

EXHIBIT B:
SUBORDINATION AGREEMENT

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

First Republic Bank
111 Pine Street
San Francisco, CA 94111
Attn: Loan Review

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR RIGHTS UNDER CERTAIN AGREEMENTS RELATING TO CERTAIN REAL PROPERTY BECOMING SUBJECT TO, AND OF LOWER PRIORITY THAN, THE LIEN OF A SECURITY INTEREST.

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this “**Agreement**”) dated as of the 1st day of _____, 202_, is made by and between the **CITY OF SOUTH SAN FRANCISCO**, a municipal corporation (together with its permitted successors and assigns as legal or beneficial owner of the Junior Loan Documents (“**Junior Lender**”) and **FIRST REPUBLIC BANK**, a California banking corporation (together with its successors and assigns as legal holder of the Senior Note, “**Senior Lender**”).

RECITALS:

A. MP Willow Greenridge Associates, LP, a California limited partnership (“**Borrower**”) has applied to Senior Lender for a loan (the “**Senior Loan**”) for the acquisition, construction, rehabilitation, development, equipping and/or operation of the Property (as hereinafter defined).

B. The Senior Loan is evidenced by that certain Promissory Note Secured by Deed of Trust evidencing the Senior Loan dated as of _____, 20__ in the maximum principal amount of \$_____ made by Borrower payable to the order of Senior Lender (the “**Senior Note**”).

C. The Senior Loan is secured by, among other things, that certain Deed of Trust, Fixture Filing, Assignment of Rents and Security Agreement dated as of _____, 20__ executed by Borrower for the benefit of Senior Lender, and to be recorded substantially currently herewith (the “**Senior Security Instrument**”), which Senior Security Instrument encumbers the Property. Together, the Senior Security Instrument, the Senior Note, and all other documents executed in connection with the Senior Loan, as the same may from time to time be extended, modified or amended in accordance with the provisions of this Agreement, are the “**Senior Loan Documents.**”

D. Junior Lender has made a loan (the “**Junior Loan**”) to Borrower in the original principal amount of \$_____, which Junior Loan is evidenced by that certain Amended and

Restated Promissory Note dated as of _____, 20__ made by Borrower to Junior Lender (the “**Junior Note**”) and secured by the Junior Security Instrument (as hereinafter defined) encumbering the Property.

E. In connection with the Junior Loan, Borrower has executed those certain Regulatory Agreements and Declarations of Restrictive Covenants (Willow Gardens/ Greenridge), each dated as of _____, 20__ (collectively, the “**Regulatory Agreement**”) in favor of Junior Lender, which Regulatory Agreement is in Junior Lender’s customary form and which, among other things, sets forth certain restrictions upon the occupancy, rents, operation, ownership and maintenance of the Property and have been recorded in the Office of the Recorder of San Mateo County on _____ as Instrument No. _____.

H. As a condition to the making of the Senior Loan, Senior Lender requires that Junior Lender execute and deliver this Agreement in connection with Junior Lender and Borrower entering into the Junior Loan Documents (as defined below).

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the making of the Senior Loan and to induce Senior Lender to consent to the Junior Loan and the Junior Security Instrument, Junior Lender hereby agrees as follows:

AGREEMENT

1. **Definitions.** Capitalized terms used but not defined in this Agreement shall have the meanings ascribed thereto in the Senior Security Instrument. As used in this Agreement, the terms set forth below shall have the respective meanings indicated:

“*Bankruptcy Proceeding*” means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower or the Property.

“*Casualty*” means the occurrence of damage to or loss of any of the Property by fire or other casualty.

“*Condemnation*” means any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Property, whether direct or indirect.

“*Enforcement Action*” means occurrence of any of the following with respect to either the Senior Loan or the Junior Loan: the acceleration of all or any part of the Junior Indebtedness or the Senior Indebtedness, as applicable, the advertising of or commencement of any foreclosure or trustee’s sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of Rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Property, the commencement of any suit or other legal, administrative, or arbitration proceeding related to the enforcement of the Junior Loan Documents or the Senior Loan Documents, as applicable, or the exercising of any banker’s lien or rights of set-off or recoupment,

or the taking of any other enforcement action against Borrower, any other party liable for any of the Junior Indebtedness or the Senior Indebtedness, as applicable, or the Property.

