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CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP  
OF

MERCY HOUSING II, A LIMITED PARTNERSHIP

THIS AGREEMENT OF LIMITED PARTNERSHIP is made and entered into as of the 24<sup>th</sup> day of August, 1982, by and between MERCY HOUSING, INC., as general partner (hereinafter referred to as the "General Partners") and JAMES R. TOMLINSON, as limited partner (hereinafter referred to as the "Limited Partners"), whose addresses are set forth on the signature page hereof opposite their respective signatures.

W I T N E S S E T H :

WHEREAS, the General Partners and the Limited Partners desire to form a limited partnership pursuant to the laws of the State of Idaho.

NOW THEREFORE, the parties hereto hereby agree and state as follows:

I

DEFINITIONS

1.1 "Act" shall mean and refer to the Idaho Uniform Limited Partnership Act.

1.2 "Agreement" shall mean and refer to this Certificate and Agreement of Limited Partnership, as amended from time to time.

1.3 "Partnership" shall mean and refer to the limited partnership created pursuant to this agreement.

1.4 "General Partners" shall mean and refer to the entities and/or persons designated as "General Partners" in the first paragraph of this Agreement and any substitutes therefore and any additions thereto approved as provided in Section II of this Agreement.

1.5 "Limited Partners" shall mean and refer to persons or entities that are, from time to time, admitted to the Partnership as Limited Partners, and whose names, residences or business addresses and interests held by each, appear on the signature page of this Agreement hereto.

1.6 "Partners" shall mean and collectively refer to the General Partners and all limited Partners.

1.7 "Interests" shall mean and refer to a Limited Partnership interest in the capital, profits and losses of the Partnership.

1.8 "Holders of Interests" shall mean and refer to the persons and/or entities that are shown on the books and records of the Partnership as being owners of Interests on a specific date, whether or not such persons and/or entities have been admitted to the partnership as Limited Partners.

1.9 With respect to a particular Limited Partner, "Partnership Percentage" shall mean and refer to that fraction, expressed as a percentage, having as its numerator the number of interests held by such Limited Partner and as its denominator the total number of Interests held by all Limited Partners.

1.10 With respect to a particular Holder of Interests, "Allocation Percentage" shall mean and refer to that fraction, expressed as a percentage, having as its numerator the number of Interests held by such Holder of Interests and having as its denominator the total number of Interests held by all Holders of Interests.

1.11 "Available Cash" of the Partnership shall mean and refer to all remaining cash funds of the Partnership on hand at a particular time after payment of the General Partners' asset supervision fee (except funds obtained as contributions to the capital of the Partnership by Partners) less such adequate reserves as the General Partners deem reasonably necessary for the proper operation of the Partnership's business.

1.12 "Partnership Return" shall mean and refer to the "U.S. Partnership Return of Income" (and any similar form of any state) for the Partnership as required to be filed annually with the U.S. Internal Revenue Service and any applicable state tax authorities.

1.13 "Net income" and "net loss" shall mean and refer to the income or loss of the Partnership after all expenses incurred in connection with the Partnership's business have been paid, including, without limitation, interest on all loans, taxes and assessments, and after making any allowance for depreciation or amortization of the cost of all property and assets, tangible or intangible, of the Partnership (collectively referred to in this Agreement as "depreciation").

## II ORGANIZATION

2.1 Formation. The parties do hereby form a limited partnership under and pursuant to the Act.

2.2 Name. The business of the Partnership shall be conducted under the name Tomlinson I, which may be changed by the General Partner by written notice to the Limited Partners.

## III PRINCIPAL PLACE OF BUSINESS

3.1 The principal place of business of the Partnership shall be located at 48 Horizon Drive, Boise, Idaho 83702, or at such other place as the General Partners may from time to time determine. The Partnership may also establish and maintain such additional offices or places of business within or without the State of Idaho as the General Partners may deem advisable.

3.2 The name and address of the resident agent for service of process is Sister Joan Martin, R.S.M., whose address is 48 Horizon Drive, Boise, Idaho 83702.

