APN: 139-25-407-005, 139-25-410-037 and 139-25-410-027

WHEN RECORDED MAIL TO:

Citi Community Capital
Municipal Securities Division
1801 California St., Suite 3700
Denver, Colorado 80202
Attention: Judy Wessler

Citi #6878

SUBORDINATION AND INTERCREDITOR AGREEMENT (CITY OF LAS VEGAS HOME AND LIHTF FUNDS)

THIS **SUBORDINATION AND INTERCREDITOR AGREEMENT** (this "**Agreement**") dated as of ________, ___, 2010, is made by and between **CITIBANK, N.A.** ("**Senior Lender**"), **MCKNIGHT SENIOR VILLAGE LIMITED PARTNERSHIP**, a Nevada limited partnership ("**Borrower**"), and the **CITY OF LAS VEGAS, NEVADA**, a municipal corporation within the State of Nevada ("**Subordinate Lender**").

RECITALS:

A. The Borrower has applied to Citibank, N.A. (the "**Lender**") for a loan in the maximum principal amount of $2,710,000 (the "**Loan**"), for the refinancing and /or operation of a 110 unit senior housing project located in Las Vegas, Clark County, Nevada, known as McKnight Senior Village (the "**Property**"), as more particularly described on Exhibit A hereto.

B. The Senior Loan is evidenced by that certain Multifamily Permanent Loan Note, dated as of the date hereof, made by Borrower in favor of Senior Lender ("**Senior Note**"), is secured by, among other things, that certain Multifamily Deed of Trust, Assignment of Rents and Security Agreement, dated as of the date hereof, made by Borrower for the benefit of Senior Lender (as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented, the "**Senior Security Instrument**"), encumbering the Property, and will be advanced to Borrower pursuant to that certain Loan Agreement ("**Senior Loan Agreement**") dated as of the date hereof between Borrower and Senior Lender.

C. Pursuant to that certain HOME/LIHTF Agreement to Fund D. Miller Foundation, Inc. Affordable Rental Senior Housing Development, dated as of March 10, 1997, as amended, between the City of Las Vegas, Nevada and Borrower (the "**HOME Agreement**"), Subordinate Lender made a loan of Federal HOME Funds in the amount of $183,798 and Low Income Housing Trust Funds in the amount of $185,004 to Borrower for a total amount of $368,802 (the

"**Subordinate Loan**"), which Subordinate Loan is secured by the Subordinate Security Instrument (as hereinafter defined) encumbering the Property.

D. As a condition to the making of the Senior Loan, Senior Lender requires that Subordinate Lender execute and deliver this Agreement to evidence the subordination of the lien of the Subordinate Security Instrument to the lien of the Senior Security Instrument.

NOW, THEREFORE, for Ten Dollars ($10.00) and other 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 Subordinate Loan and the Subordinate Security Instrument, Subordinate Lender hereby agrees as follows:

1. Definitions.

In addition to the terms defined in the Recitals to this Agreement, for purposes of this Agreement the following terms have the respective meanings set forth below:

"Affiliate" means, when used with respect to a Person, any corporation, partnership, joint venture, limited liability company, limited partnership, trust or individual controlled by, under common control with, or which controls such Person (the term "control" for these purposes shall mean the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to select the managing partner of, a partnership, or otherwise to have the power independently to remove and then select a majority of those individuals exercising managerial authority over an entity, and control shall be conclusively presumed in the case of the ownership of 50% or more of the equity interests).

"Borrower" means the Person named as such in the first paragraph of this Agreement and any other Person (other than Senior Lender) who acquires title to the Property after the date of this Agreement.

"Business Day" means any day other than Saturday, Sunday or a day on which Senior Lender is not open for business.

"Person" means an individual, estate, trust, partnership, corporation, governmental department or agency or any other entity which has the legal capacity to own property.

"Senior Loan Default" means the occurrence of an "Event of Default" as that term is defined in the Senior Loan Documents.

"Senior Loan Documents" means, collectively, the Senior Security Instrument, the Senior Note, the Senior Loan Agreement and all of the other documents, instruments and agreements now or hereafter evidencing, securing or otherwise executed in connection with the Senior Loan, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the provisions of this Agreement.

"Subordinate Lender" means the Person named as such in the first paragraph on page 1 of this Agreement and any other Person who succeeds to the interest of such Person after the date of this Agreement.

"Subordinate Loan Default" means a default by Borrower in performing or observing any of the terms, covenants or conditions in the Subordinate Loan Documents to be performed or observed by it, which continues beyond any applicable period provided in the Subordinate Loan Documents for curing the default.

