

SUBORDINATION AGREEMENT

THIS AGREEMENT, made and entered into and effective as of this 13 day of June, 2006, by and between Creekside Properties, L.P., an Idaho limited partnership (the "Borrower"), created by the laws of the State of Idaho, IDAHO HOUSING AND FINANCE ASSOCIATION, created by the laws of the State of Idaho, ("the Superior Lender") whose address is P.O. Box 7899, Boise, Idaho 83707-1899, and Bank of America, N.A., a national banking association,, (the "Subordinate Lender") whose address is 1755 Grant Street, 1st Floor, Mail Code CA4-703-01-29, Concord, California 94520.

RECITALS:

A. Superior Lender has made a mortgage loan (the "Superior Mortgage Loan") to Creekside Properties, L.P., an Idaho Limited Partnership ("Borrower"), in the amount of \$276,636.00, secured by a Deed of Trust (the "Superior Deed of Trust") on the real property, including a 60 unit multifamily project (the "Project"), situated in the County of Latah, City of Moscow, State of Idaho (the "Premises"), more particularly described as follows, to wit:

See attached Exhibit A for legal description of the property located in Latah County, Idaho.

B. Subordinate Lender has made an Affordable Housing Program "AHP" mortgage loan (the "Subordinate Loan") to Borrower in the amount of \$370,947.00 under an AHP Loan Agreement, to be secured by a Deed of Trust, with Assignment of Rents and Leases, Security Agreement and Fixture Filing (Affordable Housing Program Rental Project), Instrument No. 492521 recorded in Latah County, State of Idaho, (the "Subordinate Deed of Trust") on the Premises. As part of the Superior Loan transaction, Superior Lender and Borrower will enter into a Memorandum of Restrictive Covenants and Regulatory Agreement (the "Regulatory Agreement") which shall be recorded and shall have lien priority over the Subordinate Deed of Trust and any other mortgage liens upon the Premises; and

C. Superior Lender will also be the Secured Party under UCC-1 Financing Statement to be Filed with the Idaho Secretary of State (the "UCC"); and

D. The Subordinate Lender is willing to subordinate the Subordinate Deed of Trust, Regulatory Agreement and UCC (collectively, the "Subordinate Loan Documents") to the lien of the Superior Deed of Trust;

NOW, THEREFORE, the parties hereby agree as follows:

1. Subordination. The Subordinate Loan Documents, and the rights of the Subordinate Lender in, to and under the Subordinate Loan Documents, are hereby subjected and subordinated, and shall remain subject and subordinate, to the lien of the Superior Deed of Trust, provided however that there can be no renewals, modifications, amendments, or extensions of the debt instruments for the loan secured by the Superior Deed of Trust without the prior written consent of the Subordinate Lender. However, both Superior Deed of Trust and the Affordable Housing Restrictions of the Superior Loan Documents, including those stated in the Regulatory Agreement and the Memorandum of Restrictive Covenants, shall not be subordinated and shall be in priority lien position to the Subordinate Deed of Trust.

2. Payment Limitations.

(a) Regular monthly, quarterly or annual payments in the regular course of business due under the Subordinate Loan may be made by Borrower to Subordinate Lender provided all Borrower payments are current with the Superior Lender.

(b) Until the Subordinate Lender receives a Default Notice of a Superior Mortgage Loan Default from the Superior Lender, the Subordinate Lender shall be entitled to retain for its own account all payments made under or pursuant to the Subordinate Loan

Documents.

3. Default Under Superior Mortgage Loan is a Default under Subordinate Loan. Any default or breach under the debt instruments for the Superior Mortgage Loan shall constitute a breach and default under the Subordinate Loan. The Superior Lender shall deliver to the Subordinate Lender a Default Notice within five (5) business days in each case where the Superior Lender has given a Default Notice to the Borrower. The Subordinate Lender shall have the right, but not the obligation, to cure any Superior Lender Loan Default within sixty (60) days following the date of such notice. All amounts paid by the Subordinate Lender in accordance with the Subordinate Lender Loan Documents to cure a Superior Loan Default shall be deemed to have been advanced by the Subordinate Lender pursuant to, and shall be secured by the lien of the Subordinate Deed of Trust.

4. Limitation on Bankruptcy Proceedings. The Superior Lender will not, without the prior written approval of the Subordinate Lender, commence or join with any other creditor in commencing any bankruptcy, reorganization or insolvency proceedings with respect to Borrower.