IV  
BUSINESS OF THE PARTNERSHIP

The business of the Partnership shall be to acquire a parcel of real property and improvements located thereon, legally described in Exhibit A hereto, said property being a 64-unit housing project financed by the U.S. Farmers Home Administration, and all such other housing projects as the General Partners may deem appropriate, and to own, operate and manage the Projects (Project) for income-producing purposes and as an investment; to furnish services and goods in connection with the operation and management of the Project, and to borrow funds for such purposes and to mortgage or otherwise encumber any or all of the Partnership's assets or properties to secure such assets and properties of the Partnership; and to undertake and carry on all activities necessary or advisable in connection with the acquisition, development, financing, ownership, operation, management and sale of the Project upon such terms and conditions as the General Partners, in their absolute discretion, deem in the best interests of the Partnership.

V  
TERM

The Partnership shall commence as of the date of this Agreement, and shall continue for for 51 years, unless terminated sooner with the written consent of the U.S. Farmers Home Administration.

VI  
CAPITAL CONTRIBUTION AND STATUS

6.1 Capital Contribution of General Partners. The General Partners shall make no contribution to the capital of the Partnership.

6.2 Capital Contribution of Limited Partners.. The Limited Partners shall each make a contribution of \$10.00 to the capital of the Partnership, and each shall receive an Interest in the Partnership.

6.3 Interest. Contributions to the capital of the Partnership will not bear or accrue interest in favor of the contributing Partner.

6.4 Limited Liability. A Limited Partner shall not be personally liable for any of the debts, expenses, liabilities or other than the capital contributions agreed to be made pursuant to this Agreement and subscription agreement executed and delivered by each Limited Partner, a Limited Partner shall not be required or obligated by the Partnership or any Partners to make further contributions or payments of any kind to or with respect to the Partnership or his interests therein; provided, however, that Limited Partners receiving distribution in return, in whole or in part, of their capital contribution shall be liable to the Partnership for any sum, not in excess of such amount returned plus interest thereon necessary to discharge liabilities of the Partnership to any or all creditors of the Partnership who extend credit or whose claims arose before such distribution was made.

6.5 Role of Limited Partner. Except as otherwise provided in this Agreement, no Limited Partner shall take part in, or interfere in any manner with, the management, conduct or control of the business of the Partnership, transact any business for the Partnership, or have the right, power or authority to act for, sign for or bind the Partnership in any manner.

6.6 Withdrawal of Capital Contributions. Except as provided herein, no Limited Partner shall have the right to withdraw or reduce his or its contribution to the capital of the Partnership except as provided in the Act. No Limited Partner shall have priority over any other Limited Partner, either as to the return of contributed capital or as to any profits, losses or distributions.

## VII EXPENSES OF THE GENERAL PARTNERS

The General Partners shall be entitled to charge the Partnership, and to be reimbursed by it, for any and all reasonable costs and expenses actually incurred by them in connection with the formation of the Partnership and the operation of its business, including the allocable portion of expenses incurred in connection with both Partnership and other activities, such allocation to be determined on any basis selected by the General Partners consistent with generally accepted accounting practices.

## VIII ALLOCATIONS OF NET INCOME AND NET LOSS; CASH DISTRIBUTIONS

8.1 Allocation of Net Income or Net Loss. The net income or net loss of the Partnership for each calendar year shall be allocated as follows:

### GENERAL PARTNERS:

Mercy Housing, Inc.                      5%

LIMITED PARTNERS:                      95%

8.2 Distribution of Available Cash. All Available Cash shall be distributed among the General Partners and the Limited Partners annually in the same percentages as profits and losses are allocated.

8.3 Distributions With Respect to Interests Transferred. In the event Interests are transferred during any calendar year, the distributive share of net income or net loss attributable to such Interests for that year shall be divided and allocated between the transferor and transferee as they shall agree, provided the Partnership receives by January 31st following the end of that year written notice stating the agreed allocation of such net income or net loss shall be allocated between the transferor and the transferee in proportion to the number of days during such calendar year that each was the Holder of the Interests transferred. Distributions of Partnership assets with respect to Interests shall be made only to Limited Partners of record on a record date designated by the General Partners. The Partnership shall cause to be maintained records reflecting the name of, address of, and number of Interests held and date acquired by each Limited Partner. The General Partners and the Partnership shall incur no liability for making distributions in accordance with the provisions of this Agreement.

8.4 Allocation Between the General Partners. The General Partners shall allocate their fees, expenses reimbursements, all other distributive share items, including cash distributions and other items of income, loss of other credits which they receive or are entitled to receive, as they shall mutually agree, notwithstanding anything to the contrary, in this Agreement.