“*Enforcement Action Notice*” means a written notice from Junior Lender or Senior Lender to the other party, given following a Junior Loan Default or a Senior Loan Default and the expiration of any notice or cure periods applicable thereto, setting forth in reasonable detail the Enforcement Action proposed to be taken by Junior Lender or Senior Lender, as applicable.

“*Junior Indebtedness*” means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Junior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

“*Junior Lender*” shall have the meaning set forth in the introductory paragraph to this Agreement.

“*Junior Loan Default*” means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an “Event of Default” as defined in the Junior Loan Documents.

“*Junior Loan Documents*” means, collectively, the Junior Note, the Junior Security Instrument, the Regulatory Agreement, and all other documents evidencing, securing or delivered in connection with the Junior Loan, as the same may be extended, modified and amended in accordance with the provisions hereof.

“*Junior Security Instrument*” means that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing recorded in the Official Records on _____ as Instrument No. _____, as the same may from time to time be extended, modified or amended in accordance with the provisions hereof.

“*Regulatory Agreement*” has the meaning set forth in the Recitals.

“*Loss Proceeds*” means all monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result of any Condemnation or Casualty.

“*Property*” means (i) a 70-unit multifamily residential project located in the City of South San Francisco, County of San Mateo, California, known or to be known as Willow Greenridge, which Property is more particularly described on Exhibit A attached hereto, and (ii) all furniture, fixtures and equipment located at such apartments and other property, accounts, deposits and rights and interests of Borrower related thereto.

“*Senior Indebtedness*” means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Senior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

“*Senior Lender*” shall have the meaning set forth in the introductory paragraph to this Agreement.

“*Senior Loan Default*” means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an “Event of Default” as defined in the Senior Loan Documents.

“*Senior Loan Documents*” shall have the meaning set forth in the Recitals.

2. Junior Loan and Junior Loan Documents are Subordinate to Senior Loan Documents; Acts by Senior Lender Not Affecting Subordination of Junior Loan Documents.

(a) Junior Lender hereby covenants and agrees on behalf of itself and its successors and permitted assigns that the Junior Indebtedness is and shall at all times continue to be, subordinate, subject and inferior (in payment and priority) to the prior payment in full of the Senior Indebtedness, and that the liens, rights, payment interests, priority interests and security interests granted to Junior Lender in connection with the Junior Loan and under the Junior Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the liens, rights, payment, priority and security interests granted to Senior Lender under the Senior Loan and the Senior Loan Documents and the terms, covenants, conditions, operations and effects thereof.

(b) Prior to a Senior Loan Default (regardless of whether such Default occurs prior to or during the pendency of a Bankruptcy Proceeding), Junior Lender shall be entitled to receive and retain scheduled payments made pursuant to and in accordance with the terms of the Junior Loan Documents. Junior Lender agrees that from and after a Senior Loan Default (until such time as such default has either been cured or has been expressly waived in writing by Senior Lender), such period being referred to as the “**Senior Default Period**”, Junior Lender shall promptly remit, any payments, properties, and assets received by Junior Lender during the Senior Default Period to the address set forth herein or such other address designated by Senior Lender in a written notice. Senior Lender shall apply any payment, asset, or property so received from Junior Lender to the Senior Indebtedness in such order, amount (with respect to any asset or property other than immediately available funds), and manner as Senior Lender shall determine in its sole and absolute discretion.

(c) Without limiting the complete subordination of the Junior Loan to the payment in full of the Senior Loan, in any Bankruptcy Proceeding, upon any payment or distribution to creditors, the Senior Loan shall be paid in full first in cash before the Junior Lender shall be entitled to receive any payment or other distribution on account of or in respect to the Junior Loan and, until the entire Senior Loan is paid in full in cash, any payment or distribution to which the Junior Lender will be entitled but for this Agreement (whether in cash, property or other assets) shall be paid to Senior Lender.

(d) The subordination of the Junior Loan Documents to the Senior Indebtedness hereunder shall continue in the event that any payment under the Senior Loan Documents (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off or otherwise) is for any reason repaid or returned to Borrower or its insolvent estate, or avoided, set aside or required to be paid to Borrower, a trustee, receiver or other

similar party under any bankruptcy, insolvency, receivership or similar law. In such event, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding to the extent of any repayment, return, or other action, as if such payment on account of the Senior Indebtedness had not been made.

(e) The subordination of the Junior Loan Documents to the Senior Indebtedness shall apply and continue notwithstanding (i) the actual date and time of execution, delivery, recording, filing or perfection of the documents, and (ii) the availability of any collateral to Senior Lender, including the availability of any collateral other than the Property.