"Subordinate Loan Documents" means the HOME Agreement, the Subordinate Security Instrument, and all other documents evidencing, securing or otherwise executed and delivered in connection with the Subordinate Loan.

"Subordinate Security Instrument" means the Short Form Deed of Trust encumbering the Property as security for the Subordinate Loan, which was recorded among the land records of Clark County on May 11, 1999 in Book 990511, Document No. 00074, as the same may from time to time be extended, consolidated, substituted for, modified, amended or supplemented upon receipt of the consent of Senior Lender.

2. Permission to Place Mortgage Lien Against Property.

Senior Lender agrees, notwithstanding the prohibition against inferior liens on the Property contained in the Senior Loan Documents and subject to the provisions of this Agreement, to permit Subordinate Lender to maintain its lien against the Property (which is shall be deemed subordinate in all respects to the lien of the Senior Security Instrument) to secure the repayment of the Subordinate Loan if the Borrower fails to perform its obligations under the HOME Agreement. Such permission is subject to the condition that each of the representations and warranties made by Borrower and Subordinate Lender in Section 3 is true and correct on the date of this Agreement. If any of the representations and warranties made by Borrower and Subordinate Lender in Section 3 is not true and correct, the provisions of the Senior Loan Documents applicable to unpermitted liens on the Property shall apply.

3. Borrower's and Subordinate Lender's Representations and Warranties.

Borrower and Subordinate Lender each makes the following representations and warranties to Senior Lender:

(a) Subordinate Loan Documents. The performance of the HOME Subordinate Loan is secured by the Subordinate Security Instrument.

(b) Terms of the Subordinate Loan. The original principal amount of the Subordinate Loan is $368,802.

(c) Subordinate Loan Documents. The Subordinate Loan Documents are in the exact form submitted to Senior Lender prior to the date of this Agreement.

(d) HOME Agreement. The copy of the HOME Agreement provided to Senior Lender is a true, correct and complete copy of the HOME Agreement. The HOME Agreement is in full force and effect as of the date hereof. There have been no defaults under the HOME Agreement and neither Borrower nor Subordinate Lender has received any notices of default under the HOME Agreement.

4. Intentionally Omitted.

5. Terms of Subordination.

(a) Agreement to Subordinate. Senior Lender and Subordinate Lender agree that: (i) the indebtedness evidenced by the Subordinate Loan Documents is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement, to the prior payment in full of the indebtedness evidenced by the Senior Loan Documents; and (ii) the Subordinate Security Instrument and the other Subordinate Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Senior Security Instrument and the other Senior Loan Documents and to all advances heretofore made or which may hereafter be made pursuant to the Senior Security Instrument (including but not limited to, all sums advanced for the purposes of (x) protecting or further securing the lien of the Senior Security Instrument, curing defaults by Borrower under the Senior Loan Documents or for any other purposes expressly permitted by the Senior Security Instrument, or (y) constructing, renovating, repairing, furnishing, fixturing or equipping the Property).

(b) Subordination of Subrogation Rights. Subordinate Lender agrees that if, by reason of its payment of real estate taxes or other monetary obligations of Borrower, or by reason of its exercise of any other right or remedy under the Subordinate Loan Documents, it acquires by right of subrogation or otherwise a lien on the Property which (but for this subsection) would be senior to the lien of the Senior Security Instrument, then, in that event, such lien shall be subject and subordinate to the lien of the Senior Security Instrument.

(c) Payments Before Senior Loan Default. Until Subordinate Lender receives notice (or otherwise acquires actual knowledge) of a Senior Loan Default, Subordinate Lender shall be entitled to retain for its own account all payments made under or pursuant to the Subordinate Loan Documents.

(d) Payments After Senior Loan Default. Borrower agrees that, after it receives notice (or otherwise has actual knowledge) of a Senior Loan Default, it will not make any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Security Instrument) without Senior Lender's prior written consent. Subordinate Lender agrees that, after it receives notice (or otherwise acquires actual knowledge) of a Senior Loan Default, it will not accept any payments under or pursuant to the Subordinate Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorney's fees, or any other sums secured by the Subordinate Security Instrument) without Senior Lender's prior written consent.

(e) Receipt of Payment Not Permitted Hereunder. If, after Subordinate Lender receives notice (or otherwise acquires actual knowledge) of a Senior Loan Default, Subordinate Lender receives any payments under the Subordinate Loan Documents, or if Subordinate Lender receives any other payment or distribution of any kind from Borrower or from any other Person in connection with the Subordinate Loan or the Subordinate Loan Documents which Subordinate Lender is not permitted by this Agreement to retain for its own account, Subordinate Lender agrees that such payment or other distribution will be received and held in trust for Senior Lender and unless Senior Lender otherwise notifies Subordinate Lender, will be promptly remitted, in kind, to Senior Lender, properly endorsed to Senior Lender, to be applied to the principal of, interest on and other amounts due under Senior Loan Documents in such order and in such manner as Senior Lender shall determine in its sole and absolute discretion.

