

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

The San Francisco Housing Accelerator Fund
 564 Market Street, Suite 225
 San Francisco, CA 94104
 Attn: Rebecca Foster

2222 South Airport Way, Stockton, CA 95206
 APN: 169-151-02

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "**Agreement**") is dated as of October __, 2025, by and among The San Francisco Housing Accelerator Fund, a California nonprofit public benefit corporation ("**Lender**"), the City of Stockton, a California municipal corporation ("**City**"), and Fairview Terrace Stockton, L.P., a California limited partnership ("**Borrower**") (collectively, the "**Parties**").

RECITALS:

A. Borrower is the owner of the fee simple interest in that real property described in Exhibit A attached hereto and incorporated herein by this reference, located at 2222 South Airport Way, Stockton, California 95206 (the "**Property**"). Borrower intends to develop on the Property approximately seventy-six (76) affordable residential units and related improvements (together with the Property, the "**Development**").

B. Previously, the City had granted to Stocktonians Taking Action to Neutralize Drugs, a California nonprofit public benefit corporation ("**Prior Owner**") the option to purchase the Property, subject to certain covenants regarding the development of the Property for the economic and social benefit of the surrounding neighborhood (the "**Affordability Covenants**"), set forth in that certain Option Agreement dated as of May 10, 2018 by and between Prior Owner and City, recorded in the Official Records of San Joaquin County on June 26, 2018 as Document No. 2018-070424 (the "**Option Agreement**"). The Prior Owner exercised its right to purchase the Property subject to the Affordability Covenants, and said Affordability Covenants remain in full force and effect.

C. Contemporaneously herewith, Lender has made a loan in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000) (the "**Loan**") to the Borrower, as evidenced by that certain Promissory Note dated of even date herewith (the "**Note**"), executed by Borrower and payable to the order of Lender, and secured by, among other things, that certain Construction Deed of Trust with Assignment of Rents, Security Agreement, and Fixture Filing of even date herewith (the "**Deed of Trust**"), covering the Property, together with all improvements thereon and personal property used relative thereto, all as more particularly described in the Deed of Trust (the "**Collateral**") (the Note, the Deed of Trust and any and all other documents evidencing or securing the Loan as the same may be from time to time amended, extended, restated, replaced,

supplemented, increased, consolidated, decreased, renewed or otherwise modified are hereinafter collectively referred to as the "**Loan Documents**").

D. The City consents to the recordation of the Deed of Trust, and the City hereby agrees to subordinate its interest in the Option Agreement to the Loan Documents.

E. It is a condition precedent to making the Loan, that the Loan Documents and Lender's rights to payments under the Loan Documents shall unconditionally be and remain at all times a lien or charge upon the Collateral, prior and superior to the Option Agreement and any and all rights, agreements, liens and charges in favor of the City as set forth in the Option Agreement.

F. Lender is willing to make its Loan, provided the condition precedent described above is satisfied and that the City will specifically and unconditionally subordinate the Option Agreement and any and all other rights, agreements, liens and charges in favor of the City, to the liens and charges of the Loan Documents and Lender's right to payments under the Loan Documents.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lender and the City do herein and hereby agree as follows:

1. Priority of Loan Documents. The Loan Documents, and any and all renewals, modifications, extensions or advances thereunder or secured thereby (including interest thereon) shall unconditionally be and remain at all times liens, claims, or charges on the Development prior and superior to the Option Agreement and to all rights and privileges of the City thereunder; the Option Agreement is hereby irrevocably and unconditionally subject and made subordinate to the liens, claims or charges of the Loan Documents.