(f) By reason of, and without in any way limiting, the subordination provided for in this Agreement, all rights and claims of Junior Lender under the Junior Security Instrument or under the Junior Loan Documents in or to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto, are expressly subject and subordinate in all respects to the rights and claims of Senior Lender under the Senior Loan Documents in and to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto.

(g) Junior Lender hereby acknowledges and agrees that Senior Lender may, without the prior written consent of Junior Lender, agree with Borrower to extend, modify, or amend any or all the Senior Loan Documents and otherwise act or fail to act with respect to any matter set forth in any Senior Loan Document. Notwithstanding the foregoing, no modification or amendment of the Senior Loan Documents shall be effective against Junior Lender without its prior written consent, not to be unreasonably withheld, conditioned or delayed (and deemed received if no response is received from Junior Lender within thirty (30) days following delivery of a written request therefor stating that the matters therein will be deemed approved if no response is delivered thereto within 30 days) which does any of the following: (1) increases the principal loan amount due and payable thereunder, excluding any increases due solely to any protective advances (as permitted under applicable law) under the Senior Security Instrument, (2) increases the interest rate payable under the Senior Indebtedness, (3) reduces the term of the Senior Loan or (4) increases the amount of the periodic debt service payments due under the Senior Loan.

3. Junior Lender Agreements.

(a) Junior Lender may not, without the prior written consent of Senior Lender, agree with Borrower to extend, modify, or amend any or all of the Junior Loan Documents and otherwise act or fail to act with respect to any matter set forth in any Junior Loan Document.

(b) Junior Lender and Senior Lender agree that all original policies of casualty and property damage insurance required pursuant to the Senior Loan Documents and the Junior Loan Documents shall be held by Borrower, or with the consent of Borrower or as required by the Senior Loan Documents, by Senior Lender. Both Senior Lender and Junior Lender may require that they each be named as a loss payee, as their respective interests may appear, under all policies of casualty and property damage insurance maintained by

Borrower with respect to the Property; and both Senior Lender and Junior Lender shall be given notice of and be entitled to participate in and give their input with respect to any and all negotiations and settlements of, and decisions with respect to, any and all insurance claims under all such policies, including without limitation any agreements as to the amount and timing of all insurance payments due thereunder. Until the Senior Loan is repaid in full or this Agreement is terminated, Senior Lender shall have the sole right to settle and adjust all casualty insurance claims.

(c) Junior Lender and Senior Lender further agree that both Senior Lender and Junior Lender shall be given notice of and be entitled to participate in any and all negotiations and settlements of, and decisions with respect to, any and all Condemnations related to the Property, including without limitation any agreements as to the amount, manner of payment, interests being compensated for and timing of any and all awards or other payments made with respect thereto. Until the Senior Loan is repaid in full or this Agreement is terminated, Senior Lender shall have the sole right to settle and adjust all Condemnation claims.

(d) Until the Senior Loan is paid in full or this Agreement is terminated, all Loss Proceeds received or to be received on account of a Casualty or a Condemnation action, or both, shall be applied (either to the payment of the costs and expenses of repair and restoration of the Property or to the payment of the Senior Loan) in the manner determined by Senior Lender pursuant to the terms of the Senior Loan Documents; provided, however, that if Senior Lender elects to apply such Loss Proceeds to payment of the principal of, interest on and other amounts payable under the Senior Loan, any Loss Proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the Senior Loan shall immediately upon such satisfaction be paid and disbursed to, and may, subject to the rights of any other lenders senior in priority to the liens of the Regulatory Agreement and Junior Security Instrument, be applied by, Junior Lender in its sole and absolute discretion in accordance with the applicable provisions of the Junior Loan Documents.

(e) Junior Lender shall not (i) commence or join with any other creditor for the purpose of commencing any involuntary Bankruptcy Proceeding involving Borrower or (ii) commence any action, motion or request, in a Bankruptcy Proceeding involving any other person or entity, which seeks the consolidation of some or all of the assets of Borrower into such Bankruptcy Proceeding. Notwithstanding the foregoing, once any such Bankruptcy Proceeding, consolidation, or other proceeding has been independently initiated and commenced, then each of Junior Lender and Senior Lender shall, in their independent discretion and election, be free to participate in and/or take any other actions with respect to any and all such proceedings in such manner as each may, in its sole and absolute discretion, determine is in its respective best interests. In the event of any Bankruptcy Proceeding relating to Borrower or the Property or, in the event of any Bankruptcy Proceeding relating to any other person or entity into which (notwithstanding the covenant in the first sentence of this paragraph) the assets or interests of Borrower are consolidated, then in either event, until the payment in full of the Senior Loan or other termination of this Agreement, any and all rights and interests granted to Junior Lender under the Junior Loan Documents in and to any and all payments, revenues and proceeds

