquidation of, all or any part of the Collateral securing payment of the Senior Debt at a reasonable fair market price, Junior Creditor shall, immediately upon request of Lender, release or otherwise terminate some or all of Junior Creditor's security interests or liens upon some or all of the assets of Borrower to permit the sale of such Collateral or other assets by Lender or by Owner or Borrower with Lender's consent; provided that such release or termination by Junior Creditor shall not extend to or affect the rights of Junior Creditor, if any, to receive the proceeds of those assets following payment in full in cash of the Senior Debt and termination of the commitments under the Senior Loan Documents. In furtherance of the foregoing, Junior Creditor shall within ten (10) Business Days after the date of any written request by Lender deliver to Lender signed UCC-3 termination or release statements with respect to each financing statement filed to perfect a security interest securing payment of the Junior Debt and such other release or termination documents (including without limitation, deed of trust releases) requested by Lender with respect to each other document filed to perfect or record a security interest securing payment of the Junior Debt (collectively, "**Release Documents**"). Junior Creditor shall not accept any security interest or lien upon any assets of Owner or Borrower to secure any indebtedness or other obligation owing by Owner or Borrower except for the Junior Debt.

15. Additional Documents and Actions. Lender and Junior Creditor at any time, and from time to time, after the execution and delivery of this Agreement, promptly will execute and deliver such further documents and do such further acts and things as the other reasonably may request that may be necessary in order to effect fully the purposes of this Agreement.

16. Subrogation to Rights of Lender. Until the Junior Creditor receives notice of a Default under the Senior Debt, the Junior Creditor shall be entitled to retain for its own account all payments made under or pursuant to the Junior Loan Documents. Subject to the payment

in full of all Senior Debt, upon notice to Junior Creditor of a Default under the Senior Debt, Junior Creditor shall be subrogated to the rights of Lender to receive payments and distributions of cash, property and securities payable or distributable on account of the Senior Debt to the extent that distributions otherwise payable to Junior Creditor will be applied to the Senior Debt, until all amounts payable under the Senior Debt shall have been paid in full.

17. Notices. Unless otherwise specifically provided herein, any notice or other communication required or permitted to be given shall be in writing addressed to the respective party as set forth below and may be personally served, telecopied or sent by overnight courier service or United States mail certified or registered and shall be deemed to have been given (a) if delivered in person, when delivered; (b) if delivered by overnight courier, two Business Days after delivery to such courier properly addressed; or (c) if by United States mail, four Business Days after deposit in the United States mail, postage prepaid and properly addressed.

Notices shall be addressed as follows:

(a) If to Lender:

LIIF Housing Preservation Fund, LLC
50 California Street, Suite 2900
San Francisco, California 94111
Attn.: Loan Administration Team Leader

with a copy to:

LIIF Housing Preservation Fund, LLC
521 Fifth Avenue, Suite 625
New York, New York 10175
Attn.: Credit Associate

with a copy to:

Emmet, Marvin & Martin, LLP
120 Broadway, 32nd Floor
New York, New York 10271
Attention: Eric Usinger, Esq.

(b) If to the Junior Creditor:

City of Milpitas Housing Authority
455 East Calaveras Blvd.
Milpitas, California 95035
Attn: Director of Housing

with a copy to:

Best Best & Krieger LLP
500 Capitol Mall, Suite 1700
Sacramento, California 95814
Attn: Ethan J. Walsh, Esq.

(c) If to Owner:

Milpitas Housing Associates, LP
One Kaiser Plaza, Suite 745
Oakland, California 94612
Attn: _____

with a copy to:

Gubb & Barshay LLP
505 14th Street, Suite 450
Oakland, CA 94612
Attn: Scott R. Barshay, Esq.

(d) If to Borrower:

BRIDGE Housing Ventures, Inc.
_____
_____
Attn: _____

with a copy to:

Gubb & Barshay LLP
505 14th Street, Suite 450
Oakland, CA 94612
Attn: Scott R. Barshay, Esq.

or in any case, to such other address as the party addressed shall have previously designated by written notice to the serving party, given in accordance with this Section 17. A notice not given as provided above shall, if it is in writing, be deemed given if and when actually received by the party to whom given.

18. Severability. In the event that any provision of this Agreement is deemed to be invalid, illegal or unenforceable by reason of the operation of any law or by reason of the interpretation placed thereon by any court or governmental authority, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby, and the affected provision shall be modified to the minimum extent permitted by law so as most fully to achieve the intention of this Agreement.