(f) Notice of Payment. Subordinate Lender agrees to notify (by written notice) Senior Lender of Subordinate Lender's receipt from any Person other than Borrower of a payment with respect to Borrower's obligations under the Senior Loan Documents, promptly after Subordinate Lender obtains knowledge of such payment.

(g) Agreement Not to Commence Bankruptcy Proceeding. Subordinate Lender agrees that during the term of this Agreement it will not commence, or join with any other creditor in commencing any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings with respect to Borrower, without Senior Lender's prior written consent.

(h) Borrower's Equity Interests.

(i) Notwithstanding any provisions of the Subordinate Loan Documents to the contrary, the required debt service on the Subordinate Loan shall not, in any event, exceed 75% of the Property's Excess Cash Flow. For purposes of this subsection, debt service on the Subordinate Loan and Excess Cash Flow will be measured monthly, whether or not such debt service is actually payable monthly.

(ii) As used herein, the following terms shall have the following ascribed meanings:

"Excess Cash Flow" shall mean, for any period, Gross Revenues for such period less the sum of (i) Expenses of the Property for such period, and (ii) without duplication, all amounts due on the Senior Loan Obligations for such period.

"Expenses of the Property" shall mean, for any period, the current expenses, paid or accrued, of operation, maintenance and current repair of the Property, as calculated in accordance with GAAP, and shall include, without limiting the generality of the foregoing, salaries, wages, employee benefits, cost of materials and supplies, costs of routine repairs, renewals, replacements and alterations occurring in the usual course of business, costs and expenses properly designated as capital expenditures (e.g. repairs which would not be payable from amounts on deposit in a repair and replacement fund held pursuant to the Loan Documents), a management fee (however characterized) not to exceed 5.0% of Gross Revenues, costs of billings and collections, costs of insurance, and costs of audits. Expenses of the Property shall not include any payments, however characterized, on account of any subordinate financing in respect of the Property or other indebtedness, allowance for depreciation, amortization or other non-cash items, gains and losses or prepaid expenses not customarily prepaid.

"Gross Revenues" shall mean all receipts, revenues, income and other moneys received by or on behalf of Borrower and derived from the ownership or operation of the Property, if any, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence and proceeds received upon the foreclosure sale of the Property. Gross Revenues shall not include loan proceeds, equity or capital contributions, or tenant security deposits being held by Borrower in accordance with the applicable law.

"Senior Loan Obligations" shall mean and include, collectively, and without limitation, each of the following: (A) all debt service payments due on the Senior Loan, (B) all obligations of Borrower under the Senior Loan Documents, (C) all capital expenditures required for the proper maintenance of the Property in accordance with the Senior Loan Documents, as calculated by Borrower in accordance with customarily accepted cash basis account principles, consistently applied, and in accordance with the terms of the Senior Loan Documents, (D) all amounts required to be deposited into any replacement reserve, completion/repair reserve, operating deficit reserve, principal repayment reserve, replacement hedge reserve or other reserve or escrow established or required by Senior Lender in connection with the Senior Loan and the Senior Loan Documents, including the Senior Security Instrument, and (E) all fees, costs and expenses of the Senior Lender in connection with the Senior Loan.

(iii) Borrower shall cause to be delivered to Senior Lender such documentation and information, including, without limitation, income and expense statements for the Property, as shall be required from time to time by Senior Lender to confirm compliance with the provisions of this Section.

6. <u>Default under Subordinate Loan Documents</u>.

(a) Notice of Default and Cure Rights. Subordinate Lender agrees to deliver a written notice of each Subordinate Loan Default to Senior Lender in each case where Subordinate Lender has given a Subordinate Loan Default Notice to Borrower. Senior Lender shall have the right, but not the obligation, to cure any Subordinate Loan Default within the same time period for curing a default which is given to Borrower under the Subordinate Loan Documents, except that Senior Lender's time period for cure shall begin on the date on which it receives notice of the Subordinate Loan Default. All amounts advanced or expended by Senior Lender to cure a Subordinate Loan Default shall be deemed to have been advanced by Senior Lender pursuant to, and shall be secured by the lien of, the Senior Security Instrument.