generated by the Property in such bankruptcy or other proceedings, and all claims and rights of Junior Lender to receive and apply the same as contemplated in the Junior Loan Documents, are, and are hereby expressly acknowledged to be in all respects and at all times prior to the full repayment of the Senior Loan or other termination of this Agreement, subject, subordinate and inferior in priority to any and all rights and interests granted to Senior Lender in and to the such proceeds under the Senior Loan Documents, including any and all claims and rights to receive and apply the same as contemplated therein, so long as the same are either used and applied to the repayment of the Senior Loan or for the repair and restoration of the Property. Junior Lender agrees that (i) the Senior Lender shall receive all payments and distributions of every kind or character in respect of the Junior Lender's Loan to which the Junior Lender would otherwise be entitled, before the subordination provisions of this Agreement (including, without limitation, any payments or distributions during the pendency of any bankruptcy, insolvency, receivership or similar proceeding involving Borrower or the Property) until the Senior Loan is repaid in full, and (ii) the subordination of the Junior Lender's Loan and the Junior Loan Documents shall not be affected in any way by the Senior Lender electing, under Section 1111(b) of the Federal Bankruptcy Code, to have its claim treated as being a fully secured claim. In addition, Junior Lender hereby covenants and agrees that, in connection with such a proceeding involving Borrower, neither Junior Lender nor any of its affiliates shall (i) make or participate in a loan facility to or for the benefit of Borrower on a basis that is senior to or pari passu with the liens and interests held by Senior Lender pursuant to the Senior Loan Documents and (ii) not contest the continued accrual of interest on the Senior Loan, in accordance with and at the rate specified in the Senior Loan Documents, both for periods before and for periods after commencement of such proceedings.

(f) Junior Lender acknowledges that it entered into the transactions contemplated by the Junior Loan Documents and made the Junior Loan to Borrower without reliance upon any judgment or advice from Senior Lender. Junior Lender made its own underwriting analysis in connection with the Junior Loan, its own credit review of Borrower, and investigated all matters pertinent, in Junior Lender's judgment, to its determination to make the Junior Loan to Borrower.

(g) Borrower hereby represents and warrants that: (i) Junior Lender is now the owner and holder of the Junior Loan Documents; (ii) the Junior Loan Documents are now in full force and effect; (iii) the Junior Loan Documents have not been modified or amended; (iv) no default or event which, with the passing of time or giving of notice would constitute a default, under the Junior Loan Documents has occurred; and (v) the outstanding principal amount of the Junior Indebtedness is \$_____. Borrower further represents and warrants that it has provided to Senior Lender a true, complete, and correct copy of all the Junior Loan Documents.

(h) Borrower hereby represents and warrants that: (i) Senior Lender is now the owner and holder of the Senior Loan Documents; (ii) the Senior Loan Documents are now in full force and effect; (iii) the Senior Loan Documents have not been modified or amended; (iv) no default or event which, with the passing of time or giving of notice would constitute a default, under the Senior Loan Documents has occurred; and (v) the outstanding principal amount of the Senior Indebtedness is \$_____. Borrower further

represents and warrants that it has provided to Junior Lender a true, complete, and correct copy of all the Senior Loan Documents.

(i) Junior Lender further agrees that its agreement to subordinate hereunder shall extend to any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Loan (including reasonable and necessary costs associated with the closing and/or the refinancing but not including additional funds above the then-current Senior Loan unpaid principal balance together with such reasonable and necessary closing and/or refinancing costs) and protective advances pursuant to the Senior Security Instrument. All the terms and covenants of this Agreement shall inure to the benefit of any holder of any such refinanced debt; and all references to the Senior Loan, the Senior Note, the Senior Security Instrument, the Senior Loan Documents and Senior Lender shall mean, respectively, the refinance loan, the refinance note loan agreement, the mortgage securing the refinance note, all documents evidencing securing or otherwise pertaining to the refinance note and the holder thereof.