5. Condemnation and Casualty Loss Payments. In the event of a condemnation which results in a payment by the condemning body for any portion of the Project, or, in the event any proceeds are received from any casualty loss covered by insurance which are not used to rehabilitate the Project, such condemnation proceeds or casualty loss proceeds shall be paid only to the Superior Lender, and upon the full satisfaction of the Superior Deed of Trust the Subordinate Lender shall receive payment from the remainder of such proceeds.

6. Successors in Interest. This Agreement and each and every covenant, agreement and other provision hereof shall be binding upon and shall inure to the benefit of the parties hereto and their heirs, administrators, representatives, successors and assigns.

7. Term. This Agreement shall continue in full force and effect until the Superior Mortgage Loan is paid in full.

8. Governing Law. This Agreement shall be governed by the laws of the State of Idaho.

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

Superior Lender: **IDAHO HOUSING AND FINANCE ASSOCIATION**

By: [Signature]
Its: Senior Vice President

Subordinate Lender: **Bank of America, N.A., a national banking association**

By: _____
Its: Vice President

Borrower: **Creekside Properties, L.P., an Idaho Limited Partnership**

By: _____
Its: General Partner

Documents.

3. Default Under Superior Mortgage Loan is a Default under Subordinate Loan. Any default or breach under the debt instruments for the Superior Mortgage Loan shall constitute a breach and default under the Subordinate Loan. The Superior Lender shall deliver to the Subordinate Lender a Default Notice within five (5) business days in each case where the Superior Lender has given a Default Notice to the Borrower. The Subordinate Lender shall have the right, but not the obligation, to cure any Superior Lender Loan Default within sixty (60) days following the date of such notice. All amounts paid by the Subordinate Lender in accordance with the Subordinate Lender Loan Documents to cure a Superior Loan Default shall be deemed to have been advanced by the Subordinate Lender pursuant to, and shall be secured by the lien of the Subordinate Deed of Trust.

4. Limitation on Bankruptcy Proceedings. The Superior Lender will not, without the prior written approval of the Subordinate Lender, commence or join with any other creditor in commencing any bankruptcy, reorganization or insolvency proceedings with respect to Borrower.

5. Condemnation and Casualty Loss Payments. In the event of a condemnation which results in a payment by the condemning body for any portion of the Project, or, in the event any proceeds are received from any casualty loss covered by insurance which are not used to rehabilitate the Project, such condemnation proceeds or casualty loss proceeds shall be paid only to the Superior Lender, and upon the full satisfaction of the Superior Deed of Trust the Subordinate Lender shall receive payment from the remainder of such proceeds.

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7. Term. This Agreement shall continue in full force and effect until the Superior Mortgage Loan is paid in full.

