

SUBORDINATE PROMISSORY NOTE

\$500,000.00	Douglas, Arizona April , 2015
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FOR VALUE RECEIVED, the undersigned, **COCHISE PACIFIC ASSOCIATES II**, An Arizona Limited Partnership (the "Maker"), promises to pay to the order of **DOUGLAS HOUSING CORPORATION I**, an Arizona nonprofit corporation (the "Lender"), at **425 E. 10th Street, Douglas, Arizona 85607**, or at such other place or places as the holder of this Note may from time to time designate, in lawful money of the United States, the principal sum of **Five Hundred Thousand and No/100 Dollars (\$500,000.00)** (the "Loan") or such lesser amount as may, at the time of maturity hereof, be outstanding hereunder and evidenced hereby, payable as set forth below.

Maturity; Prepayment

The unpaid principal amount and accrued interest of the Loan as evidenced by this Note, and all other amounts owing hereunder, are due and payable **Forty (40) years** from the date of this Note (the "Maturity Date"), unless sooner accelerated in accordance with the terms hereof. The Maker may prepay the outstanding principal balance of the Loan prior to the Maturity Date without penalty.

Interest Rate; Payment Terms

Interest on the outstanding principal balance of this Note shall accrue at the rate of 2.19% compounded annually, as calculated in accordance with Internal Revenue Code Section 1274(d), as of the date hereof. The Maker agrees to pay to the Lender an amount equal to all amounts payable to Lender pursuant to Clause *Sixth* under Section 10.2(a) relating to Cash Flow payments, and Clause *Sixth* under Section 10.2(b) relating to Capital Proceeds payments, of the Maker's First Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement") dated as of the date hereof. So long as the outstanding principal balance of this Note remains unpaid, the Maker shall make annual payments to the Lender as provided herein. Each payment shall be applied first to accrued interest and then to the outstanding principal balance of this Note until repaid in full. Payment shall be made within **120 calendar days** after the end of the Maker's Fiscal Year. Maker's Fiscal Year is currently a calendar year.

Security

This Note is secured by a subordinate deed of trust dated as of the date hereof (the "Subordinate Lien") against a multi-family residential development owned by Maker (the "Project" or "Premises").

Assumption; Subordination

This Note shall be assumable by the successors and assigns of Maker without the prior written consent of the Lender, however, Maker shall provide thirty (30) days written notice to Lender prior to any such transfer, devise, assignment or sale.

Lender agrees to subordinate the Subordinate Lien to an "extended low-income housing commitment" (as defined in Internal Revenue Code Section 42(h)(6)(B)) (the "Extended Use Agreement") as required by the Arizona Department of Housing.

The terms of this Note and the Subordinate Lien are subject and subordinate to all existing mortgages and deeds of trust of record, as well as to any extensions and/or modifications thereof (collectively, "Senior Rights"). This paragraph shall be self-operative and no further instrument of subordination shall be required by any underlying holder of Senior Rights. In addition, the terms of this Note and the Subordinate Lien are and shall be subject to and subordinate to any future deed(s) of trust or mortgage(s) hereafter encumbering the Premises provided, however, that any such future loan shall not have a maturity date beyond the Maturity Date without the written consent of the Lender. In confirmation of any such subordination under this paragraph, Lender shall execute promptly any instrument or instruments that such future senior lender(s) may request.

Events of Default; Acceleration

Subject to the terms of paragraph 4 of the Subordinate Lien, if the Maker fails to make payments towards the outstanding principal balance of the Loan as required by this Note or fails to comply with any material term or provision in this Note or the Subordinate Lien, which failure is not cured within any applicable cure period provided therefore, the holder of this Note may elect to declare the unpaid principal balance of this Note immediately due and payable without further notice. In case of one or more defaults, the failure to exercise, any right or remedy given to the holder of this Note in this paragraph shall not preclude the holder of this Note from exercising any right or remedy given in this paragraph in event of one or more subsequent defaults. The Maker's limited partner(s) or either of their designee(s) shall have the right, but not the obligation, to cure defaults of the Maker hereunder, and such cure shall be accepted or rejected on the same terms as if made by Maker itself.

Collection; Waiver

In connection with the closing of the Loan or, following the closing of the Loan, only to the extent a default has been declared pursuant to paragraph 4 of the Subordinate Lien, the undersigned agrees to pay all costs of collection incurred by the holder of this Note upon demand, including reasonable attorneys' fees. No extension of the time for the payment of this Note or any installment thereof made by agreement with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability under this Note, either in whole or in part, of any of the undersigned not a party to such agreement. Presentment, demand for payment, and notice of dishonor are hereby waived.

Nonrecourse

Payment and performance of the obligations set forth in this Note and the Subordinate Lien (collectively, the "Loan Documents") shall be non-recourse to Maker and Maker's general and limited partners, and the Lender's sole recourse with respect to the Loan shall be the right to foreclose under the Subordinate Lien and other collateral forming part of the Loan Documents.

Limited Partner Provisions

General Partner Change. The withdrawal, removal, transfer and/or replacement of any of the General Partners of Maker pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan; provided that Maker agrees to notify the Lender of any proposed replacement General Partner prior to replacement, and, upon replacement, shall notify the Lender of the name and contact information of the replacement General Partner with reasonable promptness.