(j) For purposes of this Agreement, Junior Lender acknowledges that Junior Lender has been provided the opportunity to review the Senior Loan Documents before executing this Agreement;

(k) Junior Lender acknowledges that Senior Lender, in making disbursements of the Senior Loan, is under no obligation or duty to insure, nor has Senior Lender represented that it will insure, the proper application of such proceeds by the person(s) to whom Senior Lender disburses such proceeds, and any application or use of such proceeds for purposes other than as provided in any such agreement shall not defeat or render invalid, in whole or in part, the subordination provided for in this Agreement;

(l) Junior Lender acknowledges that Senior Lender has not made any warranty or representation of any kind or nature whatsoever to Junior Lender with respect to (i) the application of the proceeds of the Senior Loan being made by Senior Lender to Borrower upon the security of the Senior Deed of Trust, (ii) the value of the Property, the improvements to be constructed thereon pursuant to the Senior Security Instrument or the marketability or value thereof upon completion of such construction, or (iii) the ability of Borrower to honor its covenants and agreements with Senior Lender or Junior Lender;

(m) Junior Lender acknowledges that Senior Lender's release of any security for the Senior Loan, including, without limitation, the reconveyance of any portion(s) of the Project from the lien of the Senior Deed of Trust shall not constitute a waiver or relinquishment of Junior Lender's unconditional subordination of the liens or charges of Junior Lender Documents against the Project to the lien or charge of the Senior Deed of Trust;

(n) Junior Lender acknowledges that Senior Lender would not make the Senior Loan to Borrower absent the execution of this Agreement by Junior Lender;

(o) Junior Lender acknowledges that Senior Lender has no duty to disclose to Junior Lender any facts Senior Lender may now know or hereafter know about Borrower

or the partners or successors of Borrower, regardless of whether (i) Senior Lender has reason to believe that any such facts may increase materially the risk beyond that which Junior Lender intends to assume, (ii) Senior Lender may have reason to believe that such facts are unknown to Junior Lender, or (iii) Senior Lender has a reasonable opportunity to communicate such facts to Junior Lender, it being understood and agreed that Junior Lender is fully responsible for being and keeping informed of the financial condition of Borrower and/or any partners or successors of Borrower and of all circumstances bearing on the risk of non-payment of any indebtedness of Borrower to Senior Lender described in this Agreement;

(p) As of the date set forth above, Junior Lender has no offset, defense, deduction or claim against Borrower under any of the Junior Loan Documents;

(q) Each and every covenant, condition and obligation contained in the Junior Loan Documents required to be performed or satisfied as of the date hereof, and each and every matter required to be approved the Junior Lender as of the date hereof, has been satisfied and/or approved and/or waived as applicable, including, without limitation, all conditions precedent to Borrower's right to commence and complete construction of the improvements and those matters listed in Sections _____ of the Junior Loan Agreement, all of which conditions have been satisfied and/or approved and/or waived, as applicable, as of the date set forth above;

(r) Reserved;

(s) Reserved;

(t) Reserved;

(u) Notwithstanding anything stated to the contrary in the Junior Loan Documents, Junior Lender's rights in and to the leases and rents of the Property shall be subject and subordinate to the rights of Senior Lender to same; and

(v) Notwithstanding anything stated to the contrary in the Junior Loan Documents, the occurrence of a Senior Loan Default shall not in and of itself constitute a Junior Loan Default unless the occurrence of such event shall constitute a separate default under the Junior Loan Documents.

(w) The subordination of the Junior Loan shall continue in the event that any payment with respect to any Senior Loan Document (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off or otherwise) is for any reason repaid or returned to Borrower or its insolvent estate, or avoided, set aside or required to be paid to Borrower, a trustee, a receiver or other similar party under any bankruptcy, insolvency or receivership or similar law under any bankruptcy, insolvency, receivership or similar proceeding. In such event, the Senior Loan or any part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding to the extent of any repayment, return or other action, as if such payment on account of the Senior Loan had not been made.

