

STATE OF ALABAMA)
)
COUNTY OF SHELBY)

SUBORDINATION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS THAT:

FOR VALUE RECEIVED, and to induce the Compass Bank (the "Bank"), to make a loan not to exceed the principal amount of Eighty Nine Thousand and No/100 Dollars (\$89,000.00) (the "Loan") to Housing Investors Columbiana I, Ltd., an Alabama limited partnership ("Borrower"), in connection with the refinancing of first mortgage indebtedness on the Borrower's forty (40) unit apartment project located in Columbiana, Alabama (the "Property"), the undersigned hereby agrees that the agreements described on Exhibit "A" attached hereto and made a part hereof (the "Agreements") and all rights of the undersigned under the Agreements, are hereby subordinated to (a) the following documents signed (or to be signed) by Borrower to evidence and/or secure and/or otherwise pertain to the Loan (the "Loan Documents") and (b) the rights of the Lender under the Loan Documents:

1. Promissory Note (the "Note") made by the Borrower in the principal sum not to exceed Eighty Nine Thousand and No/100 Dollars (\$89,000.00) and payable to the order of Bank with interest at the rate or rates therein provided;
2. Mortgage and Security Agreement (the "Mortgage"), from the Borrower to the Bank, creating a lien on and security interest in the Property, securing the payment of the Note.
3. UCC-1's from Borrower to Bank to be filed with State of Alabama and Shelby County further securing the loan.

The Agreements herein subordinated shall continue in full force and effect, only as herein subordinated.

Nothing in this document shall be deemed to subordinate those certain Declarations of Land Use Restrictive Covenants for Alabama's HOME Program recorded in Instrument #1995-29426 in the Office of the Judge of Probate of Shelby County, Alabama and the Declarations of Land Use Restrictive Covenants for Low Income Housing Tax Credits recorded in Instrument #1995-29427.

IN WITNESS WHEREOF, Alabama Housing Finance Authority, acting solely in its capacity as the Administrator of the State of Alabama's HOME Investment Partnerships

Mike A.

Program, has executed and sealed this subordination agreement this 18th day of June, 2003.

ALABAMA HOUSING FINANCE AUTHORITY
acting solely as the Administrator of the State
of Alabama's HOME Investment Partnerships
Program

BY: [Signature]
Haywood M. Sport
Its: Multifamily Administrator

STATE OF ALABAMA)
)
COUNTY OF MONTGOMERY)

I, the undersigned, a notary public in and for said county, in said state, hereby certify that Haywood M. Sport, whose name as Multifamily Administrator of Alabama Housing Finance Authority, acting solely in its capacity as the Administrator of the State of Alabama's HOME Investment Partnerships Program, a corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal, this the 18th day of June, 2003.

Sabrina K. Autrey
Notary Public

Notary Public, Alabama State at Large
My Commission Expires Jan. 22, 2005

LIST OF AGREEMENTS TO BE SUBORDINATED

1. Promissory Note from Housing Investors Columbiana I, Ltd. to Alabama Housing Finance Authority dated December 18, 1996 in the principal amount of \$1,100,000.00.
2. Mortgage and Security Agreement from Housing Investors Columbiana I, Ltd., an Alabama limited partnership, to Alabama Housing Finance Authority dated December 18, 1996, recorded December 19, 1996 as Instrument #1996-41657, Shelby County Probate Office.
3. Assignment of Rents and Leases from Housing Investors Columbiana I, Ltd., an Alabama limited partnership, to Alabama Housing Finance Authority dated December 18, 1996, recorded December 19, 1996 as Instrument #1996-41658, Shelby County Probate Office.
4. UCC Financing Statement from Housing Investors Columbiana I, Ltd., an Alabama limited partnership, to Alabama Housing Finance Authority recorded December 19, 1996 as Instrument #1996-41659, Shelby County Probate Office, securing an indebtedness of \$1,100,000.00.