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JUN 23 1977

**VALLEY VIEW II ASSOCIATES
LIMITED PARTNERSHIP AGREEMENT
AND CERTIFICATE OF LIMITED PARTNERSHIP**

THIS AGREEMENT is made on June 23, 1977, by and between Nathan A. Medley, Jr. ("General Partner") and all other parties who execute this Agreement as Investor Limited Partners (hereinafter collectively called the "Investor Limited Partners").

RECITALS

The parties hereto are desirous of forming a limited partnership as authorized and provided for by the provisions of the Uniform Limited Partnership Act of the State of Idaho, for the purposes and upon the terms, covenants and conditions hereinafter set forth.

NOW, THEREFORE, it is mutually agreed by the parties hereto, who swear and certify as follows:

1. NAME.

The parties hereto do hereby form a limited partnership, hereinafter referred to as the "partnership", pursuant and subject to the provisions of the Uniform Limited Partnership Act of the State of Idaho. The name of this partnership shall be Valley View II Associates.

2. PRINCIPAL PLACE OF BUSINESS

The principal place of business of this partnership shall be at the project site which is between North Second and North Third Streets and West of Myrtle, Hailey, Idaho or c/o 20063-84th Avenue South, Kent, Washington 98031, or at such other place or places as the General Partner may from time to time designate.

3. CHARACTER OF BUSINESS.

The business of this partnership shall be for the following specific purposes:

A. To acquire real property and to hold such property for investment;

B. To build upon such property and to operate an apartment project known as Valley View II Associates (the project);

C. To mortgage, sell, transfer and exchange or otherwise convey and encumber such property and the improvements to be built thereon in furtherance of any and all of the objects of its business in connection with such project, subject to the regulations of the Farmers Home Administration.

D. To enter into, perform and carry out contracts of any kind necessary to, or in connection with or incidental to, the development of such project, including, but not by way of limitation, any contract or contracts with the Farmers Home Administration.

E. To rent dwelling units therein from time to time for periods not less than thirty (30) days, in accordance with applicable federal, state and local regulations, collecting the rents therefrom, paying the expenses incurred in connection with the property, and distributing the net proceeds to the partners, subject to any requirements which may be imposed by the Farmers Home Administration.

F. The partnership is authorized to execute a note and mortgage in order to secure a loan sufficient for the development of the project as approved by the Farmers Home Administration and to execute an agreement between the partnership and the Farmers Home Administration, and other documents as may be required in connection with such loan. It is hereby acknowledged that the Limited Partnership has authority to obtain a loan from the Farmers Home Administration in the principal sum of \$ 430,000 secured by a mortgage constituting a first lien against a certain real property located at Hailey, Idaho.

4. TERM.

A. The term of the partnership shall commence on the date the Limited Partnership Agreement and the Certificate of Limited Partnership of the partnership is filed pursuant to law and shall continue until sixty (60) years after the filing unless sooner terminated by any one of the following events:

(1) The bankruptcy, resignation, death, incapacity or removal of a sole General Partner;

(2) The sale of the project;

(3) The written consent of Limited Partners holding a majority of the limited partnership interests. The Limited Partners holding ten percent (10%) or more of the limited partnership interests shall have the right to propose for vote the termination of the life of the partnership.

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B. The death of a Limited Partner shall not dissolve the partnership or terminate the partnership business.

C. Upon the death, incompetency, bankruptcy, or removal of a General Partner, the remaining General Partner, if any, and the remaining Limited Partners holding a majority of limited partnership interests may elect to continue, without interruption, the business theretofore carried on by this partnership with the remaining or with additional General Partners.

D. No General Partner may resign or withdraw from the partnership without first obtaining the prior written approval of the Farmers Home Administration and second, providing a successor General Partner satisfactory to Limited Partners holding a majority of the limited partnership interests. Such Limited Partners will not unreasonably withhold approval of a proposed successor General Partner.

E. The General Partner, subject to the prior written approval of the Farmers Home Administration, may be removed for incompetency at the written request of the Limited Partners holding a majority of the limited partnership interests. The Limited Partners holding ten percent (10%) or more of the limited partnership interests in terms of profit and loss shall have the right to propose for vote the removal of the General Partners. A General Partner removed for incompetency shall forfeit his entire partnership interest. Said interest may be assigned to a substitute General Partner or to the other General and/or Limited Partners pro-rata.