IX  
RIGHTS, POWERS AND OBLIGATIONS OF  
THE GENERAL PARTNERS

9.1 Management. Subject to the provisions of Section 9.5 hereof, the management and control of the Partnership and its business affairs shall be exercised exclusively by the General Partners and all decision to be made by the Partnership shall be made by the General Partners. Sister Joan Martin, R.S.M. is hereby designated as Managing Partner for the Partnership and is authorized to perform all acts for and on behalf of the Partnership and to execute any and all documents and instruments arising out of or in any way pertaining to the business of the Partnership.

9.2 Powers. The General Partners shall have all the rights and powers conferred by the Act or otherwise conferred by law, and any rights and powers as are necessary, advisable or convenient to the discharge of the General Partners' duties under this Agreement and to the management and control of the business and affairs of the Partnership. Without limiting the generality of the foregoing, the General Partners shall have the following specific rights and powers which may be exercised at the cost, expense and risk of the Partnership.

9.2.1 To expend the capital and profits of the Partnership in the exercise of any rights or powers possessed by the General Partners hereunder and in furtherance of the Partnership's business.

9.2.2 To execute, sign and deliver in furtherance of any or all of the purposes of the Partnership, any and all agreements, contracts, documents, certifications, subscriptions and other instruments necessary or convenient in connection with the business of the Partnership; all of which may contain such terms, provisions and conditions as the General Partners, in their sole and absolute discretion, shall deem appropriate and to do any and all other acts of things necessary, proper, convenient or advisable to effectuate and carry out the intent and purposes of the Partnership.

9.2.3 To contract with properly registered securities broker-dealers to arrange sales of interests and, in connection therewith, to pay a reasonable commission with respect to the capital contribution resulting from sales arranged by each of such securities broker-dealers or to contract with a syndicator for investment in the Partnership on a two-tier partnership basis.

9.2.4 To delegate all or any of their duties hereunder and in furtherance of any such delegation to appointing, employ, or contract with any person that they in their sole discretion deem necessary or desirable for the transaction of the business of the Partnership, which persons may, under the supervision of the General Partners: (i) administer the day-to-day operations of the Partnership; (ii) act as consultants, accountants, correspondents attorneys, brokers, escrow agents, or in any other capacity deemed by the General Partners necessary or desirable; (iii) investigate, select, and on behalf of the Partnership, conduct relations with persons acting in such capacities and pay appropriate fees to, and enter into appropriate contracts with, or employ, or retain services performed or to be performed by, any of

them in connection with the business of the Partnership; (iv) perform or assist in the performance of such administrative or managerial functions necessary in the management of the Partnership as may be agreed upon with the General Partners; and perform such other acts or services for the Partnership as the General Partners in their sole and absolute discretion may approve; and

9.2.5 To pay or reimburse any and all actual fees, costs and expenses incurred in the formation and organization of the Partnership.

9.2.6 The Partnership is authorized to execute such documents as may be required by the U.S. Farmers Home Administration to assume the Mortgages insured by the U.S. Farmers Home Administration on the three properties described in Exhibits A, B, and C, attached hereto.

9.3 Independent Activities. The General Partners, their affiliates and each Limited Partner may, notwithstanding the existence of this Agreement, engage in whatever activities they choose, whether the same be competitive with the Partnership or otherwise, without having or incurring any obligation to offer interest in such activities to the Partnership or any party having an interest therein. Neither this Agreement nor any activity undertaken pursuant hereto shall prevent the General Partners or their affiliates from engaging in such activities, or require the General Partners including their or its affiliates to permit the Partnership or any person having an interest therein to participate in any such activities, and as a material part of the admission of each Limited Partner, each Limited Partner, hereby irrevocably waives, relinquishes and renounces any such right or claim of participation.

9.4 Duties. The General Partners shall manage and control the Partnership, its business and affairs to the best of their ability and shall use their best efforts to carry out the purposes of the Partnership. The General Partners shall devote such of their time to the business and affairs of the Partnership as is deemed, in their sole and absolute discretion, necessary and appropriate. The General Partners shall periodically render a formal accounting of all dealings and transactions relating to the business of the Partnership.

9.5 Limitation on Power. Without obtaining the consent of all of the Limited Partners, the General Partners shall not do any act in contravention of the Act.