8. Governing Law. This Agreement shall be governed by the laws of the State of Idaho.

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

Superior Lender: **IDAHO HOUSING AND FINANCE ASSOCIATION**

By: _____
Its: Senior Vice President

Subordinate Lender: **Bank of America, N.A., a national banking association**

By: _____
Its: Vice President

Borrower: **Creekside Properties, L.P., an Idaho Limited Partnership**

By: _____
Its: General Partner

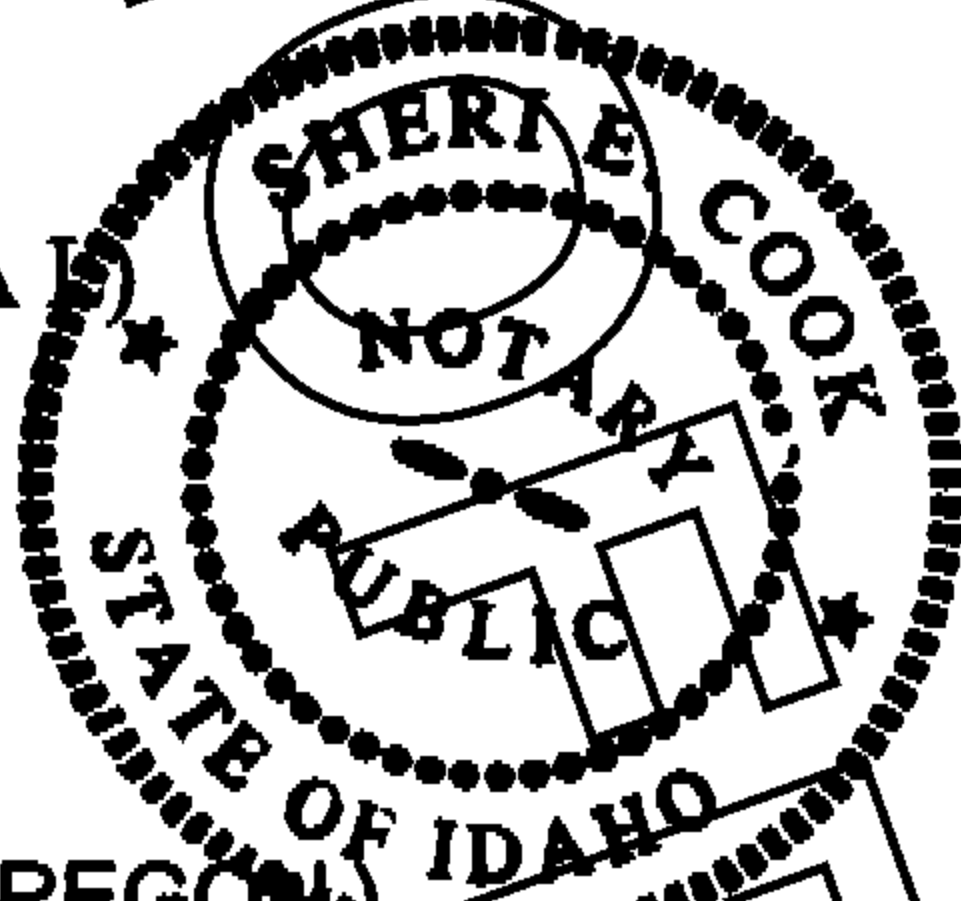
STATE OF IDAHO)

County of Ada)
:ss

On this 14th day of June, 2006, before me, the undersigned, a Notary in and for said State, personally appeared Julie H. Williams, known to me to be Senior Vice President, on behalf of said Superior Lender that executed said instrument on behalf of said superior lender.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written.

(SEAL)



[Signature]
NOTARY PUBLIC for Idaho
Residing at Borle
My Commission Expires 1/15/2011

STATE OF OREGON)

County of _____)
:ss

On this _____ day of _____, 2006, before me, the undersigned, a Notary in and for said State, personally appeared _____, known to me to be the _____ of the _____, the Subordinate Lender named in the foregoing instrument, and acknowledged to me that he or she executed the same on behalf of the Subordinate Lender.

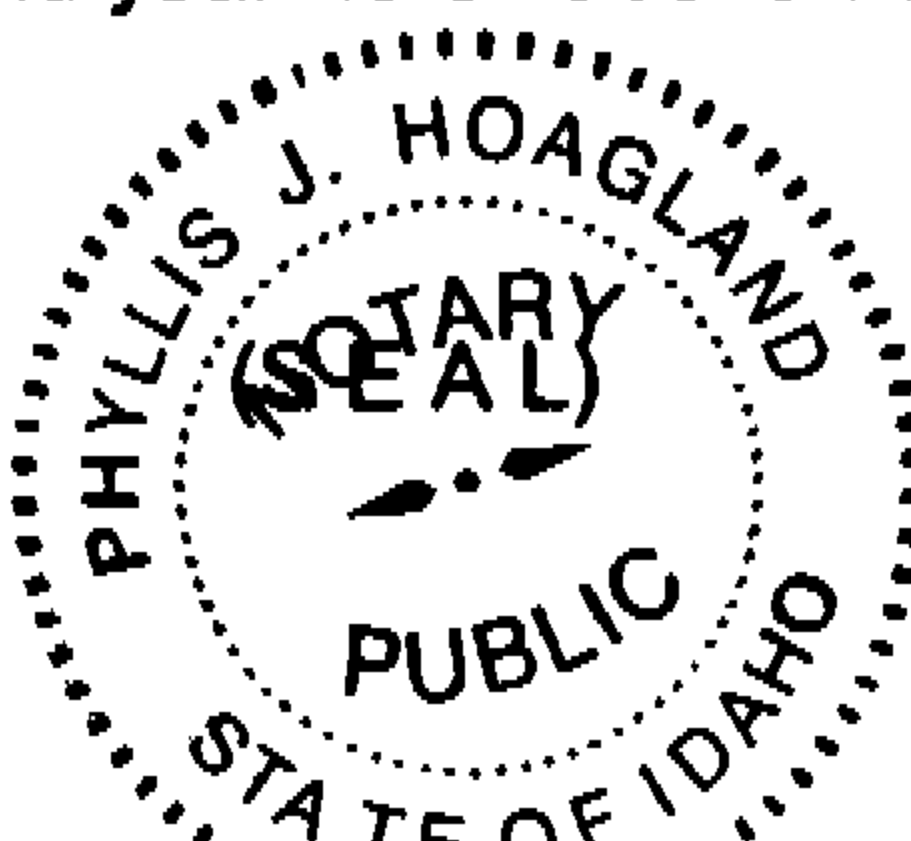
(SEAL)