(b) Subordinate Lender's Exercise of Remedies After Notice to Senior Lender. If a Subordinate Loan Default occurs and is continuing, Subordinate Lender agrees that, without Senior Lender's prior written consent, it will not commence foreclosure proceedings with respect to the Property under the Subordinate Loan Documents or exercise any other rights or remedies it may have under the Subordinate Loan Documents, including, but not limited to, accelerating the Subordinate Loan, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder, unless and until it has given Senior Lender at least 60 days' prior written notice.

(c) Effect of Foreclosure by Subordinate Lender. Subordinate Lender acknowledges that any conveyance or other transfer of title to the Property pursuant to a foreclosure of the Subordinate Security Instrument (including a conveyance or other transfer of title pursuant to the exercise of a power of sale contained in the Subordinate Security Instrument), or any deed or assignment in lieu of foreclosure or similar arrangement, shall be subject to the transfer provisions of the Senior Loan Documents.

(d) Cross Default. Borrower and Subordinate Lender agree that a Subordinate Loan Default shall constitute a Senior Security Instrument Default under the Senior Loan Documents and Senior Lender shall have the right to exercise all rights or remedies under the Senior Loan Documents in the same manner as in the case of any other Senior Loan Default. If Borrower cures any Subordinate Loan Default to the satisfaction of Subordinate Lender, any default under the Senior Loan Documents arising from such Subordinate Loan Default shall be deemed cured and the Senior Loan shall be retroactively reinstated as if such Subordinate Loan Default had never occurred provided, however, that if Senior Lender has commenced exercising its rights and remedies based upon the Subordinate Loan Default, Senior Lender has been reimbursed for all fees and costs incurred pursuant to acceleration and foreclosure.

7. <u>Default under Senior Loan Documents</u>.

(a) Notice of Default and Cure Rights. Senior Lender agrees to deliver a written notice of each Senior Loan Default to Subordinate Lender in each case within five (5) business days after Senior Lender has given a Senior Loan Default Notice to Borrower. Subordinate Lender shall have the right, but not the obligation, to cure any Senior Loan Default within the same time period for curing a default which is given to Borrower under the Senior Loan Documents, except that Subordinate Lender's time period for cure shall begin on the date on which it receives notice of the Senior Loan Default. All amounts advanced or expended by Subordinate Lender to cure a Senior Loan Default shall be deemed to have been advanced by Subordinate Lender pursuant to, and shall be secured by the subordinate lien of, the Subordinate Security Instrument. Except for notice of any trustee's sale under the Senior Security Instrument and as otherwise required by applicable law, Senior Lender's failure to give Subordinate Lender notice of a Senior Loan Default shall not preclude or limit the exercise by Senior Lender of any of its other rights or remedies under the Senior Loan Documents and this Agreement with respect to the Senior Loan Default.

(b) Cross Default. Subordinate Lender agrees that, notwithstanding any contrary provision contained in the Subordinate Loan Documents, a Senior Loan Default shall not constitute a default under the Subordinate Loan Documents (if no other default has occurred under the Subordinate Loan Documents) until either (i) Senior Lender has accelerated the maturity of the Senior Loan, or (ii) Senior Lender has taken affirmative action to exercise its rights under the Senior Security Instrument to collect rent, to appoint (or seek the appointment of) a receiver or to foreclose on (or to exercise a power of sale contained in) the Senior Security Instrument. At any time after a Senior Loan Default becomes a default under the Subordinate Loan Documents, Subordinate Lender shall be permitted to pursue its remedies for default under the Subordinate Loan Documents, subject to the restrictions and limitations of this Agreement. If at any time Borrower cures any Senior Loan Default to the satisfaction of Senior Lender, any default under the Subordinate Loan Documents arising from such Senior Loan Default shall be deemed cured and the Subordinate Loan shall be retroactively reinstated as if such Senior Loan Default had never occurred.

8. Conflict.

Borrower and Subordinate Lender each agrees that, in the event of any conflict or inconsistency between the terms of the Subordinate Loan Documents and the terms of this Agreement, the terms of this Agreement shall control. Borrower acknowledges that the terms and provisions of this Agreement shall not, and shall not be deemed to: extend Borrower's time to cure any Senior Loan Default or Subordinate Loan Default, as the case may be; give Borrower the right to notice of any Senior Loan Default or Subordinate Loan Default, as the case may be other than that, if any, provided, respectively under the Senior Loan Documents or the Subordinate Loan Documents; or create any other right or benefit for Borrower as against Senior Lender or Subordinate Lender.

9. Rights and Obligations of Subordinate Lender Under the Subordinate Security Instrument.

Subject to each of the other terms of this Agreement, all of the following provisions shall supersede any provisions of the Subordinate Loan Documents covering the same subject matter:

(a) Notices. Subordinate Lender shall deliver to Senior Lender a copy of each notice which it delivers to Borrower in connection with the Subordinate Loan simultaneously with the delivery of such notice to Borrower.