## X

### TRANSFER OF A PARTNERSHIP INTEREST

10.1 A Limited Partner may not sell, transfer, assign or create a security interest in his or its Interest or any portion thereof without the unanimous consent of the General Partners, and the transfer shall be in compliance with the terms of any document executed between the Partnership and FmHA, and any transferee shall be bound thereby.

10.2 No assignee of the whole or any portion of a Limited Partner's Interest in the Partnership shall become a substituted Limited Partner in the place of the assignor Limited Partner unless, in addition to all of the foregoing, all of the following conditions are satisfied:

10.2.1 The instrument of assignment filed with the Partnership sets forth the intention of the assignor that the assignee becomes a substituted Limited Partner;

10.2.2 The assignee executes, acknowledges and delivers to the General Partners a written acceptance and adoption of the provisions of this Agreement and a Power of Attorney in favor of the General Partners containing the powers set forth in Section 14.1, the form and content of which shall be provided by the General Partners; and

10.2.3. The General Partners and FmHA shall have consented to such substitution in writing, which consent may not be unreasonably withheld. The General Partners may withhold their consent to a transferee's becoming a substituted Limited Partner notwithstanding that they shall have consented to such transfer.

10.2.4 The General Partners may elect to treat an assignee who has not become a substituted Limited Partner in accordance with Section 10.2 hereof as a substituted Limited Partner in the place of his assignor should they deem, in their sole discretion, that such treatment is in the best interest of the Partnership for any of its purposes or for any of the purposes of this Agreement.

10.2.5 The Consent of other Limited Partners is not required to effect the assignment of an Interest or the substitution of Limited Partner. However, no partner shall transfer his interest without the prior written approval of FmHA.

10.2.6 The General Partners shall be required to amend the Certificate and Agreement of Limited Partnership only once each calendar quarter to reflect the substitution of Limited Partners. Until the Certificate and Agreement of Limited Partnership is so amended, an assignee shall not become a substituted Limited Partner notwithstanding prior compliance with Section 10.2.

10.2.7 Upon the death or legal incompetency of an individual Limited Partner, such Limited Partner's personal representative shall have all of the rights of a Limited Partner for the purpose of settling or managing such Limited Partner's interest and shall have such power as the decedent or incompetent Partner's interest in the Partnership and to join with such assignee in making application to substitute such assignee as a Limited Partner.

10.2.8 Upon the bankruptcy, insolvency, dissolution (or other cessation to exist as a legal entity) of a Limited Partner which is not an individual, the authorized representative of such entity shall have all the rights of a Limited Partner for the Purpose of effecting the winding-up of the business of such entity and shall have such power as such entity possessed to constitute a successor as an assignee of its interest in the Partnership and to join with such assignee in making application to substitute such assignee as a Limited Partner.

10.2.9 Any incoming partner shall, as a condition of receiving any interest in the Partnership, agree to be bound by the mortgage note and mortgage, and such other documents as have been executed in connection with the FmHA mortgage loan and mortgage loan assumption to the same extent and on the same terms as the parties to this Agreement.

X  
RESIGNATION, WITHDRAWAL, TRANSFER OF INTEREST  
OR REMOVAL OF A GENERAL PARTNER:  
ELECTION OF A GENERAL PARTNER

11.1 Resignation, Withdrawal and/or Transfer of Interest of a General Partner. A General Partner may not withdraw his or its interest in or resign from the Partnership, and/or transfer his or its interest to any person except as follows:

11.1.1 Upon the written consent or affirmative vote of the Limited Partners owning a majority of the Interests then outstanding; and

11.1.2 Upon the consent of the remaining General Partners; and

11.1.3 Upon receipt by the Partnership of an opinion of counsel, satisfactory to the remaining General Partners, that the resignation, withdrawal and/or transfer of Interest will not effect a change in the tax status of the Partnership and, notwithstanding such resignation, withdrawal or transfer of Interest, that the business of the Partnership may be continued in the same manner as previously conducted.

11.2 Admission of a New General Partner. The General Partners, or any remaining General Partner in the event of an approved resignation or withdrawal, may not admit a person or entity as either an individual or a corporate general partner except upon the written consent or affirmative vote of the Limited Partners owning 100% of the Interests then outstanding and any transferee shall be bound by any document executed between the Partnership and the FmHA.