5. CAPITAL CONTRIBUTIONS.

The General Partner shall not be required to make a capital contribution to the partnership but shall contribute his services as General Partner and developer of the project. The Investor Limited Partners shall contribute in the following manner and in the following amounts:

A. The Investor Limited Partners shall contribute to the capital of the partnership an aggregate amount of \$ 58,000 in cash, in three (3) installments. The first installment of \$ 30,000 shall be due upon execution of this Limited Partnership Agreement; the second installment of \$ 15,000 shall be due upon the later of construction completion and proof of payment of all material and labor contracts and bills relating to the development of the project or January 15, 1978, and the third installment of \$ 13,000 shall be due on January 15, 1979. The contribution is made in return for the interests designated in Section 7 herein (Income, Losses and Distribution Upon Dissolution). The interests of each Limited Partner shall be as set forth opposite his name and signature on the signature pages attached hereto. In the event the mortgage is foreclosed or there is any other involuntary transfer of title to

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the project at any time after the execution of this Limited Partnership Agreement, the obligation of each Limited Partner to make capital contributions becoming due thereafter under the terms of this Limited Partnership Agreement shall be discharged. If the current mortgage amount of \$ 430,000 is increased or decreased at the time the mortgage is closed, the total capital contribution of the Limited Partners shall be increased or decreased proportionately by the same percentage as the increase or decrease in the mortgage amount. In the event of an increase in the total capital contribution of the Limited Partners pursuant to this section, each Limited Partner shall pay his pro-rata portion of such increase as an addition to and upon the same conditions that the last installment of this contribution is due. If the total capital contributions of the Limited Partners are reduced pursuant to this section, the partnership will repay each Limited Partner's portion of the amount of such reduction on a pro-rata basis within ten (10) days after final mortgage closing, if said partner has paid cash for his entire contribution, or reduce said partner's last installment by said amount in the event an installment remains due.

B. In order to secure to the partnership the balance of the cash contributions to be made by the Limited Partners after the initial investment pursuant to Paragraph A hereof, the Limited Partners agree that any Limited Partner who shall be thirty (30) days delinquent in the payment of any installment required to be paid shall, at the election of the General Partner, which election shall be made within sixty (60) days after the date of delinquency, forfeit his limited partnership interests as of the date of delinquency to the extent he fails to make his additional contribution. The remaining Limited Partners, on a pro-rata basis, shall have the option to purchase all such forfeited interests pro-rata upon paying the balance due thereunder, as called for in this Agreement. To the extent the remaining Limited Partners shall choose not to exercise such option within thirty (30) days after it shall arise, the General Partner shall thereupon have such option. If any forfeited interests shall not be purchased by the General Partner within thirty (30) days after his option shall arise, the General Partner shall thereupon have the right to offer the same to new investors. The foregoing shall be in addition to all other remedies against a defaulting Limited Partner, including any available remedies for specific performance of a Limited Partner's agreement to make a capital contribution and remedies for damages for breach of contract.

6. COMPENSATION FOR SERVICES.

The following compensation shall be payable for services rendered to the partnership, and the partnership shall be responsible for all fees in connection with this partnership.

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A. The partnership by and through the General Partner shall enter into a construction contract with Medley Development Co., Inc. to furnish the labor, materials and services necessary to construct the Farmers Home project according to the construction documents and allowed costs for the project as accepted and approved by Farmers Home Administration. Said contractor shall supervise construction on behalf of the partnership and shall receive the fees allowed by Farmers Home in addition to the fee payable pursuant to the construction contract. Except as provided in Paragraph 5A above, the Limited Partners shall have no liability to provide funds in addition to their original contributions to construct or otherwise operate the project.

B. Nathan A. Medley, Jr., for services rendered, shall receive fees aggregating \$ 58,000. For accounting purposes, the Developer will schedule the receipt of the aforementioned amount according to the various services being performed by the General Partner on behalf of the partnership as follows:

(1) For actual supervisory, managerial and development services rendered, including securing the necessary bonding (if required) on behalf of the partnership, the General Partner shall receive an aggregate fee from the partnership of \$ 58,000. Said fee shall be payable from the capital contributions made or agreed to be made by the Limited Partners as received by the partnership. Said General Partner shall receive the fee scheduled hereby as follows: upon Limited Partners' first contribution \$ 30,000; upon Limited Partners' second contribution \$ 15,000; and upon Limited Partners' third contribution \$ 13,000.