(b) Protection of Security Interest. Subordinate Lender shall not, without the prior written consent of Senior Lender in each instance, (i) take any action which has the effect of increasing the indebtedness outstanding under, or secured by, the Subordinate Loan Documents, except that Subordinate Lender shall have the right to advance funds pursuant to the Subordinate Security Instrument for the purpose of paying real estate taxes and insurance premiums, making necessary repairs to the Property and curing other defaults by Borrower under the Subordinate Loan Documents, or (ii) appear in, defend or bring any action to protect its interest in the Property.

(c) Condemnation or Casualty. In the event of (i) a taking or threatened taking by condemnation or other exercise of eminent domain of all or a portion of the Property (collectively, a "Taking"), or (ii) the occurrence of a fire or other casualty resulting in damage to all or a portion of the Property (collectively, a "Casualty"), at any time or times when the Senior Security Instrument remains a lien on the Property the following provisions shall apply:

(1) Except in relation to its governmental rights and responsibilities, including but not limited to with regard to eminent domain and the exercise of police powers, Subordinate Lender hereby agrees that its rights (under the Subordinate Loan Documents or otherwise) to participate in any proceeding or action relating to the Taking and/or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Taking or a Casualty shall be and remain subordinate in all respects to Senior Lender shall be bound by any settlement or adjustment of a claim resulting from a Taking or a Casualty made by Senior Lender;

(2) all proceeds received or to be received on account of a Taking or a Casualty, or both, shall be applied (either to payment of the costs and expenses of repair and restoration or to payment of the Senior Loan) in the manner determined by Senior Lender in its sole discretion; provided, however, that if Senior Lender elects to apply such proceeds to payment of the principal of, interest on and other amounts payable under the Senior Loan, any proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the Senior Loan shall be paid to, and may be applied by, Subordinate Lender in accordance with the applicable provisions of the Subordinate Loan Documents; and

(3) Subordinate Lender agrees to execute and deliver, at no expense to Senior Lender, all documents, instruments, agreements or further assurances required to effectuate the provisions of this subsection.

(d) Insurance. Subordinate Lender agrees that all original policies of insurance required pursuant to the Senior Security Instrument shall be held by Senior Lender. The preceding sentence shall not preclude Subordinate Lender from requiring that it be named as a loss payee, as its interest may appear, under all policies of property damage insurance maintained by Borrower with respect to the Property, provided such action does not affect the priority of payment of the proceeds of property damage insurance under the Senior Security Instrument, or that it be named as an additional insured under all policies of liability insurance maintained by Borrower with respect to the Property.

(e) Termination of Subordinate Security Instrument. If, after the occurrence of a Senior Loan Default, Senior Lender acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of the Subordinate Security Instrument shall automatically terminate upon Senior Lender's acquisition of title, provided that (i) Subordinate Lender shall have been given written notice of the Senior Loan Default, and (ii) Subordinate Lender shall not have cured the Senior Loan Default within the 30-day period after its receipt of the notice referred to in clause (i), which notice may be given at any time.

(f) No Modification of Subordinate Loan Documents. Borrower and Subordinate Lender each agrees that, until the principal of, interest on and all other amounts payable under the Senior Loan Documents have been paid in full, it will not, without the prior written consent of Senior Lender in each instance, (i) amend, modify, increase, extend, renew or replace the Subordinate Loan Documents or (ii) assign any interest in the Subordinate Loan to any person or entity other than to Assignee, as provided for in the Subordinate Loan Documents. Any amendment of the Subordinate Loan Documents or assignment of Subordinate Lender's interest in the Subordinate Loan other than in accordance with the preceding sentence without Senior Lender's consent shall be void ab initio and of no effect whatsoever.

(g) Principal Balance of Project Funds. Subordinate Lender hereby represents and warrants to Senior Lender that all of the Project Funds contemplated by the HOME Agreement in the amount of $368,802 have been advanced to Borrower, and Borrowerhereby represents and warrants to Senior Lender that all of the proceeds of the Subordinate Loan in the amount of $368,802 have been advanced to Borrower.

10. Modification of Senior Loan Documents.

Subordinate Lender consents to any agreement or arrangement in which Senior Lender waives, postpones, extends, reduces or modifies any provisions of the Senior Loan Documents, including any provision requiring the payment of money.