4. Standstill Agreement; Right to Cure Senior Loan Default.

(a) Until such time as any of the Senior Indebtedness has been repaid in full and the Senior Security Instrument has been released and discharged, for a period of sixty (60) days from the date of delivery to Senior Lender of a written notice of a Junior Loan Default after the expiration of any notice and cure periods applicable thereto, Junior Lender shall not without the prior written consent of Senior Lender, which may be withheld only in the exercise of Senior Lender's sole and absolute discretion, commence any judicial or non-judicial foreclosure action or proceeding nor shall Junior Lender exercise any other rights or remedies it may have under the Junior Loan Documents, including, but not limited to accelerating the Junior Loan (and enforcing any "due on sale" provision included in the Junior Loan Documents), collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder; provided, however, that such limitation on the remedies of Junior Lender shall not limit Junior Lender's rights to (i) send all pre-notice of default letters, default notices (other than a recorded statutory notice of default under Civil Code Section 2924c) and/or other notices to Borrower or other persons, including without limitation any such notices or letters determined by Junior Lender as being necessary or desirable to get any and all pre-cure, cure or other periods running and/or taking any and all other actions necessary to satisfy any and all other preconditions to an Event of Default under the Junior Loan Documents, or (ii) compute interest on all amounts due and payable under the Junior Loan Documents at the default rate described in the Junior Loan Documents and computing prepayment premiums, if any, and late charges thereunder.

(b) Senior Lender hereby consents to the existence of the Junior Loan Documents and agrees that the execution and, where applicable, recording of the Junior Loan Documents does not constitute a Senior Loan Default. Senior Lender shall, simultaneously with the sending of any notice of a Senior Loan Default to Borrower, send to Junior Lender a copy of said notice under the Senior Loan Documents; provided, however, failure to send such notice of default shall not affect the validity of such notice or any obligation of Borrower to Senior Lender and shall not affect the relative priorities between the Senior Loan and the Junior Loan as set forth herein. Borrower covenants and agrees to forward to Junior Lender, within three (3) business days of Borrower's receipt thereof, a copy of any notice of a Senior Loan Default Borrower receives from Senior Lender.

(c) Upon the occurrence of a Senior Loan Default, Senior Lender shall concurrently with notifying Borrower of the occurrence of such Senior Loan Default, notify Junior Lender at its address set forth herein of the occurrence of such Senior Loan Default. Junior Lender shall have the right, to the extent that Borrower has any such cure right under the Senior Loan Documents, but shall have no obligation, to cure any Senior Loan Default; provided, if Junior Lender shall elect to cure any such Default, it shall so notify Senior Lender and shall commence and complete such curing within any applicable notice or grace period, if any, as Borrower is permitted by the terms of the Senior Loan Documents to cure such Senior Loan Default. Senior Lender shall have the continuing right to commence to pursue its remedies under the Senior Loan Documents on account of such Senior Loan Default, including but not limited to the right to accelerate the Senior Loan, record a notice

of default and to obtain a receiver; provided further, that if the cure is completed by Junior Lender within such permitted cure period, Senior Lender will rescind any Senior Loan Default after reimbursement of all of its costs incurred in connection with the Senior Loan Default, including, without limitation, attorneys' fees and court costs. Senior Lender shall accept all payments and all acts done by Junior Lender on behalf of Borrower within such permitted cure period as though the same had been timely done and performed by Borrower, so that such acts and payments shall fully and totally cure and correct all such defaults, breaches, failures or refusals for all purposes. Junior Lender shall not be subrogated to the rights of Senior Lender under the Senior Loan Documents by reason of Junior Lender having cured any Senior Loan Default; however, Senior Lender acknowledges that, to the extent so provided in the Junior Loan Documents, amounts advanced or expended by Junior Lender to cure a Senior Loan Default may be added to and become a party of the Junior Lender's Loan. The provisions of this Section 4(c) are intended to supplement, and not to limit, terminate, waive, modify or replace, in whole or in part, those provisions of law pertaining to notice and cure rights of junior encumbrancers including, without limitation, those set forth in California Civil Code Sections 2924b and 2924c (if applicable), all of which shall continue to be available to Junior Lender, regardless or any other term or provision of this Agreement, or whether or not Junior Lender avails itself of any rights granted to it under this Agreement, including, without limitation this Section 4(c).

(d) In the event that a Senior Loan Default occurs and Senior Lender has recorded a notice of default, then for the period from the date of recordation of the notice of default, until the date of recordation of a notice of sale, so long as the noticed Senior Loan Default continues, Junior Lender shall have the right, but not the obligation, in lieu of curing the Senior Loan Default, to purchase the Senior Loan. Such purchase will be accomplished by Junior Lender paying to Senior Lender the outstanding principal amount of the Senior Loan, plus all accrued and unpaid interest thereon and any prepayment premium, together with reasonable expenses incurred by Senior Lender in connection therewith (including reasonable attorneys' fees and costs), in exchange for the assignments of the Senior Loan Documents without recourse or warranty except that Senior Lender will warrant that it owns and has all requisite authority to transfer the Senior Loan at the time of the transfer. Borrower acknowledges and agrees, by executing this Agreement, that after the Senior Loan has been assigned to Junior Lender or its nominee, Senior Lender shall be relieved from all liability to Borrower under or in connection with the Senior Loan Documents.