11.3 Liability of General Partner(s) After Resignation. If a General Partner resigns in accordance with the provisions of this Agreement, all liability as a General Partner shall cease as provided in the Act and the Partnership shall promptly take all steps reasonably necessary under the Act to cause such cessation of liability. Upon the resignation of a General Partner, such General Partner's right to be allocated a portion of the Partnership's net income or net loss and to receive a portion of any future distributions pursuant to Section 8 hereof shall cease as of the effective date of such resignation.

11.4 Continuation of Business and Election of Substitute General Partner.

11.4.1 In the event of the resignation, withdrawal, retirement, death or insanity of a General Partner, the business of the Partnership shall be continued by any remaining General Partner. As used herein, "death" shall include the dissolution of a corporate General Partner.

XII  
DISSOLUTION AND WINDING-UP OF PARTNERSHIP

12.1 Dissolution of Partnership. The Partnership shall be dissolved upon the first of any of the following events to occur:

12.1.1 The resignation, withdrawal, removal, retirement, death or insanity of all of the General Partners; or



12.1.2 The vote to dissolve by Limited Partners owning a majority of the Partnership Interests and delivery of written notice of such vote by such Limited Partners to the General Partners;

12.1.3 The expiration of the term of the Partnership; or

12.1.4 The sale, transfer or other irrevocable disposition of all the property of the Partnership; or

12.1.5 All of the Project Partnerships in which the Partnership has an interest, direct or indirect, shall cease the active conduct of business.

12.2 Election Upon Dissolution. Upon a dissolution of the Partnership pursuant to Section 12.1.1, one or more of the Limited Partners shall, promptly after such dissolution, give notification thereof to the other Limited Partners and shall call for a vote of the Limited Partners to continue the business of the Partnership or to wind-up the Partnership pursuant to Section 12.3 of this Agreement. If Limited Partners owning 100% of the Interests then outstanding affirmatively elect to continue to do the business of the Partnership, the business of the Partnership shall be continued, and a substitute general partner shall be elected. Such election shall be accomplished in the following manner; Any one or more of the Limited Partners of the Partnership shall promptly nominate a person or entity for a General Partner upon the written consent or affirmative vote of Limited Partners owning 100% of the Interests then outstanding. In the event that such nominee is not elected, any one or more of the Limited Partners shall as soon as practicable thereafter nominate another person or entity for election as a substitute General Partner and shall continue to do so until a substitute General Partner is elected or the Partnership is dissolved pursuant to Section 12.3 of this Agreement.

12.3 Winding-up of Partnership. Upon the election of the Limited Partners to wind-up the Partnership or the failure (within one year following a dissolution pursuant to Section 12.1.1.) of the Limited Partners to elect to continue the business of the Partnership pursuant to Section 12.2, or upon a dissolution of the Partnership pursuant to Sections 12.1.2, 12.1.3, 12.1.4 or 12.1.5, the General Partners (or if there is not a General Partner, a representative of the Limited Partners elected by Limited Partners owning a majority of the Interests) shall take full account of the Partnership's assets and liabilities and the assets shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom, to the extent sufficient to pay the Partnership's obligations with respect thereto, shall be applied and distributed in the following order:

12.3.1 To the payment and discharge of all of the Partnership's debts and liabilities to persons or entities other than Partners (or former Partners) and the expenses of Liquidation;

12.3.2 To the payment and discharge of any loans and advances made by Partners (or former Partners) to the Partnership;

12.3.3 To the Holders of Interests in accordance with their respective Allocation Percentages to the extent of the Contributions to the capital of the Partnership represented thereby, less any distributions previously made to the Holders of Interests (and their predecessors in interest) by the Partnership;

12.3.4 To the General Partners to the extent of their contributions to the capital of the Partnership, less any distributions previously made to them by the Partnership; and

12.3.5 The balance, if any, shall be distributed to the General Partners and to the Holders of Interests in accordance with the allocation described in Section 8.1 hereof.

XIII  
BOOKS OF ACCOUNT, ACCOUNTING, REPORTS,  
FISCAL YEAR, BANKING, AND TAX ELECTION

13.1 Books of Account. The Partnership's books and records and this Agreement shall be maintained at the principal office of the Partnership, and each Partner shall for any good reason have access thereto at all reasonable times. The books and records shall be kept on the cash receipts and disbursements method of accounting applied in a consistent manner by the Partnership and shall reflect all Partnership transactions and may be appropriate and adequate for the Partnership's business.