11. Default by Subordinate Lender or Senior Lender.

If either Subordinate Lender or Senior Lender defaults in performing or observing any of the terms, covenants or conditions to be performed or observed by it under this Agreement, then, subject to any limitations under applicable law, the other, non-defaulting lender shall have the right to all available legal and equitable relief.

12. Non-Approval of Subordinate Financing Terms.

This Agreement does not constitute an approval by Senior Lender of the terms of the Subordinate Loan or limit any of Borrower's rights to negotiate the terms of the Subordinate Loan Documents with Subordinate Lender.

13. Notices.

Each notice, request, demand, consent, approval or other communication (hereinafter in this Section referred to collectively as "notices" and referred to singly as a "notice") which Senior Lender or Subordinate Lender is required or permitted to give to the other party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered), or (b) sent by Federal Express (or other similar national overnight courier) designating early morning delivery (any notice so delivered shall be deemed to have been received on the next Business Day following receipt by the courier), or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received two days after mailing in the United States), addressed to the respective parties as follows:

To Borrower:	McKnight Senor Village Limited Partnership c/o George Gekakis, Inc. 2655 S. Rainbow Blvd., Suite 401 Las Vegas, NV 89146 Attention: George Gekakis
To Subordinate Lender:	Department of Neighborhood Services City of Las Vegas 400 Stewart Avenue Las Vegas, Nevada Attention: Director of Neighborhood Services
If to Senior Lender:	Citibank, N.A. c/o Citi Community Capital Middle Office 390 Greenwich Street, 2nd Floor New York, New York 10013 Attention: Desk Head/Loan/Transaction/File #6878 Facsimile: (212) 723-8939 <u>AND</u> Citibank, N.A. Citi Community Capital Municipal Securities Division 325 East Hillcrest Drive, Suite 160 Thousand Oaks, California 91360 Attention: Operations Manager/Asset Manager Loan/Transaction/File #6878 Facsimile: (805) 557-0924
with copies to:	Citigroup Inc. Citi Community Capital Municipal Securities Division 388 Greenwich Street New York, New York 10013 Attention: General Counsel's Office Loan/Transaction/File #6878 Facsimile: (212) 723-8939 <u>AND</u>

Citibank, N.A.
c/o Citi Community Capital
One Sansome Street, 26th Floor
San Francisco, California 94104
Attention: Marla Victorio
Loan/Transaction/File #6878
Facsimile: (415) 627-6206

Either party may, by notice given pursuant to this Section, change the person or persons and/or addresses or addresses, or designate an additional person or persons or an additional address or addresses, for its notices, but notice of a change of address shall only be effective upon receipt. Senior Lender and Subordinate Lender each agrees that it will not refuse or reject delivery of any notice given hereunder, that it will acknowledge, in writing, receipt of the same upon request by the other party and that any notice rejected or refused by it shall be deemed for all purposes of this Agreement to have been received by the rejecting party on the date so refused or rejected, as conclusively established by the records of the U.S. Postal Service or the courier service.

14. General.

(a) Assignment/Successors. This Agreement shall be binding upon and shall inure to the benefit of the respective legal successors and assigns of Senior Lender and Subordinate Lender.

(b) No Partnership or Joint Venture. Senior Lender's permission for the placement of the Subordinate Loan does not constitute Senior Lender as a joint venturer or partner of Subordinate Lender. Neither party hereto shall hold itself out as a partner, agent or Affiliate of the other party hereto.

(c) Senior Lender's Consent. Wherever Senior Lender's consent or approval is required by any provision of this Agreement, such consent or approval may be granted or denied by Senior Lender in its sole and absolute discretion.

(d) Further Assurances. Upon the demand of Senior Lender from time to time, Subordinate Lender agrees to execute and deliver all additional instruments and/or documents required by Senior Lender in order to evidence that the Subordinate Security Instrument is subordinate to the lien, covenants and conditions of the Senior Security Instrument, or to further evidence the intent of this Agreement.

(e) Amendment. This Agreement shall not be amended except by written instrument signed by all parties hereto.

(f) Governing Law. This Agreement shall be governed by the laws of the State in which the Property is located.

(g) Severable Provisions. If any provision of this Agreement shall be invalid or unenforceable to any extent, then the other provisions of this Agreement, shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

(h) 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 Subordinate Loan Documents, other than by reason of payments which Subordinate Lender is obligated to remit to Senior Lender pursuant to Section 5 hereof; (iii) the acquisition by Senior Lender of title to 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 Senior Security Instrument; or (iv) the acquisition by Subordinate Lender of title to 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 Subordinate Security Instrument, but only if such acquisition of title does not violate any of the terms of this Agreement.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall constitute one and the same instrument.