(e) Junior Lender acknowledges that any conveyance or other transfer of title to the Property pursuant to a foreclosure of the Junior Security Instrument (including a conveyance or other transfer of title pursuant to the exercise of a power of sale contained in the Junior Security Instrument), shall be subject to the transfer provisions of the Senior Loan Documents; and the person (including Junior Lender) who acquires title to the Property pursuant to the foreclosure proceeding (or pursuant to the exercise of a power of sale contained in the Junior Security Instrument) shall not be deemed to be automatically approved by Senior Lender.

5. **Junior Loan Default.** Junior Lender shall give Senior Lender a concurrent copy of each notice of a Junior Loan Default or other material notice given by Junior Lender under the Junior Loan Documents; provided, however, that failure to send such notice of default shall not affect the validity of such notice or any obligation of Borrower to Junior Lender. Senior Lender shall have the right, but not the obligation, to cure any Junior Loan Default within sixty (60) days following the date of such notice; provided, however that Junior Lender shall be entitled, during such sixty (60) day period, to continue to pursue its rights and remedies under the Junior Loan Documents, subject to the rights and limitations contained in this Agreement. All amounts paid by Senior Lender in accordance with the Senior Loan Documents to cure a Junior Loan Default shall be deemed to have been advanced by Senior Lender pursuant to, and shall be secured by, the Senior Security Instrument.

6. **Default.** Senior Lender and Junior Lender each acknowledge and agree that in the event either party fails to comply with its obligations hereunder, the other party shall have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief, but the exercise of such rights shall be subject to the terms and limitations of this Agreement, including, without limitation, Section 4(a). If at any time Borrower cures any Senior Loan Default to the satisfaction of Senior Lender, or Senior Lender agrees to waive the same, as evidenced by written notice from Senior Lender to Junior Lender that such default has been fully cured or waived and that Borrower is no longer in default under the Senior Loan Documents, any default under the Junior Loan Documents to the extent arising from such Senior Loan Default shall be deemed cured and provided there are no other, independent defaults under the Junior Loan Documents, the Junior Loan and Senior Loan shall both be retroactively reinstated as if such Senior Loan Default had never occurred.

7. **Enforcement Costs.** In the event any legal action is filed to enforce or interpret this Agreement, then the prevailing party in such action shall be entitled to receive from the non-prevailing party the prevailing party's reasonable attorneys' fees and other legal costs.

8. **Notices.** Any notice which any party hereto may be required or may desire to give hereunder shall be deemed to have been given and shall be effective only if it is in writing and (i) delivered personally, (ii) mailed, postage prepaid, by United State registered or certified mail, return receipts requested, or (iii) delivered by overnight express courier, in each instance addressed as follows:

If to Borrower:	MP Willow Greenridge Associates, LP 303 Vintage Park Drive, Suite 250 Foster City, CA 94404 Attn: Ms. Alice Talcott and Mr. Jeffrey Summerville
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If to Junior Lender:	City of South San Francisco _____ _____ _____
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If to Senior Lender:

First Republic Bank
111 Pine Street
San Francisco, CA 94111
Attn: Commercial Loan Servicing

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

9. Term. The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the Senior Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Junior Loan Documents, other than by reason of payments which Junior Lender is obligated to remit to Senior Lender pursuant to the terms hereof; (iii) the acquisition by Senior Lender of Borrower's interest in the Property pursuant to a foreclosure, of (or the exercise of a power of sale contained in) the Senior Security Instrument; or (iv) the acquisition by Junior Lender of Borrower's interest in the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Junior Security Instrument, but only if such acquisition of title does not violate any of the terms of this Agreement.

10. Miscellaneous.

(a) Either party to this Agreement shall, within thirty (30) business days following a request from the other party, provide the requesting party with a written statement setting forth the then current outstanding principal balance of that party's loan, the aggregate accrued and unpaid interest under their loan, and stating whether, to the knowledge of that lender, any default or event of default exists under the loan, and containing such other information with respect to the indebtedness as the requesting party may reasonably require.