(2) A fee for pre-opening services of \$200 per apartment unit is included in the above compensation for supervising the tenant rent-up of the project. This fee is intended to be a guaranteed payment to a partner under Section 707(c) of the Internal Revenue Code, as amended, and it shall be deducted for tax purposes as an expense of the project. Said fee shall be paid from the Limited Partners' first installment capital contribution.

C. The partnership by and through the General Partner is authorized to negotiate any contracts for services to be rendered the partnership including but not limited to legal, accounting, consulting, underwriting, managerial and construction.

7. INCOME, LOSSES AND DISTRIBUTION OF AVAILABLE CASH.

A. All profits and losses of the partnership (except gains or losses upon the sale, exchange or other disposition of all or any part of the real property in the project) shall be allocated

as follows

Investor Limited Partners, pro-rata	95%
General Partner	5%

Profits and losses shall be allocated to those Limited Partners who are Limited Partners on the last day of the taxable year.

Profits and losses for all purposes of this Agreement shall be determined in accordance with the accounting method followed by the partnership for federal income tax purposes, except that any adjustment thereto resulting from an election under Section 754 of the Internal Revenue Code shall not be taken into account.

B. Gains and losses realized by the partnership upon the sale, exchange or other disposition of all or part of the real property of the partnership project shall be allocated in the following manner:

(1) a return of the Investor Limited Partner capital contribution less any distribution of available cash flow.

(2) any balance shall be distributed to the General and Limited Partners as follows:

Investor Limited Partners, pro-rata	50%
General Partner	50%

C. Available cash flow (defined as the net profits from operation) shall be distributed within ninety (90) days after the close of the fiscal year and at such other times as the General Partner shall determine, but not less frequently than annually, as follows (distributions are subject to the rules and regulations of the Farmers Home Administration):

Investor Limited Partners, pro-rata	75%
General Partner	25%

Any cash flow paid to a General Partner shall be deemed to be a continuing management fee payable as an additional incentive to maintain high project occupancy and profitability and shall be deducted for tax purposes as an expense of the project.

D. The net profits and losses and available cash flow apportioned to the Limited Partners shall be pro-rata, as their respective contributions bear to the aggregate contributed by all the Limited Partners.

A. The partner enter into a contract to furnish the land for the Farmers Home Administration and allowed costs Farmers Home Administration on behalf of the Farmer to the construction above, the Limited funds in addition otherwise operate

B. Nathan / receive fees aggregate Developer will be according to the Partner on behalf

(1) For services rendered (required) on behalf receive an aggregate fee shall be payable to be made by the Said General Partner follows: upon Limited Partners

(2) A management unit is income the tenant rent-guaranteed payment Revenue Code purposes as an expense from the Limited

C. The partner authorized to manage the partnership consulting, under

7. INCOME,

A. All profits or losses upon any part of the

E. Without limitation upon the right to claim deductions for income tax purposes, in no event shall any of the Limited Partners be required to contribute any capital to or lend any funds to the partnership in excess of their respective contributions to the capital of the partnership set forth in Section 5 hereof.

F. No partner shall receive any interest on his contribution to the capital of the partnership.

G. Each partner, by his signature hereto, specifically recognizes that any distribution of cash to the partners in excess of eight percent (8%) of the "initial equity" in any fiscal year is prohibited by the Farmers Home Administration. Initial equity is defined in the rules and regulations promulgated by Farmers Home.

8. ADVANCES FROM GENERAL PARTNER.

A. The General Partner agrees to make advances of cash to pay costs incurred in connection with the construction of the buildings up to and including the time of construction completion to the extent cash is not available from the activities of the partnership, including rentals and including that portion of the capital contributions available for construction. Any advances made by the General Partner shall be evidenced by a non-interest bearing promissory note. As an incentive to the General Partner to build the project within the construction budget and ahead of schedule the General Partner shall receive the excess construction interest allocated in the construction budget. As an additional incentive to the General Partner for the successful operation of the project, the General Partner shall receive a return of the project working capital subject to the rules and regulations of the Farmers Home Administration.

B. After construction completion, the General Partner may elect to advance funds to the partnership to the extent cash is not available from the activities of the partnership. The General Partner shall contribute any and all capital, in such form acceptable to the Farmers Home Administration, required for the initial closing of the project. Such advances, if any shall be evidenced by non-interest bearing promissory notes described in Section 8A and made payable to the contributing General Partner.