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

SUBORDINATE LENDER:

CITY OF LAS VEGAS,
a municipal corporation within the State of Nevada

By: ____________________
Name: Oscar B. Goodman
Title: Mayor

ATTEST:

By: ____________________
Name: Beverly K. Bridges, MMC
Title: City Clerk

APPROVED AS TO FORM:

Robert S. Sylvain
Name: Robert S. Sylvain
Title: Deputy City Attorney

Date: March 30, 2010

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

I HEREBY CERTIFY that on this ____ day of ________, 2010, before me, a Notary Public for the state aforesaid, personally appeared Oscar B. Goodman, known to me or satisfactorily proven to be the Person whose name is subscribed to the foregoing Subordination and Intercreditor Agreement, who acknowledged that he is the Mayor of the City of Las Vegas; that he has been duly authorized to execute, and has executed, such instrument on its behalf for the purposes therein set forth; and that the same is its act and deed.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

____
Notary Public
My commission expires on ________

SENIOR LENDER:

CITIBANK, N.A.,
a national banking association

By: ______________________
Name: Kathy Millhouse
Title: Vice President

STATE OF CALIFORNIA)
)
COUNTY OF VENTURA)

On March 26, 2010, before me, Cynthia K. Martinez, Notary Public, personally appeared Kathy Millhouse, 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 of Notary Public

CYNTHIA K. MARTINEZ
Commission # 1652895
Notary Public - California
Ventura County
My Comm. Expires Apr 17, 2010

(Seal)

BORROWER:

MCKNIGHT SENIOR LIMITED PARTNERSHIP,
a Nevada limited partnership

By: McKnight Street Investments, LLC,
a Nevada limited liability company
Its: General Partner

By: George Gekakis
Name: George Gekakis
Title: Managing Member

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

I HEREBY CERTIFY that on this 29th day of March, 2010, before me, a Notary Public for the state aforesaid, personally appeared George Gekakis, known to me or satisfactorily proven to be the Person whose name is subscribed to the foregoing Subordination and Intercreditor Agreement, who acknowledged that he is Managing Member of McKnight Street Investments, LLC, the foregoing being the General Partner of McKnight Senior Limited Partnership, a Nevada limited partnership; that he has been duly authorized to execute, and has executed, such instrument on its behalf for the purposes therein set forth; and that the same is its act and deed.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

MARCI JO EDWARDS
Notary Public State of Nevada
No. 93-4813-1
My appt. exp. Sept. 10, 2013

Marci Jo Edwards
Notary Public
My commission expires on 09-10-2013

EXHIBIT A

Property Description

PARCEL I:

THAT PORTION OF THE SOUTHWEST QUARTER (SW1/4) OF SECTION 25, TOWNSHIP 20 SOUTH, RANGE 61 EAST, M.D.M., CITY OF LAS VEGAS, CLARK COUNTY, NEVADA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 25; THENCE ALONG THE WEST LINE OF SAID SECTION 25, NORTH 00°44'27" EAST, 332.70 FEET TO A POINT ON THE WESTERLY PROLONGATION OF THE NORTH LINE OF THAT CERTAIN PARCEL OF LAND DESCRIBED BY "GRANT, BARGAIN, SALE DEED" TO SOUTHERN NEVADA POWER COMPANY RECORDED SEPTEMBER 16, 1954 IN BOOK 22 OF OFFICIAL RECORDS AS INSTRUMENT NO. 20222 IN THE CLARK COUNTY RECORDER'S OFFICE, CLARK COUNTY, NEVADA; THENCE ALONG SAID PROLONGATED NORTH LINE, BEING HEREINAFTER REFERRED TO AS LINE "A" SOUTH 88°42'56" EAST, 330.07 FEET TO THE POINT OF BEGINNING AT THE SOUTHEAST CORNER OF THAT CERTAIN PARCEL OF LAND DESCRIBED BY "QUIT CLAIM DEED" RECORDED APRIL 19, 1995 IN BOOK 950419 OF OFFICIAL RECORDS AS DOCUMENT NO. 00093 IN THE CLARK COUNTY RECORDER'S OFFICE, CLARK COUNTY, NEVADA: THENCE ALONG THE EAST LINE OF SAID LAST DESCRIBED PARCEL OF LAND NORTH 00°44'27" EAST, 333.02 FEET TO A POINT ON THE SOUTH LINE OF A 20.00 FOOT WIDE ALLEY DESCRIBED BY "QUIT CLAIM DEED" TO THE CITY OF LAS VEGAS RECORDED DECEMBER 4, 1962 IN BOOK 403 OF OFFICIAL RECORDS AS INSTRUMENT NO. 325419 IN THE CLARK COUNTY RECORDER'S OFFICE, CLARK COUNTY, NEVADA; THENCE ALONG SAID SOUTH LINE SOUTH 88°46'12" EAST 330.06 FEET TO A POINT ON THE WEST LINE OF "TANKEL'S NORTH ADDITION NO. 2" AS SHOWN BY MAP THEREOF ON FILE IN BOOK 1, PAGE 95 OF PLATS IN THE CLARK COUNTY, RECORDER'S OFFICE, CLARK COUNTY, NEVADA; THENCE ALONG SAID WEST LINE, SOUTH 00°44' 27" WEST, 6.62 FEET TO A POINT ON THE PROLONGATED CENTERLINE OF VACATED GAY STREET AS DESCRIBED IN THAT CERTAIN "ORDER OF VACATION RECORDED OCTOBER 6, 1997 IN BOOK 971006 OF OFFICIAL RECORDS AS INSTRUMENT NO. 00833 IN THE CLARK COUNTY RECORDER'S OFFICE, CLARK COUNTY, NEVADA; THENCE ALONG SAID CENTER LINE, SOUTH 88°39'40" EAST, 240.01 FEET TO A POINT ON THE EASTERLY LINE OF SAID VACATED GAY STREET; THENCE ALONG SAID EASTERLY LINE, SOUTH 00°44'27" WEST, 0.31 FEET; THENCE CONTINUING ALONG SAID EASTERLY LINE, CURVING TO THE LEFT ALONG THE ARC OF A 30.00 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY, THROUGH A CENTRAL ANGLE OF 89°24'07", AN ARC LENGTH OF 46.81 FET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF GAY STREET (60.00 FEET WIDE); THENCE ALONG SAID RIGHT-OF-WAY LINE, SOUTH 88°39'40" EAST 240.01 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF MCKNIGHT STREET (60.00 FEET WIDE); THENCE ALONG SAID RIGHT-OF-WAY LINE SOUTH 00°44'27" WEST, 300.01 FEET TO THE NORTHEAST CORNER OF LOT 4 AS SHOWN BY MAP THEREOF ON FILE IN FILE 40, PAGE 43, OF

PARCEL MAPS IN THE CLARK COUNTY, RECORDER'S OFFICE, CLARK COUNTY, NEVADA; THENCE ALONG THE NORTH LINE OF SAID PARCEL MAP, NORTH 88°39'40" WEST, 240.01 FEET TO THE NORTHEAST CORNER OF LOT 2 AS SHOWN BY MAP THEREOF ON FILE IN FILE 69, PAGE 30 OF PARCEL MAPS IN THE CLARK COUNTY RECORDER'S OFFICE. CLARK COUNTY, NEVADA; THENCE ALONG THE NORTH LINE OF SAID LOT 2, NORTH 88°39'40" WEST, 146.01 FEET TO THE NORTHEAST CORNER OF THAT CERTAIN PARCEL OF LAND DESCRIBED BY "GRANT, BARGAIN, SALE DEED" RECORDED JULY 12, 1993 IN BOOK 930712 OF OFFICIAL RECORDS AS DOCUMENT NO. 00184 IN THE CLARK COUNTY RECORDER'S OFFICE, CLARK COUNTY, NEVADA; THENCE ALONG THE NORTH LINE OF SAID PARCEL AND ALONG THE WESTERLY PROLONGATION THEREOF, NORTH 88°39'40" WEST, 124.00 FEET TO A POINT ON THE AFOREMENTIONED WEST LINE OF TANKEL'S NORTH ADDITION NO. 2"; THENCE ALONG SAID WEST LINE, NORTH 00°44'27" EAST 3.31 FEET TO A POINT ON THE AFOREMENTIONED LINE "A"; THENCE ALONG SAID LINE "A" NORTH 88°42'56" WEST, 330.07 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH THAT PORTION OF THE VACATED STREET AS SET FORTH IN THAT CERTAIN ORDER OF VACATION RECORDED OCTOBER 15, 2008 IN BOOK 200810158 AS DOCUMENT NO. 02749 OF OFFICIAL RECORDS.

PARCEL II:

A NON-EXCLUSIVE RIGHT FOR ACCESS AND SURFACE PARKING TOGETHER WITH THE RIGHT OF INGRESS AND EGRESS THERETO AND THEREFROM, AS SET FORTH IN THAT CERTAIN DOCUMENT ENTITLED "GRANT OF RECIPROCAL ACCESS AND PARKING" RECORDED OCTOBER 16, 2008 IN BOOK 20081016 AS DOCUMENT NO. 05817 OFFICIAL RECORDS