NOTARY PUBLIC for Oregon
Residing at _____
My Commission Expires _____

STATE OF Idaho)County of Kootenai)
:ss

On this 13th day of June, 2006, before me, the undersigned, a Notary in and for said State, personally appeared Maryann Prescott, known to me to be the President of Whitewater Creek, Inc. such corporation being the manager of Creek Assoc., L.L.C. and such being the general partner of the Creekside Properties, L.P. the Borrower named in the foregoing instrument, and acknowledged to me that he or she executed the same on behalf of said Idaho limited partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written.



[Signature]
NOTARY PUBLIC for Idaho
Residing at Hayden Idaho, therein
My Commission Expires: 12-11-06

STATE OF IDAHO)
) :SS
 County of Ada)

On this _____ day of _____, 2006, before me, the undersigned, a Notary in and for said State, personally appeared Julie H. Williams, known to me to be Senior Vice President, on behalf of said Superior Lender that executed said instrument on behalf of said superior lender.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written.

(S E A L)

NOTARY PUBLIC for Idaho

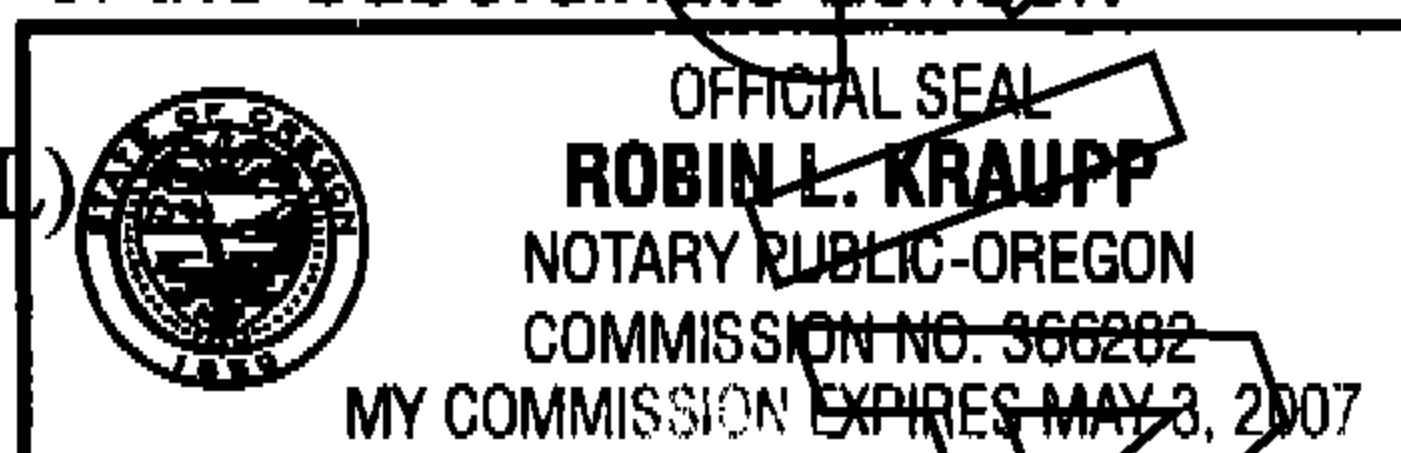
Residing at _____

My Commission Expires _____

STATE OF OREGON)
) :SS
 County of Multnomah)

On this 14 day of June, 2006, before me, the undersigned, a Notary in and for said State, personally appeared Bacen Roche, known to me to be the Vice President of the Bank of America, N.A., the Subordinate Lender named in the foregoing instrument, and acknowledged to me that he or she executed the same on behalf of the Subordinate Lender.