9. ADMISSION OF ADDITIONAL LIMITED PARTNERS.

The General Partner may not admit to the partnership additional Limited Partners without the consent of Limited Partners holding a majority of limited partnership interests and the approval of Farmers Home Administration. Upon admission of additional Limited Partners, an amendment to this Agreement and Certificate reflecting such admissions shall be filed.

10. MANAGEMENT POWERS, DUTIES AND RESTRICTIONS.

A. The General Partner shall manage the partnership business and shall devote such time to the partnership as shall be reasonably required for its welfare and success. The General Partner shall not do any act detrimental to the best interests of the partnership. Except as otherwise expressly provided for in this Agreement, the General Partner shall receive no salary or other compensation for services. Without limitation on any power that may be conferred upon him by law, and except as hereinafter stated, the General Partner shall have the power to:

(1) Enter into such leases with respect to all or any portion of the partnership's property, whether or not such (including renewal terms) shall extend beyond the date of the termination of the partnership, at such rental or amount, and upon such terms, as they deem proper.

(2) Compromise, submit to arbitration, sue on, or defend all claims in favor of or against the partnership.

(3) Make and revoke any election permitted the partnership by any taxing authority, except as limited by Section 12.

(4) Do all acts he deems necessary or appropriate for the protection and preservation of the partnership assets

(5) Obtain and keep in force property, casualty and public liability insurance, in such amounts and upon such terms, and with such carriers as will adequately protect the partnership and its property.

(6) Execute such documents as may be required in all dealings with the Farmers Home Administration as a result of the insured mortgage. None of the partners assume personal liability for payments due under the mortgage note and mortgage, or for the payments to the reserve for replacements, or for matters not under their control.

(7) With the consent of Limited Partners holding a majority of the limited partnership interests: (i) sell or exchange all or substantially all of the property owned by the partnership; (ii) enter into or terminate a lease of all or substantially all of the property owned by the partnership; (iii) refinance, recast, modify or extend any mortgages which may affect any property owned by the partnership or enter into a new mortgage affecting the same; or (iv) demolish any building owned by the partnership, substantially alter any such building or build a new building on real property owned by the partnership.

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B. The Limited Partners hereby consent to the employment of such managing agent as the General Partner may engage, notwithstanding the fact that any party hereto may have an interest therein, provided that the amount paid to such managing agent shall not exceed the rate authorized by the Farmers Home Administration. The management fee shall be an expense of the partnership. It shall be permissible to employ the General Partner as managing agent or to engage an agency in which the General Partner has an interest.

C. Nothing contained herein shall prevent any of the partners, General or Limited, from continued engagement in real estate activities other than this partnership.

D. The partnership (but not the Limited Partners) shall indemnify and save harmless the General Partner from personal loss or damage incurred by him by reason of any act performed in good faith for and on behalf of the partnership and intended to be in furtherance of the interests of the partnership, provided that any indemnity under this section shall be paid out of and to the extent of partnership assets only.

E. The General Partner agrees to indemnify and hold harmless the partnership and all other partners with respect to any claims, losses or filing of liens resulting from nonpayment of any sales, occupancy, use, inventory, payroll or withholding taxes due in connection with the development, construction, operation and management of the project or any fines or penalties which may be imposed upon it by reason of any violations or non-compliance with the Contract Work Hours and Safety Standards Act, the Occupational Safety and Health Act and similar federal, state and local laws, ordinances and regulations.

F. The General Partner hereby agrees that any General Partner may act individually with full authority and power to act for all the General Partners. The General Partner shall act for and on behalf of the partnership in executing any and all documents required by Farmers Home Administration to close the project to be owned and operated by the partnership.

G. The General Partner shall have all the rights and powers and be subject to all the restrictions and liabilities of a partner in a partnership without Limited Partners, except that without the written consent or ratification of the specific act by all the then Limited Partners, the General Partner shall have no authority to:

(1) Do any act in contravention of this Limited Partnership Agreement.

(2) Do any act which would make it impossible to carry on the business of the partnership.

(3) Possess partnership property or assign the rights of the Limited Partners in specific partnership property for other than a partnership purpose.

(4) Make, execute or deliver any general assignment for the benefit of creditors or any bond, confessions of judgment, deed, guarantee, indemnity bond, surety bond, or contract to sell or contract of sale of all or substantially all of the property of the partnership.

H. No Limited Partner may participate in the management of the partnership business. No Limited Partner shall have priority over any other Limited Partner.