19. Successors and Assigns. This Agreement shall inure to the benefit of the successors and assigns of Lender and shall be binding upon the successors and assigns of Junior Creditor and Borrower.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall be one and the same instrument.

21. Defines Rights of Creditor. The provisions of this Agreement are solely for the purpose of defining the relative rights of Junior Creditor and Lender and shall not be deemed to create any rights or priorities in favor of any other Person, including, without limitation, Owner, Borrower or Guarantor. Nothing contained in this Agreement or in the Junior Loan Documents or elsewhere is intended to or shall (a) impair, as among Owner and Borrower, their creditors other than Lender and Junior Creditor, the obligation of Borrower, which is absolute and unconditional, to pay to Junior Creditor the Junior Debt owing by Borrower as and when the same shall become due and payable, all in accordance with the terms hereof and of the Junior Loan Documents; or (b) affect the relative rights against Borrower of Junior Creditor and creditors of Borrower; or (c) prevent Junior Creditor from exercising all remedies otherwise permitted by applicable law upon default under the Junior Loan Documents subject to the limitations upon such rights set forth under this Agreement for the benefit of Lender.

22. Conflict. In the event of any conflict between any term, covenant or condition of this Agreement and any term, covenant or condition of any of the Junior Loan Documents, the provisions of this Agreement shall control and govern.

23. Headings. The paragraph headings used in this Agreement are for convenience only and shall not affect the interpretation of any of the provisions hereof.

24. Termination. This Agreement shall terminate upon the indefeasible payment in full in cash of the Senior Debt.

25. Applicable Law. This Agreement shall be governed by, and be construed and interpreted in accordance with, the internal laws (as opposed to conflict of laws provisions) of the State of California.

26. CONSENT TO JURISDICTION AND SERVICE OF PROCESS. JUNIOR CREDITOR, LENDER, OWNER AND BORROWER HEREBY CONSENT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA AND IRREVOCABLY AGREE THAT, SUBJECT TO LENDER'S ELECTION, ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE LITIGATED IN SUCH COURTS. JUNIOR CREDITOR, LENDER, OWNER AND BORROWER ACCEPT FOR THEMSELVES AND IN CONNECTION WITH THEIR PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NON EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVE ANY DEFENSE OF FORUM NON CONVENIENS, AND, SUBJECT TO JUNIOR CREDITOR'S RIGHT TO APPEAL,

IRREVOCABLY AGREE TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. NOTHING HEREIN SHALL LIMIT THE RIGHT OF LENDER TO BRING PROCEEDINGS AGAINST JUNIOR CREDITOR, OWNER OR BORROWER IN THE COURTS OF ANY OTHER JURISDICTION.

27. WAIVER OF JURY TRIAL. JUNIOR CREDITOR, OWNER, BORROWER AND LENDER HEREBY WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS AMONG THEM RELATING TO THE SUBJECT MATTER OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. JUNIOR CREDITOR, LENDER AND BORROWER ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THE FINANCING AGREEMENTS AND THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN ITS RELATED DEALINGS. EACH OF THE JUNIOR CREDITOR, LENDER AND BORROWER FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (UNLESS SUCH WRITING MAKES SPECIFIC REFERENCE TO THIS SECTION 27), AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[Signature page follows]

IN WITNESS WHEREOF, Junior Creditor, Owner, Borrower and Lender have caused this Subordination and Intercreditor Agreement to be executed as of the date first above written.

BORROWER:

BRIDGE HOUSING VENTURES, INC.,
a California corporation

By: _____
Name:
Title:

State of California
County of _____

On _____ before me, _____ (here 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

OWNER:

MILPITAS HOUSING ASSOCIATES, LP,
a California limited partnership

By: _____
Name:
Title:

State of California
County of _____

On _____ before me, _____ (here 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

LENDER:

LIIF HOUSING PRESERVATION FUND, LLC,
a Delaware limited liability company

By: _____
Name:
Title:

State of California
County of _____

On _____ before me, _____ (here 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

JUNIOR CREDITOR:

CITY OF MILPITAS HOUSING AUTHORITY successor in interest to
REDEVELOPMENT AGENCY OF THE CITY OF MILPITAS

By: _____
Name:
Title:

State of California
County of _____

On _____ before me, _____ (here 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 forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

Legal Description