(S E A L)



NOTARY PUBLIC for Oregon

Residing at Oregon

My Commission Expires 5-3-2007

STATE OF _____)
) :SS
 County of _____)

On this _____ day of _____, 2006, before me, the undersigned, a Notary in and for said State, personally appeared _____, known to me to be the President of Whitewater Creek, Inc. such corporation being the manager of Creek Assoc., L.L.C. and such being the general partner of the Creekside Properties, L.P. the Borrower named in the foregoing instrument, and acknowledged to me that he or she executed the same on behalf of said Idaho limited partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written.

(S E A L)

NOTARY PUBLIC For Idaho

Residing at _____, therein

My Commission Expires: _____

EXHIBIT A
LEGAL DESCRIPTION

"LOT 2" LEGAL DESCRIPTION, DEED INSTRUMENT NUMBER 487277 AND DEPICTED IN THE ALTA/ACSM LAND TITLE SURVEY RECORDED AS INSTRUMENT NUMBER 485139 (R-7 OF THIS SURVEY).

A PARCEL OF LAND LOCATED IN A PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 17, TOWNSHIP 39 NORTH, RANGE 5 WEST, BOISE MERIDIAN, CITY OF MOSCOW, LATAH COUNTY, IDAHO. MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER FOR SECTION 17 FROM WHICH THE SOUTHWEST CORNERS OF SECTION 17 BEARS, 01° 02' 29" WEST, 2634.45 FEET; THENCE FROM SAID POINT OF COMMENCEMENT SOUTH 01° 02' 29" WEST, 825.26 FEET TO A POINT; THENCE SOUTH 89° 00' 48" EAST, A DISTANCE OF 60.13 FEET TO A POINT ON THE EAST RIGHT-OF-WAY FOR STATE HIGHWAY 95, SAID POINT ALSO BEING THE POINT OF BEGINNING FOR THIS DESCRIBED PARCEL OF LAND;

THENCE FROM SAID POINT OF BEGINNING SOUTH 89° 00' 48" EAST, 599.82 FEET TO A POINT ON THE WEST BOUNDARY OF RENNER ADDITION, FILED IN BOOK 6 AT PAGE 5, INSTRUMENT NUMBER 262290, LATAH COUNTY RECORDS;

THENCE SOUTHERLY ALONG THE SAID WEST BOUNDARY, SOUTH 00° 34' 50" EAST, 163.25 FEET TO A ¾" IRON ROD. SAID IRON ROD BEING THE SOUTHWEST CORNER OF RENNER ADDITION AND THE NORTHWEST CORNER OF INDIAN HILLS CONDOMINIUMS FILED IN BOOK 1 AT PAGE 13, INSTRUMENT NUMBER 336478, LATAH COUNTY RECORDS;

THENCE SOUTHERLY ALONG THE WEST BOUNDARY OF SAID INDIAN HILLS CONDOMINIUMS, SOUTH 01° 04' 10" WEST, 329.66 FEET TO A ¾" IRON ROD BEING THE SOUTHWEST CORNER OF SAID INDIAN HILLS CONDOMINIUMS;

THENCE NORTH 88° 56' 12" WEST, 434.73 FEET TO A POINT;

THENCE NORTH 00° 31' 23" EAST, 447.28 FEET TO A POINT;

THENCE NORTH 89° 00' 48" WEST, 166.40 FEET TO A POINT ON THE EAST RIGHT-OF-WAY FOR STATE HIGHWAY 95, SAID POINT BEING THE POINT OF CURVATURE OF A NON-TANGENT CURVE IN SAID RIGHT-OF-WAY CONCAVE TO THE WEST HAVING A RADIUS OF 2920.00 FEET, A CENTRAL ANGLE OF 00° 52' 59" AND A CHORD BEARING NORTH 02° 10' 54" EAST, 45.01 FEET;

THENCE NORTHERNLY ALONG SAID CURVED RIGHT-OF-WAY, 45.01 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH AN EASEMENT AS FULLY SET OUT IN INSTRUMENT NUMBERS 490115.

NO. 505942
AT THE REQUEST OF:
LATAH COUNTY TITLE CO.
DATE & HOUR: 06.19.06 3:44 pm
SUSAN PETERSEN
LATAH COUNTY RECORDER
FEE \$ 18.00 BY C. Schus