11. BANKING.

All funds of the partnership shall be deposited in its name in such checking account or accounts as shall be designated by the General Partner. All withdrawals therefrom are to be made upon checks signed by those persons who may from time to time be designated by the General Partner.

12. BOOKS, RECORDS AND FISCAL PERIOD.

A. The fiscal year and accounting period of the partnership shall be the calendar year, and at all times during the continuance of the partnership, the General Partner shall keep or cause to be kept full and true books of account in which shall be entered fully and accurately each transaction of the partnership.

B. All of said books of account, together with an executed copy of the Limited Partnership Agreement and Certificate of Limited Partnership and amendments thereto, shall at all times be maintained at the principal office of the partnership and shall be open to inspection by any of the Limited Partners or their authorized representatives at reasonable times during normal business hours.

C. The General Partner agrees to deliver to the Limited Partners within ninety (90) days after each calendar year the audited annual statements of gross receipts and operating expenses as prepared by the partnership's accountant, and Internal Revenue Form 1065 showing the profit or loss of the partnership and the distributions thereof to each partner for the preceding fiscal year. During construction and initial rent-up, the General Partner shall send quarterly reports reflecting status of the project. After the initial rent-up period, the General Partner shall send semi-annual operating reports.

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D. All financial statements shall be prepared by such Certified Public Accountant as the General Partner shall determine should be employed for the purpose of auditing the accounts of the partnership. The General Partner shall give written notice of any change of accountant to the Limited Partners.

E. All elections under the Internal Revenue Code with respect to the reporting of allowable depreciation on the Federal Income Tax Returns of the partnership shall be made and determined in a manner most advantageous to Limited Partners holding a majority of the limited partnership interests, and the remaining partners shall be bound thereby. It is understood and agreed that all of the partners now elect to report accelerated depreciation.

13. DISTRIBUTION UPON DISSOLUTION.

A. Prior to the dissolution of the partnership, unless the partnership business is continued in accordance with Section 4, the General Partner shall proceed to the liquidation and termination of the partnership, and the proceeds of such liquidation shall be applied and distributed in the following order of priority:

(1) To the payment of debts and liabilities of the partnership and expenses of liquidation.

(2) To the setting up of any reserves which the General Partner may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the partnership, or of the General Partner, arising out of or in connection with the partnership.

(3) To the repayment of the Limited Partners' contributions to the capital of the partnership, less any cash flow distributed to them pursuant to Section 7 of this Agreement.

(4) To the repayment of non-interest bearing promissory notes, if any, described in Section 8 of this Agreement.

(5) Any balance then remaining shall be apportioned among all the partners as follows: fifty percent (50%) to the General Partner and fifty percent (50%) to the Investor Limited Partners.

B. A reasonable time shall be allowed for the orderly liquidation of assets of the partnership and the discharge of liabilities to creditors so as to enable the General Partner to minimize the normal losses attendant upon a liquidation.

C. The General Partner shall not be personally liable for the return of the capital contributions or advances of Limited Partners or any portion thereof. Any such returns shall be made solely from partnership assets.

(3) Power of the Limited Partners shall be no greater than a partnership.

(4) No partner shall be entitled to the benefit of a deed, guarantee, or contract of the partnership.

H. No Limited Partner shall have any other interest in the partnership over any other partner.

11. BANKING

All funds in such checking account shall be deposited in the General Partner's checks signed and dated by the General Partner.

12. BOOKS

A. The books of the partnership shall be the books of the partnership and shall be kept fully and accurately.

B. All books of the partnership shall be maintained at the office of the General Partner and shall be open to inspection by the Limited Partners at any reasonable hours.

C. The books of the partnership shall be maintained by the General Partner and shall be audited by the Limited Partners during the year ending on the 31st day of December of each year. During the year ending on the 31st day of December of each year, the General Partner shall send quarterly to the Limited Partners a statement of the initial and annual operations of the partnership.

14. DISTRIBUTIONS OF MORTGAGE REFINANCING, EXCESS INSURANCE PROCEEDS, OR OTHER DISPOSITION OF PARTNERSHIP ASSETS.

Any net excess insurance proceeds and any net proceeds of mortgage refinancing, condemnation, sales of easements, rights-of-way, or similar interest in the property of the partnership, the sale or exchange of part of the partnership real property or interest therein and other similar items, which in accordance with generally accepted accounting principals are attributable to capital, shall be distributed first in accordance with Section 13A(3) of this Agreement and the balance in accordance with Section 13A(5) of this Agreement.