2. Consent to Subordination; Notice. The Parties, agree and acknowledge that:

a. The City consents and approves of (i) all provisions of the Note and the Deed of Trust, and (ii) all of the Loan Documents;

b. The Lender, in making disbursements of the Loan pursuant to the Loan Documents, is under no obligation or duty to, nor has the Lender represented that it will, see to the application of such proceeds by the person or persons to whom the Lender disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;

c. That none of the execution, delivery or recordation of any of the Loan Documents, or the performance of any provision, condition, covenant or other term thereof, will conflict with or result in a breach of the Option Agreement;

d. The City intentionally and unconditionally subjects and subordinates the claims, liens or charges upon the Development pursuant to the Option Agreement in favor of the

claims, liens or charges upon the Development of the Loan Documents and understands that in reliance upon, and in consideration of, this subjection and subordination, the Loan and advances thereof are being and will be made 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 subjection and subordination; and

e. The City shall provide the Lender with no less than 60-days written notice, prior to such exercise, of its intention to exercise any right under the Option Agreement, which shall be mailed by first class mail to the Lender at the following address:

The San Francisco Housing Accelerator Fund
564 Market Street, Suite 225
San Francisco, CA 94104
Attn: Rebecca Foster
E-mail: rebecca@sfhaf.org

With a copy to:

William DiCamillo
Goldfarb & Lipman LLP
1300 Clay Street, 11th Floor
Oakland, CA 94612

3. Default Under Loan Documents. Lender shall deliver to City a copy of any written notice from Lender to Borrower stating that an event of default has occurred under the Loan Documents (“**Loan Default**”), specifying the default upon which the default notice is based (“**Default Notice**”). Said copy of the Default Notice shall be delivered to City by Lender within five (5) business days in each case where Lender has given a Default Notice to Borrower. Failure of Lender to send a Default Notice to City shall not prevent the exercise of Lender’s rights and remedies under the Loan Documents, subject to the provisions of this section, nor shall such failure constitute a default by Lender under this Subordination Agreement. City shall have the right, but not the obligation, to cure any such Loan Default within sixty (60) days following the date of such Default Notice or the date on which City otherwise acquires actual knowledge of the Loan Default; provided, however, that Lender shall be entitled during such sixty (60) day period to continue to pursue its remedies under the Loan Documents. City may have up to ninety (90) days from the date of the Default Notice to cure a non-monetary default if during such ninety (90) day period City keeps current all payments required by the Loan Documents. In the event that such a non-monetary default creates an unacceptable level of risk relative to the Property, or Lender’s secured position relative to the Property, as determined by Lender in its sole discretion, then Lender may exercise during such ninety (90) day period all available rights and remedies to protect and preserve the Property and the rents, revenues and other proceeds from the Property. All amounts paid by City to Lender to cure a Loan Default shall be deemed to have been advanced by City on behalf of the Borrower; Borrower shall be obligated to repay such amounts to City. Notices mailed pursuant to this section shall be mailed by first class mail to the City at the following address:

City of Stockton
425 North El Dorado Street
Stockton, CA 95202
Attn: Economic Development Director

With a copy to:

Office of the City Attorney
425 North El Dorado Street
Stockton CA 95202

4. Reliance. The Lender would not make the Loan to Borrower without this Agreement.

5. Assigns. This Agreement shall be binding on and inure to the benefit of the legal representatives, heirs, successors and assigns of the parties.

6. Entire Agreement; Amendment; Severability. This Agreement contains the entire agreement between the Parties respecting the matters herein set forth and supersedes all prior agreements, whether written or oral, between the Parties respecting such matters. Any amendments or modifications hereto, in order to be effective, shall be in writing and executed by the parties hereto. A determination that any provision of this Agreement is unenforceable or invalid shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

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

8. Attorneys' Fees. In the event that any party to this Agreement brings an action to interpret or enforce its rights under this Agreement, the prevailing party in such action shall be entitled to recover its costs and reasonable attorneys' fees as awarded by the court in such action.

9. No Partnership. This Agreement shall not in any respect be interpreted, deemed or construed as making the City a partner or joint venturer with any other person or entity, including, without limitation, Lender or Borrower, nor shall it be construed as making the City the agent or representative of Lender or Borrower nor Lender or Borrower the agent or representative of the City.