13.2 Fiscal Year. The fiscal year of the Partnership shall be the calendar year, unless elected otherwise by the General Partners in their sole discretion.

13.3 Accounting and Reports. As soon as reasonably practicable after the end of each fiscal year, but not later than 120 days after such end, each Partner shall be furnished with a copy of a balance sheet of the Partnership as of the last day of such fiscal year and a statement of income or loss of the Partnership for such year, and a statement showing the amounts allocated to or allocated against such Partner's capital account pursuant to the Agreement during or in respect of each year, and any items of income, deduction, credit or loss allocated for purposes of the United States Internal Revenue Code of 1954, as amended, and any applicable state or local income tax laws. Such balance sheet and statement of income shall be prepared on the cash receipts and disbursements method of accounting.

13.4 Banking. All funds of the Partnership shall be deposited in a separate bank account or accounts or in an account of a savings and loan association as shall be determined by the General Partners, but such funds shall only be invested or deposited in an institution, the accounts or deposits of which are insured or guaranteed by an agency of the United States Government.

13.5 Tax Election. Upon the transfer of Interests in the Partnership or in the event of a distribution of the Partnership's assets, the Partnership may elect pursuant to Section 754 of the United States Internal Revenue Code of 1954, as amended, to adjust the basis of the Partnership's property as allowed by Section 743(b) or Section 734 thereof:

13.6 Partnership Returns. The General Partners shall, for each fiscal year, file with the U.S. Internal Revenue Service on behalf of the Partnership, a Partnership Return within the time prescribed by law

(including extensions) for such filing. The General Partners shall also file on behalf of the Partnership such state and/or local income tax returns as may be required by applicable law.

13.7 Information. Upon reasonable request and for good cause, the Partnership will promptly supply any Limited Partner with the names and addresses of all Holders of Interests as such information exists at the time of request, as reflected in the records of the Partnership.

#### XIV POWER OF ATTORNEY

14.1 Power of Attorney. The Limited Partners hereby make, constitute and appoint each of the General Partners, and any successor General Partner, with full power of substitution and resubstitution, their true and lawful attorney for them in their name, place and stead and for their use and benefit, to sign, execute, certify, acknowledge, swear to, file and record the Agreement, and to sign, execute, certify, acknowledge, file and record all instruments amending the Agreement, as now or hereinafter amended, that may be appropriate, including without limitation, agreements or other instruments or documents (i) to reflect the exercise by the General Partners of any of the powers granted to them under this Agreement; (ii) to reflect any amendments made to this Agreement by the Partners pursuant to this Agreement; (iii) to reflect the admission to the Partnership of any Partner in the manner prescribed in this Agreement; and (iv) which may be required of the Partnership or of the Partners by the laws of the State of Idaho or any other jurisdiction. Each Limited Partner authorizes each such attorney-in-fact to take any further action which such attorney-in-fact shall consider necessary or advisable in connection with any of the foregoing, hereby giving such attorney-in-fact full power and authority to do and perform each and every act or thing whatsoever requisite or advisable to be done in and about the foregoing as fully as such Limited Partner might or could do if personally present and hereby ratifying and confirming all that each such attorney-in-fact shall lawfully do or cause to be done by virtue thereof.

14.2 Duration of Power. The power-of-attorney granted pursuant to Section 14.1 hereof:

14.2.1 Is a special power-of-attorney coupled with an interest and is irrevocable;

14.2.2 May be exercised by each such attorney-in-fact by listing all of the Limited Partners executing any agreement, certificate, instrument or document with the single signature or such attorney-in-fact acting as attorney-in-fact for all Limited Partners;

14.2.3 Shall survive the delivery of an assignment by a Limited Partner or any or all Interests in the Partnership, except that where the purchaser, transferee or assignee thereof has the right to be, or with the consent of the General Partners is admitted as a substituted Limited Partner, the power-of-attorney shall survive the delivery of such assignment for the sole purpose of enabling each such agreement, certificate, instrument or document necessary to effect such substitution; and

14.2.4 Each Limited Partner has executed and delivered to the General Partners a power-of-attorney as set forth in the Subscription Agreement. Each such power-of-attorney is on file at the principal place of business of the Partnership and is incorporated herein by reference.

