

## SUBORDINATION AGREEMENT

**THIS SUBORDINATION AGREEMENT**, dated this 27<sup>th</sup> day of January, 2023, is by and among **BAY AREA LENDING SERVICES LLC**, a Florida limited liability company (the “**Lender**”) and **MORRISSEY & MORRISSEY ENTERPRISES, LLC**, a Florida limited liability company (the “**Creditor**”).

### **RECITALS:**

A. The Lender intends to extend a loan pursuant to a Promissory Note in the amount of \$1,846,000.00 made by FAMILY INTERNATIONAL HOME BUILDERS LLC (the “**Obligor**”) in favor of the Lender (the “**Loan**”) along with other agreements, guarantees and instruments of security (the “**Loan Documents**”).

B. The Obligor is indebted to the Creditor pursuant to a Renewal Promissory Note dated January 25, 2023 in the original principal amount of \$888,660.48 (the “**Creditor Debt**”).

C. As a condition to the Lenders’ agreement to make the Loan, the Lender has required that Creditor enter into this Subordination Agreement to confirm the subordinate priority of the Creditor Debt, and to agree to the other provisions hereinafter set forth.

NOW, THEREFORE, the Lender and Creditor agree as follows:

1. **Subordination.** Creditor hereby confirms the subordinate status of all of its respective right, title and interest to any payment and collateral under the Creditor Debt, and does hereby subordinate the Creditor Debt to the Loan.

2. **Representations and Warranties.** Creditor represents and warrants that this Subordination Agreement is legal, valid, binding and enforceable in accordance with its terms, and the Creditor Debt has not otherwise been previously assigned or subordinated to any other party.

3. **Distribution.** In the event: (A) any case is commenced by or against any Obligor under Title 11, United States Code; (B) any insolvency, bankruptcy, receivership, liquidation, reorganization, arrangement or similar proceeding is commenced by or against any Obligor or its property; (C) any liquidation or dissolution or winding up of the affairs of any Obligor shall commence or occur; (D) an assignment for benefit of creditors shall be made by any Obligor; (E) Creditor shall declare a default under the terms of the Creditor Debt; or (F) an event of default occurs under the terms of the Loan, then all obligations of the Obligor to the Lender under the Loan Documents (including interest accruing after the commencement thereof) shall represent a priority claim against the Obligor, and any payments or proceeds from any collateral shall first be paid to the Lender before any payment shall be made to Creditor.