Transfer of Limited Partner Interests. Nothing in the Loan Documents shall limit or restrict the ability of Maker's limited partner or limited partners, their successors and assigns (the "Limited Partner") to transfer, sell or assign its ownership interest in Maker, from time to time, without consent of Lender, provided that said Limited Partner or such transferee remains liable for payment of any then unpaid capital contributions to Maker, as and when payable, as set forth in the Partnership Agreement, notwithstanding any such transfer, sale or assignment. In particular, Lender hereby consents to any transfers, sales or assignments of limited partnership interests in Maker to any affiliate of the Limited Partner or any entity in which the Limited Partner, or an affiliate, is the manager, managing member or general partner and agrees that such transfers shall not constitute defaults under the Loan Documents.

Replacement of Management Agent. The Lender acknowledges that Limited Partner has the right, under the Partnership Agreement, to direct the General Partners to remove the Project property management agent pursuant to the terms of the Partnership Agreement.

Notice. All notices to the Limited Partner shall be sent in accordance with the procedures for delivering notices set forth in the Partnership Agreement to the following address or such alternate or additional contact names and/or addresses of which Lender is so notified in writing by the Limited Partner:

Boston Capital Direct Placement, A Limited Partnership
Boston Capital Rocky Mountain Affordable Housing Fund, A Limited Partnership
One Boston Place, 21st Floor
Boston, MA 02108

BCCC, Inc.
c/o Boston Capital Partners, Inc.
One Boston Place, 21st Floor
Boston, MA 02108

With a copy to:

Douglas W. Clapp, Esq.
Holland & Knight LLP
10 St. James Avenue
Boston, MA 02116

Notice and Cure Rights. The Lender agrees to give the Limited Partner written notice of any and all defaults by the Maker under the Loan Documents, and an opportunity, at the Limited Partner's option, to cause the cure of such default within the cure periods set forth below, prior to exercising any remedies under the Loan Documents. The Lender agrees that the Limited Partner or its designee will have ten (10) days after the Limited Partner's receipt of notice of such default to cure, or cause the cure of a monetary default under the Loan Documents, and thirty (30) days after the Limited Partner's receipt of such notice to cure any non-monetary defaults under the Loan Documents, or, as to non-monetary defaults, such longer period as is reasonably necessary for the Limited Partner or its designee to cause cure, provided that cure is commenced within the above cure period and diligently prosecuted. The Lender agrees to accept cure by the Limited Partner or its designee as if such cure were made by Maker.

Insurance and Condemnation Proceeds. The Lender agrees that insurance and condemnation proceeds shall be used to rebuild or restore the Project provided that (i) if such proceeds are not reasonably sufficient to so rebuild or repair, sufficient additional funds are provided from other sources to rebuild or restore the Project and (ii) Lender shall have the right to reasonably approve plans and specifications for any major rebuilding and the right to reasonably approve disbursement of such proceeds under a construction escrow or similar arrangement, subject to the prior rights of any senior lenders.

Force Majeure. There shall be no default under the Loan Documents for construction or rehabilitation delays beyond the reasonable control of the Maker, provided that such delays do not exceed 180 days.

Purchase Rights. The Lender consents to those purchase options and rights of first refusal in favor of the Managing General Partner of Maker or its designee which are set forth in Partnership Agreement, and agrees that transfer of title to the Project in accordance therewith shall not constitute a default under the Loan Documents, provided that Maker gives Lender prior written notice of such transfer and contact information for such transferee.

Lender Approvals. Lender agrees that all approvals and consents of the Lender under the Loan Documents shall not be unreasonably withheld, delayed or conditioned. Further, amendments to the Partnership Agreement entered into in order to effect transfers or assignments of the Limited Partner's or the General Partner's interests shall not require the consent or approval of the Lender.

Loan Sale or Assignment. Lender agrees that it shall not assign or transfer the Loan (or any interest therein) to any third party without the prior written consent of the Maker and the Limited Partner.

Miscellaneous

This Note shall be governed by and construed in accordance with the laws and judicial decisions of the State of Arizona. The parties hereto expressly acknowledge and agree that any judicial action to interpret or enforce the terms of this Note against any party shall be brought and maintained in any state court of Arizona situated in Cochise County and waive any objection based on forum non conveniens with regard to any actions, claims, disputes or proceedings relating to this Note.

This Note may be executed in one or more counterparts, which together shall constitute one and the same instrument.

This Note embodies and constitutes the entire understanding and agreement between the parties with respect to the matters set forth herein, and all prior agreements, letters of intent, understandings, representations and statements, oral or written, are merged into this Note.

This Note may not be modified, amended, revised or varied in any way whatsoever except by the express terms of a writing duly executed by Maker and Lender after receipt of written consent of the Limited Partner.

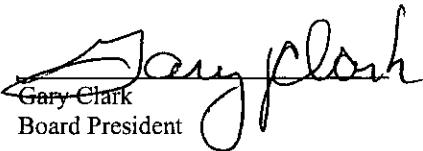
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signature page to follow]

IN WITNESS WHEREOF, the Maker has caused this Note to be executed and delivered on the date set forth above.

MAKER:

**COCHISE PACIFIC ASSOCIATES II,
AN ARIZONA LIMITED PARTNERSHIP**

By: Douglas Housing Corporation I,
an Arizona nonprofit corporation,
its Managing General Partner

By: 
Gary Clark
Board President

By: TPC Holdings V, LLC,
an Idaho limited liability company,
its Administrative General Partner

By: _____
Caleb Roope
Manager

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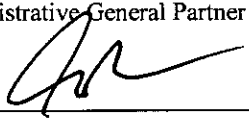
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