#### XV

#### LIABILITY AND INDEMNIFICATION OF THE GENERAL PARTNERS

15.1 Exoneration. Except in the case of gross negligence of willful misconduct, any error of judgment, or the doing of any act or the failure to do any act by the General Partners, the effect of which may cause or result in loss or damage to the Partnership, or done pursuant to the advise of legal counsel employed by the General Partners on behalf of the Partnership, or if done in good faith to promote the best interests of the Partnership, shall not subject the General Partners or any of them to any liability to the Partners or the Partnership.

15.2 Indemnification. The Partnership shall indemnify the General Partners against any claim or liability incurred by them, their officers, directors, employees, designees and nominees, in connection with the business of the partnership. Any amount paid to indemnify the General Partners, however, shall be paid out of Partnership assets only, and Limited Partners shall not be liable for such amounts to be paid to the General Partners, except to the extent of any amount of capital contribution of a Limited Partner that is due and owing to the Partnership and remains unpaid. Neither the Partnership nor any Partner shall have any claim against the General Partners based or arising out of any act or omission of the General Partners, provided that the General Partner was acting in good faith and was not grossly negligent or guilty of willful misconduct.

15.3 Liability. Notwithstanding anything in this Agreement to the contrary, the General Partners shall not be personally liable for the return of the capital contribution of any Partner, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

#### XVI

#### MISCELLANEOUS

16.1 Notices. Any notice, payment, demand, offer or communication required or permitted to be given by any provision of this Agreement shall be deemed to have been delivered and given for all purposes (i) if same is personally delivered, or (ii) registered or certified mail, postage and charges prepaid, addressed as follows: If to a General Partner, at the address set forth on the signature page of this Agreement or to such other address as such General Partners may from time to time specify by written notice to the Partners. Any such notice, payment, demand, offer or communication shall be deemed to be given as of the date so delivered, if delivered personally, or as of the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States Mail, addressed and sent as aforesaid with postage prepaid.

16.2 Section Captions. Section and other captions contained in this Agreement are for reference purposes only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provisions hereof.

16.3 Severability. Every provision of this Agreement is severable. If any term or provision hereof is lawfully held to be illegal, or invalid for any reason, such illegality or invalidity shall not affect the validity of the remainder of this Agreement or any other provisions.

16.4 Amendments. Amendments to this Agreement may be proposed by the General Partners or by Limited Partners owning 20% or more of the Interest then outstanding, and the General Partners shall transmit to the Limited Partners a verbatim statement of any proposed amendment and shall or may include in any such submission their recommendations as to the proposed amendment. The General Partners shall seek the written vote of the Limited Partners on the proposed amendment or shall call a meeting of the Limited Partners on the proposed amendment or shall call a meeting of the Limited Partners to vote thereon and to transact any other business that they may deem appropriate. For purposes of obtaining a written vote, the General Partners may require a response within a specified time, but not less than 15 days, and failure to respond in such time period shall constitute a vote which is consistent with the General Partners' recommendations, if any, with respect to the proposal. Except as otherwise provided in this Agreement and the Act, a proposed amendment shall be adopted and become effective as an amendment hereto if it received the affirmative vote of Limited Partner owning a majority of the Interests then outstanding, and has been approved by the Farmers Home Administration.

16.5 Meetings and Means of Voting. Meetings of the Partners may be called by the General Partners or by Limited Partners owning 20% or more of the Interests then outstanding. The call shall state the reason for the meeting. Notice of any such meeting shall be delivered to all Partners in the manner prescribed in Section 16.1 hereof not less than 7 days nor more than 30 days prior to the date of such meeting. Partners may vote in person or by written proxy at any such meeting. Whenever the vote or consent of Partners is permitted or required under this Agreement, such vote or consent may be given at a meeting of Partners or may be given in writing in accordance with the procedure for obtaining written votes prescribed in Section 16.4 of this Agreement.

16.6 Right to Rely Upon the Authority of the General Partners.

No person dealing with the General Partners shall be required to determine their authority to make any commitment or undertaking on behalf of the Partnership, nor to determine any fact or circumstance bearing upon the existence of their authority. In addition, no purchaser of any asset owned by the Partnership shall be required to determine the sole and exclusive authority of the General Partners to sign and deliver on behalf of the Partnership any such instrument of transfer, or to see the application or distribution of these revenues to proceeds paid or credited in connection therewith, unless such purchasers shall have received written notice from the Partnership affecting the same.

