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CERTIFICATE OF LIMITED PARTNERSHIP

SECRETARY OF STATE

OF

PROPERTIES VII, A LIMITED PARTNERSHIP

The undersigned, desiring to form a Limited Partnership under the Uniform Limited Partnership Act of the State of Idaho, make this Certificate for that purpose.

1. Name. The name of the Partnership shall be Properties VII, A Limited Partnership.

2. Purpose. The purpose and general character of the Partnership shall be to own and operate duplex housing located at 930, 932, 936, 937, 938, 939, 943, 945 Johnson, Moscow, Idaho.

3. Location. The location of the Partnership's principal place of business is #4 Kenworthy Plaza, P.O. Box 9788, Moscow, Idaho 83843.

4. Members and Designation. The names and places of residence of the General Partners are as follows:

Palouse Properties, Inc., a Washington corporation
authorized to do business in the State of Idaho,
#4 Kenworthy Plaza, Moscow, Idaho 83843.

The registered agent is W. Don Mackin, whose address is #4 Kenworthy Plaza, P.O. Box 9762, Moscow, Idaho 83843.

The names and places of residence of the Limited Partners are listed on Exhibit "A" attached hereto and incorporated herein by this reference.

5. Initial Contribution of General Partner. The initial contribution of the general partner was compensation of \$14,745.00 to Jack Marineau and Tom Watson for formation of limited partnership and development of subject investment property.

6. Initial Contributions of Limited Partners. The amount of cash contributed by each Limited Partner is described in Exhibit "A" attached hereto and incorporated herein by this reference.

7. Subsequent Contributions of Limited Partners. Each Limited Partner will be required to make such additional contributions to the capital of the Partnership as may from time to time be determined by the General Partner.

8. The contribution of each Limited Partner is to be returned upon dissolution and termination of the Partnership after:

8.1 Payment of debts and liabilities of the Partnership (other than any loans or advances that may have been made by any General Partner or their affiliates to the Partnership) and the expenses of liquidation;

8.2 Creation of a reserve for contingent or unforeseen liabilities or obligations of the Partnership or the General Partner arising out of or in connection with the Partnership;

8.3 Repayment of any loans or advances that may have been made by any General Partner or his affiliates to the Partnership.

9. The share of the profits which each Limited Partner shall receive by reason of his contributions is described in Exhibit "A" attached hereto and incorporated by reference herein.

10. The interests of the Limited Partners in the Limited Partnership shall be assignable in whole or in part, but only in accordance with, and subject to the provisions of the Limited Partnership Agreement, and in any event the Limited Partnership shall not be required to recognize any such assignment until such time as the instrument conveying such interest, in a form and in substance satisfactory to the General Partner, has been delivered to the General Partner.

10.1 An assignee of the interest (or any portion thereof) of any Limited Partner shall become a substituted Limited Partner if, and only if:

(a) The assignment instrument is in a form and in substance satisfactory to the General Partner;

(b) The assignor and assignee named therein executing and acknowledging such other instrument or instruments as the General Partner may deem necessary or desirable to effectuate such admission;

(c) The assignee's written acceptance and adoption of all of the terms and provisions of the Limited Partnership Agreement as the same may have been amended;

(d) Such assignee paying or obligating himself to pay all reasonable expenses connected with such admission (the amount of such expenses to be determined by the General Partner);

(e) There is delivered to the General Partner such evidence as the General Partner may require indicating that the Assignment is not in violation of applicable securities laws.

11. Additional Limited Partners may be admitted by the General Partner as provided in Section 6.1, 6.6, and 14 of the Limited Partnership Agreement.

12. No Limited Partner shall have priority over any other Limited Partner as to contributions or as to compensation by way of income.

13. Upon the death, retirement, adjudication of incompetency, bankruptcy, insolvency, or dissolution of a General Partner, the Partnership shall continue without interruption unless said event occurs with the last remaining General Partner in which event the Partnership shall be terminated and dissolved, unless the Limited Partners by an affirmative vote of more than 50% of the Limited Partners eligible to vote select another person or entity as a substitute General Partner. Upon the expulsion of the last remaining General Partner, the Partnership shall be dissolved unless, prior to the effective date of the expulsion, a successor General Partner is selected by a unanimous vote of the Limited Partners eligible to vote, which successor elects to continue the business of the Partnership.

14. No Limited Partner has any right to demand and receive property other than cash in return for his contribution.

15. The Limited Partners shall only have the right to vote upon the following matters affecting the basic structure of the Partnership:

15.1 Election, removal or substitution of a General Partner, including, but not limited to, transfer of a majority of the voting stock of a corporate General Partner; removal of a General Partner for a cause;

15.2 Termination and dissolution of the Partnership;

15.3 Amendment of the Partnership Agreement other than amendments to admit additional or substituted Limited Partners or to reduce the amount of capital contributions of unit holders;

15.4 The extension of the term of the Partnership;

15.5 Sale of all or substantially all assets of the Partnership;

15.6 The sale of additional Limited Partnership Units;

15.7 Matters upon which the Limited Partners may vote shall require an affirmative vote of a majority of the outstanding Limited Partnership units to pass and become effective, except for removal of a General Partner, which requires at least a 66% affirmative vote. An election to take assets in kind upon a dissolution requires an affirmative vote of 66.66% of all Unit Holders.

GENERAL PARTNER:
PALOUSE PROPERTIES, INC.

By

W. Don Mackin
President

ATTEST:

Betty Jo Neill
Secretary

STATE OF IDAHO)
) ss.
County of Latah)

On this 5th day of January, 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared W. DON MACKIN and BETTY JO NEILL, known or identified to me to be the President and Secretary, respectively, of corporation that executed the foregoing instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal on the date last above written.

Notary Public for Idaho,
Residing in Latah County.
My commission expires _____

EXHIBIT A
TO CERTIFICATE AND
AGREEMENT OF LIMITED PARTNERSHIP

PROPERTIES VII, A LIMITED PARTNERSHIP

<u>Name of Limited Partner</u>	<u>Address</u>	<u>Number of Units</u>
<u>Richard E. Tavis</u> Richard E. Tavis and		
<u>Lee Anne Tavis</u> Lee Anne Tavis Joint Tenants With Right of Survivorship	223 North Adams Moscow, ID 83843	2 (\$10,000)
<u>Raymond J. Barker</u> Raymond J. Barker and		
<u>Jeane Barker</u> Jeane Barker	1211 East D Street Moscow, ID 83843	2 (\$10,000)
<u>Ali Moslemi</u> Ali Moslemi and		
<u>Sousan S. Moslemi</u> Sousan S. Moslemi	846 Nyland Moscow, ID 83843	1 (\$5,000)
<u>Don E. Springer</u> Don E. Springer and		
<u>Kathryn E. Springer</u> Kathryn E. Springer	Box 66 Genesee, ID 83832	2 (\$10,000)
<u>E. B. Newsome</u> E. B. Newsome and		
<u>Janet K. Newsome</u> Janet K. Newsome	320 North Blaine Moscow, ID 83843	1 (\$5,000)

Howard Loewenstein
Howard Loewenstein and

Eileen Loewenstein
Eileen Loewenstein

1010 East F Street 1 (\$5,000)
Moscow, ID 83843

Len Bielenberg
Len Bielenberg and

Fern Bielenberg
Fern Bielenberg

1039 N. Virginia Av. 5 (\$25,000)
Moscow, ID 83843