15. TRANSFER OF PARTNERSHIP INTEREST.

A. No General Partner may assign, mortgage, or sell his interest in the partnership or in its capital assets or property, or enter into any agreement as the result of which any person shall become interested with him in the partnership, without the prior approval of the Farmers Home Administration and the other General Partners, if any, and the consent of Limited Partners holding a majority of limited partnership interests, which consent shall not be unreasonably withheld.

B. Notwithstanding any other provisions of this Agreement, except for a transfer of a limited partnership interest by gift, bequest or under the laws of intestacy, no transfer of a limited partnership interest, or any portion thereof, may be made without the consent of the General Partner. The General Partner agrees that he will not unreasonably withhold his consent to such transfers. In no event shall a limited partnership interest, or any portion thereof, be assigned or transferred to a minor or incompetent except in trust. No Limited Partner shall sell part or all of his interest in the partnership to a third party other than his spouse, parent, heir-at-law, or any charitable or educational organization or trust for the benefit of any of the foregoing until he shall first have made a written offer of such interest to the other Limited Partners and the General Partner on a pro-rata basis at the same price and on the same terms as to the third party (whose name must be stated in the offer). If such offer is not accepted in full by some or all of the other partners within thirty (30) days, the offering Limited Partner may sell to the designated third party at the same price and terms stated.

C. Upon the death of a Limited Partner, his lawful successor in interest shall have the option of becoming a Limited Partner, subject to all of the terms and conditions of this Agreement. Such option shall be exercised no later than ninety (90) days after the appointment of an executor or administrator, but no more

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than one hundred eight (180) days after the death, by delivering written notice to the principal office of the partnership. If such option is not exercised, such executor or administrator shall have the same right, under the provisions of this Section 15, to assign or transfer the decedent's partnership interest.

D. Upon the death of an individual General Partner, the interest of such deceased General Partner in the profits, losses, cash flow and capital interest of the partnership shall pass as part of his estate as his will or as the law shall provide. The successor or successors to the partnership interest by reason of such death shall have all the rights of the decedent in the profits, losses, cash flow, promissory notes, and all other interest of the partnership possessed by the decedent, but such successors shall not be entitled to vote regarding operations or other matters concerning the partnership. Such powers shall thereafter be exercised by the surviving General Partner, if any, or the General Partner designated by the Limited Partners.

E. Notwithstanding anything set forth above in this Section 15, no sale or exchange of all or part of an interest in this partnership shall occur if it would cause the termination of the partnership for federal income tax purposes, unless Limited Partners holding a majority of limited partnership interests agree in writing to such sale or exchange. It is understood that the General Partner will not give his consent to any such proposed sale or exchange unless and until he receives (i) an opinion of counsel satisfactory to the General Partner that the proposed assignment will not cause a termination of the partnership for federal income tax purposes and further, will not result in a violation of any federal or state securities laws; and (ii) payment in full from the proposed assignee of any and all reasonable legal, accounting, and other charges and fees incurred by the General Partner as a result of any such assignment. The General Partner will use his best efforts to have his counsel render his opinion as promptly as possible.

F. The transfer of limited partnership interests and/or the admission of additional or substituted Limited Partners, pursuant to this Section and Section 9 herein, shall be deemed to have taken place on the first day of the taxable year in which said transfer and/or admission occurs.

G. The transfer of any limited partnership interest herein shall be subject to the regulations of the Farmers Home Administration.

16. AMENDMENTS.

A. Subject to the limitations hereinafter set forth, amendments to this Agreement for material changes may be proposed by the General Partner or by Limited Partners holding not less than ten percent (10%) of limited partnership interests. Following such proposal, the General Partner shall submit to the Limited Partners a statement of any such proposed amendment. The submission by the General Partner shall include a recommendation of the General Partner with respect to such vote of the Limited Partners on the proposed amendment and an opinion of counsel as to the legality and effect of such proposed amendment. The affirmative vote of the Limited Partners holding not less than a majority of limited partnership interests will be required to amend this Agreement. Notwithstanding the above, no amendment shall:

- (1) Alter the basic substance of this Agreement.
- (2) Terminate the partnership except as provided in this Agreement.
- (3) In any way modify the obligations of the partnership pursuant to the rules and regulations of the Farmers Home Administration.