10. Conflict. In the event of any conflict between the provisions of this Agreement and the Option Agreement, the provisions of this Agreement shall control.

11. Counterparts. This Agreement may be signed by different parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Agreement.

**REMAINDER OF PAGE LEFT INTENTIONALLY BLANK –
SIGNATURES ON FOLLOWING PAGES**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date hereinabove written.

LENDER:

THE SAN FRANCISCO HOUSING ACCELERATOR FUND,
a California nonprofit public benefit corporation

By: _____
Rebecca Foster
Chief Executive Officer

Signatures continue on following pages

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 the 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: _____

Name: _____

(typed or printed)

(Seal)

CITY:

CITY OF STOCKTON,
a municipal corporation

By: _____

Name: William Crew

Its: Acting City Manager

Signatures continue on following pages.

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 the 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: _____

Name: _____
(typed or printed)

(Seal)

BORROWER:

FAIRVIEW TERRACE STOCKTON, L.P.,
a California limited partnership

By: Fairview Terrace Mutual Housing Association LLC,
a California limited liability company,
its general partner

By: Mutual Housing California,
a California nonprofit public benefit corporation,
its sole manager

By: _____
Ryan Cassidy
Vice President of Real Estate

By: Stocktonians Taking Action to Neutralize Drugs,
a California nonprofit public benefit corporation,
its member

By: _____
Fred Sheil
Administrator

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 the 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: _____

Name: _____
(typed or printed)

(Seal)

EXHIBIT A**(Legal Description)**

The land referred to is situated in the County of San Joaquin, City of Stockton, State of California, and is described as follows:

THAT REAL PROPERTY SITUATED IN THE CITY OF STOCKTON, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, BEING ALL OF LOT "B", TRACT NO. 117, PARKVIEW TERRACE, ACCORDING TO THE OFFICIAL MAP OR PLAT THEREOF, FILED FOR RECORD JUNE 20, 1946, IN VOLUME 11 OF MAPS AND PLATS, PAGE 108, AND A PORTION OF LOT "A" AS SHOWN UPON MAP ENTITLED, SEVEN OAKS, UNIT NO. 1, FILED FOR RECORD JUNE 13, 1946, IN VOLUME 11 OF MAPS AND PLATS, PAGE 105, SAN JOAQUIN COUNTY RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEASTERLY CORNER OF SAID LOT "A", SAID CORNER BEING ON THE WESTERLY LINE OF PHELPS STREET; THENCE THE FOLLOWING NINE (9) COURSES:

- 1) ALONG THE WESTERLY LINE OF PHELPS STREET, SOUTH 17°21'00" EAST, 139.24 FEET;
- 2) THENCE SOUTH 74°39'00" WEST, 105.95 FEET;
- 3) THENCE SOUTH 15°21'00" EAST, 6.14 FEET;
- 4) THENCE SOUTH 74°39'00" WEST, 47.84 FEET;
- 5) THENCE NORTH 15°21 '00" WEST, 109.35 FEET;
- 6) THENCE SOUTH 74°39'00" WEST, 100.19 FEET TO A POINT ON THE EASTERLY LINE OF SOUTH AIRPORT WAY;
- 7) THENCE ALONG SAID EASTERLY LINE, NORTH 15°26'30" WEST, 194.90 FEET;
- 8) THENCE ALONG THE ARC OF A 20.00-FOOT RADIUS CURVE TO THE RIGHT A DISTANCE OF 36.56 FEET TO A POINT ON THE SOUTHERLY LINE OF EIGHTH STREET;
- 9) THENCE ALONG SAID SOUTHERLY LINE, ALONG THE ARC OF A 354.47- FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 47°41'40" A DISTANCE OF 295.07 FEET TO THE POINT OF BEGINNING.

SAID PROPERTY CONTAINS 1.27 ACRES, MORE OR LESS