

After Recording, please return to:

President
Utah Housing Corporation
554 South 300 East
Salt Lake City, Utah 84111

00462244 BR00854 Pa00155-00159

FATSY CUTLER - IRON COUNTY RECORDER
2003 MAR 13 15:27 PM FEE \$18.00 BY DBJ
REQUEST: FIRST AMERICAN TITLE/CEDAR CITY

FIRST AMERICAN TITLE COMPANY
ACCOMMODATION RECORDING ONLY
NOT EXAMINED

SUBORDINATION AGREEMENT

This Subordination Agreement ("Agreement") is made and entered into as of the 25th day of October, 2002, by and among CANYON PARK HOUSING ASSOCIATES, a Washington Limited Partnership ("Owner"), the UNITED STATES OF AMERICA, acting through the RURAL HOUSING SERVICE or successor agency, UNITED STATES DEPARTMENT OF AGRICULTURE, (the "Lender"), and UTAH HOUSING CORPORATION, a public corporation of the State of Utah ("UHC").

RECITALS

A. The Owner is the owner of certain real property located in Iron County, State of Utah, which property is more particularly described in Exhibit A attached hereto (the "Property"). The Owner has constructed certain residential housing and other improvements on the Property (the "Project").

B. As a part of the permanent financing of the Project, the Lender has made a loan to the Owner in the sum of ONE MILLION ONE-HUNDRED TWENTY-SEVEN THOUSAND SEVEN-HUNDRED FORTY AND NO/100THS DOLLARS (\$1,127,740.00) (the "Loan"). The Loan is evidenced by that certain Promissory Note, dated as of September 11, 1996 (the "Note"), and secured by, among other things, a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of September 11, 1996 (the "Deed of Trust"), executed by the Owner in favor of the Lender, and recorded in the official real estate records of the Iron County Recorder's Office on September 12, 1996 as Entry No 369555 in Book 578 at Page 477 *et seq.* The Note, the Deed of Trust and all other documents evidencing or securing the Loan are hereinafter collectively referred to as the "Loan Documents."

C. As part of the permanent financing of the Project, the Owner also intends to use federal low-income housing tax credits ("Tax Credits") pursuant to Section 42 of the Internal Revenue Code ("Section 42"). In order for the Owner to qualify for Tax Credits, the Owner must, among other things, receive a Form 8609 from UHC for the Project. UHC may issue a Form 8609 only if the Owner satisfies certain requirements under Section 42.

D. To fulfill one of the requirements for UHC to issue a Form 8609 for the Project, UHC and the Owner have entered into that certain Low-Income Housing Credit Commitment Agreement and Declaration of Restrictive Covenants dated October 1, 1996 (the "Extended Use Agreement") and recorded in the official real estate records of the Iron County Recorder's Office as Entry No. 00371949 in Book 00584 at Page 00747 *et seq.*, which encumbers the Property and the Project.

E. The Extended Use Agreement provides in Section 10 that, notwithstanding the termination of the extended use period (as such term is defined in Section 9 thereof, the "Extended Use Period"), the Owner shall not evict or terminate the tenancy (other than for good cause) of an existing low-income tenant of any low-income unit in the Project or increase the gross rent with respect to a low-income unit, not otherwise permitted under Section 42, before the close of the three year period following such termination of the Extended Use Period.

F. Because the Deed of Trust was recorded before the Extended Use Agreement was recorded, (i) the Owner is obligated under the Extended Use Agreement to obtain, and (ii) UHC cannot issue a Form 8609 for the Project until the Owner obtains, an agreement in the form hereof from the Lender pursuant to which the Lender shall agree to be bound by the provisions Section 10 of the Extended Use Agreement upon any foreclosure (or instrument in lieu of foreclosure) of the Property, in accordance with the terms of this Agreement.

G. Because the Lender recognizes that the ability of the Owner to qualify for Tax Credits is essential to the viability of the Project and the ability of the Owner to repay the Loan, the Lender is willing to enter into this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. The Lender hereby agrees that (a) the lien of the Deed of Trust is subordinate to the obligation of the Owner under Paragraph 10 of the Extended Use Agreement and (b) that it shall not evict or terminate the tenancy (other than for good cause) of an existing low-income tenant of any low-income unit located in the Project or increase the gross rent with respect to a low-income unit, not otherwise permitted under Section 42, before the close of the three year period following termination of the Extended Use Period by reason of any foreclosure (or instrument in lieu of foreclosure) of the Property by the Lender.

2. The Lender agrees that the covenants contained in Paragraph 1 above shall unconditionally be and remain at all times an encumbrance on the Property, prior and superior to the lien or charge of the Deed of Trust, and be binding upon all successor beneficiaries under the Deed of Trust.

3. This Agreement shall be the whole and only agreement with regard to the subordination of the lien or charge of the Deed of Trust to the Extended Use Agreement.

4. This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of Utah.

5. This Agreement may be signed in multiple counterparts with the same effect as if all signatories had executed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

THE LENDER:

UNITED STATES OF AMERICA, acting through the
RURAL HOUSING SERVICE or successor agency,
UNITED STATES DEPARTMENT OF AGRICULTURE

By: *John R. Cox*
JOHN R. COX

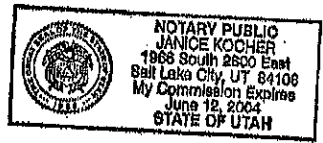
Its: State Director, Rural Development, acting on behalf
of the Rural Housing Service, as successor in interest
to the Farmers Home Administration, United States
Department of Agriculture, State of Utah

STATE OF UTAH)
) ss.
COUNTY OF Salt Lake)

The foregoing instrument was acknowledged before me this 21st day of February, 2003, by
the State Director
on behalf of USDA- Rural Housing Service.

My Commission Expires: 6-12-04

Janice Kocher
Notary Public in and for the State of Utah



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UHC:

UTAH HOUSING CORPORATION

By: [Signature]
William H. Erickson
Its: President

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this 25 day of FEBRUARY, 2003,
by William H. Erickson, President of UTAH HOUSING CORPORATION, a public corporation
of the State of Utah.

My commission expires:
3-26-05



[Signature]
Notary Public in and for the State of Utah
DARYL KING
854 South 800 East
Salt Lake City, Utah 84111
My Commission Expires
March 25, 2005
State of Utah

THE BORROWER:

CANYON PARK HOUSING ASSOCIATES,
A WASHINGTON LIMITED PARTNERSHIP

By: [Signature]
James H. Hogue
Its: General Partner

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this day personally appeared before me, James H. Hogue to be known to be individual
described in and who executed the within and foregoing instrument as the General Partner of
Canyon Park Housing Associates, a Washington Limited Partnership, and acknowledged that he
signed the same as his free and voluntary act and deed, for the uses and purposes therein
mentioned.

GIVEN under my hand and official seal this 25 day of October, 2003

My commission expires: 4/19/06

[Signature]
Notary Public in and for the State of Washington

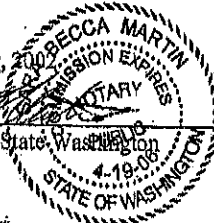


EXHIBIT A
Description of Property

That certain real property located in Iron County, Utah, more particularly described as follows:

All of Lot 1, WIEST SUBDIVISION, according to the Official Plat thereof, recorded in the Office of the County Recorder of said County.

EXCEPTING THEREFROM that portion lying within Wedgewood Lane Extended.

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