B. Notwithstanding anything contained in Paragraph A to the contrary, the true and lawful attorney-in-fact for the Limited Partners (see Power of Attorney) shall have the authority to make non-material amendments or changes to this Agreement. Non-material shall be defined as any change which does not affect the rights, duties, liabilities or investment of each and every Limited Partner.

17. POWER OF ATTORNEY.

A. Nathan A. Medley, Jr. shall be, and hereby is, appointed the true and lawful attorney-in-fact for the Limited Partners, and each of them, with full power and authority to make, execute, acknowledge, publish and file:

(1) Any amendments to this Limited Partnership Agreement and Certificate of Limited Partnership pursuant to the laws of any state in which such documents are required to be filed;

(2) Any certificates, instruments and documents, including Fictitious Name Certificates, as may be required by, or may be appropriate under, the laws of any state or other jurisdiction in which the partnership is doing or intends to do business;

C. The General Partner shall not be entitled to the return of the capital contributions or advances of Partners or any portion thereof. Any such returns shall be made solely from partnership assets.

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(3) Any other instrument which may be required to be filed by the partnership under the laws of any state or by governmental agency, or which Nathan A. Medley, Jr. deems it advisable to file;

(4) Any documents which may be required to effect the continuation of the partnership, the admission of an additional or substituted Limited Partner, or the dissolution and termination of the partnership pursuant to the terms of this Agreement.

B. Nathan A. Medley, Jr. shall be, and hereby is, appointed the true and lawful attorney-in-fact for the General Partners, with full power and authority to make, execute, acknowledge, publish and file any amendments to this Limited Partnership Agreement and Certificate of Limited Partnership for the purpose of admitting additional or substituted Limited Partners to the partnership.

C. The foregoing grants of authority:

(1) Are Special Powers of Attorney, coupled with an interest, and shall survive the death of any partner;

(2) May be exercised by Nathan A. Medley, Jr. for each and every partner acting as attorney-in-fact for each and every partner;

(3) Shall survive the delivery of an assignment by a Limited Partner of his interest; except that where the assignee thereof has been approved by Nathan A. Medley, Jr. for admission to the partnership as a substituted Limited Partner, the Power of Attorney shall survive the delivery of such assignment with respect to the assignor Limited Partner for the sole purpose of enabling Nathan A. Medley, Jr. to execute, acknowledge and file any instrument necessary to effect such substitution.

18. MISCELLANEOUS PROVISION.

A. This Agreement shall be binding upon and inure to the benefit of all of the parties and their estates, heirs, legatees, successors or assignees.

B. All notices provided for in this Agreement shall be directed to the parties at the addresses set forth on the signature pages attached hereto and to the partnership at its principal office.

C. This Agreement and the rights of the parties hereunder shall be interpreted in accordance with the laws under which said partnership is formed as set forth in Section 1 herein.

- 12 -

Upon the death of a partner, the partnership interest shall have the option of becoming a limited partnership subject to all of the terms and conditions of this Agreement. Such option shall be exercised no later than ninety (90) days after the appointment of an executor or administrator, but no more

- 12 -

D. The parties agree to execute a Limited Partnership Agreement and Certificate of Limited Partnership and to sign any amendment to said document whenever the signing of such document or amendment is requested of them by the General Partner, and they agree to do such other acts as may be required.

E. This Agreement may be executed in several counterparts and all so executed shall constitute one agreement, binding on all the parties hereto even though all the parties are not signatory to the original or the same counterpart.

F. The headings of the sections and subparagraphs of this Agreement are inserted for convenience only, shall not be deemed to be a part of this Agreement, and in no way define, limit, extend or describe the scope or intent of any provisions hereof.

G. If at any time during the term of this Agreement, any dispute, difference or disagreement shall arise upon or in respect to the Agreement, and the meaning and construction hereof, every such dispute, difference, and disagreement shall be referred to a single arbiter agreed upon by the complaining Limited Partner or Partners, and the General Partner, and shall be settled by arbitration in accordance with the Rules of American Arbitration Association, and judgment upon the award rendered by the arbiter may be entered in any court having jurisdiction thereof.

H. Limited partnership interests in the partnership will be offered only to persons who had during the last tax year, or estimate that they will have during the current tax year, "Taxable Income", as defined in Section 63 of the Internal Revenue Code of 1954, as amended, some portion of which was or will be subject to federal and state income tax at a combined rate of fifty percent (50%) or more. By executing this Agreement, each Limited Partner represents that he is a person meeting the qualification set out immediately above. Each Limited Partner executing this Agreement warrants to the General Partner that he purchases his limited partnership interest for his personal investment purposes only and not with a view toward distribution of all or a portion of said interest.

I. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

J. If one or more of the provisions of this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions and any other application thereof shall in no way be affected or impaired.

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IN WITNESS WHEREOF, I, the undersigned, declare under the penalties of perjury that I have read and examined the Limited Partnership Agreement and Certificate of Limited Partnership and to the best of my knowledge and belief, as a party hereto, it is true, correct and complete.

GENERAL PARTNER

ADDRESS

P. & L. INTEREST

Nathan A. Medley, Jr.
Nathan A. Medley, Jr.

14429 S. E. 288th
Kent, Washington 98031

5%

STATE OF WASHINGTON)
COUNTY OF KING } ss.

On this day personally appeared before me NATHAN A. MEDLEY, JR., to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged under oath that he executed 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 22nd day of June, 1977.

[Signature]
NOTARY PUBLIC in and for the State
of Washington, residing at
21220

INVESTOR LIMITED PARTNER'S SIGNATURE PAGE

Attached to and made a part of the Limited Partnership Agreement and Certificate of Limited Partnership of Valley View II Associates.

The undersigned hereby signs the Limited Partnership Agreement and Certificate of Limited Partnership of Valley View II Associates as an Investor Limited Partner, thereby agreeing to all the terms thereof, including the Power of Attorney.

The undersigned's address and agreed capital contribution are set forth opposite his signature. The undersigned agrees to pay his first installment capital contribution upon execution of this Limited Partnership Agreement.

Each Investor Limited Partner executing this Limited Partnership Agreement with his spouse does so for and on behalf of his marital community (Applicable for Community Property Jurisdiction only).

IN WITNESS WHEREOF, I, the undersigned declare under the penalties of perjury that I have read and examined the Limited Partnership Agreement and Certificate of Limited Partnership and to the best of my knowledge and belief, as a party hereto, it is true, correct and complete.

INVESTOR LIMITED PARTNER

ADDRESS

CONTRIBUTION


William T. Bailey

P. O. Box 715

\$ 58,000

Mount Vernon, Washington 98273

P. & L. Interest 95.00 %

Tax I.D. No. 533-20-9722

Execution Date: *June 10, 1977*

STATE OF *Washington* } ss.
COUNTY OF *Shelton* }


On this day personally appeared before me WILLIAM T. BAILEY to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged under oath that he executed 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 *20th* day of *June*, 1977.

William T. Bailey
NOTARY PUBLIC in and for State of *Washington*
residing at *Lindington*

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GENERAL PARTNER


Nathan A. Hed

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The undersigned, being the wife of one of the partners to the foregoing Limited Partnership Agreement, hereby states and acknowledges as follows: (Community Property Jurisdiction only).

CONSENT

I have read the Limited Partnership Agreement and understand its terms. I irrevocably consent to the Limited Partnership Agreement and each of its terms and agree that the Agreement may be performed in accordance with its terms and that the real property described therein and any other property at any time belonging to the partnership may be held, managed, conveyed, mortgaged and otherwise transferred for security purposes or otherwise without my further consent or signature. I declare under the penalties of perjury.

Dated this 22th day of April, 1977.

Charlotte J. Bailey
SPOUSE
Charlotte J. Bailey

STATE OF *Washington* } ss.
COUNTY OF *Shagit*

On this day personally appeared before me CHARLOTTE J. BAILEY to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged under oath that she executed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 22th day of April, 1977.

Notary Public
NOTARY PUBLIC in and for State of *Washington*,
residing at *Bellevue, WA*

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Simulated Partnership Agreement &
Certificate of Simulated Partnership

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Notary Public,
3:50
Aug 12
Agreement
MADE BY LILA
Between Mary
and

STATE OF IDAHO
COUNTY OF BLAINE

I, MARY GREEN, EX-OFFICIO RECORDER IN AND FOR
SAID COUNTY AND STATE, DO HEREBY CERTIFY THAT
THE FOREGOING IS A FULL, TRUE AND CORRECT COPY
OF THAT CERTAIN INSTRUMENT OR RECORD IN MY OFFICE,
AS INSTRUMENT NO 175639 Lease,
RECORDS OF BLAINE COUNTY, STATE OF IDAHO.

WITNESS MY HAND AND OFFICIAL SEAL THIS 28th
DAY OF December, 1987.