(b) This Agreement shall bind and inure to the benefit of all successors and assigns of Junior Lender and Senior Lender. Senior Lender may assign its interest in the Senior Loan Documents without advance notice to or consent of Junior Lender. Junior Lender shall not, without the prior written approval of Senior Lender, assign the Junior Loan Documents to any party other than another governmental entity.

(c) Senior Lender hereby consents to the Junior Loan and the Junior Loan Documents; provided, however, that this Agreement does not constitute an approval by Senior Lender of the terms of the Junior Loan Documents. Junior Lender hereby consents to the Senior Loan and the Senior Loan Documents; provided, however, that this Agreement does not constitute an approval by Junior Lender of the terms of the Senior Loan Documents.

(d) This Agreement may be executed in counterpart originals, each of which shall constitute an original and all of which, when taken together, shall constitute one and the same instrument.

(e) IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER, THIS AGREEMENT HAS BEEN ENTERED INTO AND DELIVERED IN, AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY, THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED, WITHOUT GIVING EFFECT TO ANY PRINCIPLES OF CONFLICTS OF LAW.

(f) Time is of the essence in the performance of every covenant and agreement contained in this Agreement.

(g) If any provision or remedy set forth in this Agreement for any reason shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or remedy of this Agreement and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or remedy had never been set forth herein, but only to the extent of such invalidity, illegality or unenforceability.

(h) Each party hereto hereby represents and warrants that this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding agreement enforceable in all material respects in accordance with its terms.

(i) Borrower hereby acknowledges and consents to the execution of this Agreement, and agrees to be bound by the provisions hereof that are applicable to Borrower. By executing this Agreement in the place provided below, Borrower hereby (i) acknowledges the provisions hereof, (ii) agrees not to take any action inconsistent with Senior Lender's rights or Junior Lender's rights under this Agreement, (iii) waives and relinquishes to the maximum extent permitted by law any and all rights, defenses and claims now existing or hereinafter accruing relating to Junior Lender's forbearance from exercising any rights and remedies pursuant to Section 4 of this Agreement, including, without limitation, any defenses based on the statute of limitations or any equitable defenses, such as laches, and (iv) acknowledges and agrees that (A) this Agreement is entered into for the sole protection and benefit of Senior Lender and Junior Lender (and their respective successors, assigns and participants), and no other person (including Borrower) shall have any benefits, rights or remedies under or by reason of this Agreement, (B) nothing in this Agreement is intended, or shall be construed to, relieve or discharge the obligations or liabilities of any third party (including Borrower under the Senior Loan Documents and the Junior Loan Documents), (C) neither of them nor any of their affiliates shall be, or be deemed to be, beneficiaries of any of the provisions hereof or have any rights hereunder whatsoever, and (D) no provision of this Agreement is intended to, or shall be construed to, give any such third party (including Borrower) any right subrogating to the rights of, or action against, Senior Lender or Junior Lender.

(j) No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against any party unless such amendment, supplement, modification, waiver or termination is contained in a writing signed by such party.

(k) No party other than Senior Lender and Junior Lender shall have any rights under, or be deemed a beneficiary of any of the provisions of, this Agreement.

(l) Nothing herein or in any of the Senior Loan Documents or Junior Loan Documents shall be deemed to constitute Senior Lender as a joint venturer or partner of Junior Lender.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Subordination Agreement or caused this Subordination Agreement to be duly executed and delivered by their respective authorized representatives as of the date first set forth above. The undersigned intend that this instrument shall be deemed to be signed and delivered as a sealed instrument.

JUNIOR LENDER:

CITY OF SOUTH SAN FRANCISCO,
a municipal corporation

By:
Name: _____
Title: City Manager

APPROVED AS TO FORM:

City Attorney

(Signatures follow on subsequent page)

SENIOR LENDER:

FIRST REPUBLIC BANK

By: _____

Name: _____

Title: _____

ACKNOWLEDGED AND AGREED AS OF THE DATE FIRST SET FORTH ABOVE:

BORROWER:

MP WILLOW GREENRIDGE ASSOCIATES, L.P.,

a California limited partnership

By: MP Greenridge LLC,
a California limited liability company,
its general partner

By: Mid-Peninsula Half Moon Bay, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: Jan M. Lindenthal
Title: Assistant Secretary

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, _____,
(insert name and title of the officer)

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)

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, _____,
(insert name and title of the officer)

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
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WITNESS my hand and official seal.

Signature _____ (Seal)

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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)

EXHIBIT A

LEGAL DESCRIPTION

[CHECK – to be inserted]