16.7 Litigation. The General Partners shall prosecute and defend such actions at law or in equity as may be necessary to enforce or protect the interests of the Partnership. The Partnership and the General Partners shall respond to any final decree, judgment or decision of a court of competent jurisdiction or board of authority having jurisdiction in the matter. The Partnership shall satisfy any such judgment, decree or decision first out of any insurance proceeds available therefor next out of the capital and assets of the Partnership, and finally out of the assets of the General Partners.

16.8 Idaho Law. The local internal laws of Idaho shall govern the validity of this agreement, the construction of its terms and the interpretation of the rights and duties of the parties.

16.9 Waiver of Action for Partition. Each of the parties hereto irrevocably waives, during the term of this Partnership and during the period of its liquidation following any dissolution, any right that they may have to maintain any action for partition with respect to any of the assets of the Partnership.

16.10 Counterpart Execution. The Agreement may be executed in any number of counterparts with the same effect if all parties hereto had signed the same document. All counterparts shall be construed together and shall constitute one Agreement.

16.11 Parties In Interest. Subject to the provisions contained in Section 10 of this Agreement, each and every covenant, term, provision and agreement herein and contained shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

16.12 Time. Time is of the essence with respect to this Agreement.

16.13 Integrated Agreement. This Agreement constitutes the entire understanding and agreement between the General Partners and the Limited Partners, with respect to the subject matter hereof, and there are no agreements, understandings, restrictions, representations or warranties between the General Partners and the Limited Partners other than those set forth herein.

16.14 Right to Rely Upon Authority of Person Signing Agreement. In the event that a Limited Partner is a trust (with or without disclosed beneficiaries), partnership, limited partnership, joint venture, corporation, or any entity other than a natural person, the Partnership and the General Partners shall (i) not be required to determine the authority of the person signing this Agreement or any amendment thereto to make any commitment or undertaking on behalf of such entity, or to determine any fact or circumstance bearing upon the existence of his authority; (ii) not be required to see to the application or distribution of revenues or proceeds paid to, credited to the person signing this Agreement or any amendment hereto on behalf of such entity; (iii) be entitled to rely upon the authority of the person.

16.15 Government Regulation. This Partnership Agreement is entered into between the respective parties with full knowledge that the same is expressly subject to the requirements and conditions now and hereafter imposed by the FMHA and the regulations of the U.S. Department of Agriculture now or hereafter in effect. Any such regulations or requirements shall supercede the provisions of this Partnership Agreement; and should any provision, term or condition of this Agreement be inconsistent or conflict with the provisions of pertinent federal law or regulations, then such conflict or inconsistency shall be deemed modified by the provisions of the said law or regulations so as to conform thereto, and such conflict or inconsistency shall not be deemed to impair or nullify the remainder of this Partnership Agreement, which shall remain in full force and effect.

GENERAL PARTNERS

Sister Joan Martin, D.M.  
Mercy Housing, Inc.  
Sister Joan Martin, Director and  
Authorized Agent

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Subscribed and sworn to before me, a Notary Public for  
Idaho, this 26th day of August, 1982.

Nedra L. Couvatz  
Notary Public for Idaho  
Residing at Boise, Idaho

My commission expires: 1-12-83

LIMITED PARTNERS

James R. Tomlinson  
James R. Tomlinson  
P. O. Box 108  
Boise, ID 83701

Subscribed and sworn to before me, a Notary Public for  
Idaho, this 26th day of August, 1982.

Walter P. Karsch  
Notary Public for Idaho  
Residing at Boise, Idaho

My commission expires: 1-12-83



EXHIBIT A

Commencing at the Northwest corner of the MULLER ANNEXATION, said point being also the Northwest corner of the Northeast Quarter of the Northwest Quarter of Section 28, Township 7 South, Range 31 East, Boise Meridian, Power County, Idaho; thence along the West boundary of said ANNEXATION South 0°05' East 150.0 feet to the POINT OF BEGINNING of this description; thence North 89°55' East 642.0 feet to the Northeast corner of Lot 7; thence along the East boundary of Lot 7 South 0°05' East 200.0 feet to the Southeast corner of said lot; thence along the South boundary of Lot 7 South 89°55' West 642.0 feet to the Southwest corner of said lot; thence along the West boundary of Lot 7 North 0°05' West 200.0 feet to the POINT OF BEGINNING.