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**AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP OF
MEADOWRIDGE MANOR ASSOCIATES
LIMITED PARTNERSHIP**

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AMENDED AND RESTATED
ARTICLES AND CERTIFICATE OF LIMITED PARTNERSHIP
OF
MEADOWRIDGE MANOR ASSOCIATES
LIMITED PARTNERSHIP

THIS AMENDED AND RESTATED ARTICLES AND CERTIFICATE OF LIMITED PARTNERSHIP is entered into as of August 1, 1990, among Darwin W. Brown, Carolyn J. Brown and COLUMBIA HOUSING PARTNERS XXIV LIMITED PARTNERSHIP, an Oregon limited partnership.

The parties desire to continue a limited partnership originally formed as of January 12, 1990 to construct, own and operate the Project, to adjust their relative rights and obligations with respect to the Partnership and to provide for the contribution of their capital.

NOW, THEREFORE, the parties agree to the continuation of the Partnership as a limited partnership pursuant to the Partnership Act, upon the following terms and conditions which restate, amend and supersede the Original Agreement.

Article I

NAME AND BUSINESS

1.1 Name. The name of the Partnership continues to be Meadowridge Manor Associates Limited Partnership.

1.2 Place of Business. The principal place of business of the Partnership is located at 211 Pine Street, Sandpoint, Idaho, 83864 or such other place as the General Partners may hereafter designate upon notice to the Limited Partners. If the Partnership's principal place of business should ever hereafter be located outside the state of its organization, the Partnership shall nevertheless continuously maintain an office in such state.

1.3 General and Limited Partners.

(a) The names and addresses of the General Partners are as follows:

Darwin W. Brown
211 Pine Street
Sandpoint, ID 83864

Carolyn J. Brown
211 Pine Street
Sandpoint, ID 83864

1 - AMENDED AND RESTATED ARTICLES AND CERTIFICATE OF LIMITED PARTNERSHIP OF MEADOWRIDGE MANOR ASSOCIATES. (ARC8058)

(b) The name and address of the Additional Limited Partner is as follows:

Columbia Housing Partners XXIV
Limited Partnership
1099 S.W. Columbia St., Suite 350
Portland, Oregon 97201

(c) The names and addresses of the withdrawing Original Limited Partners, who acknowledge the return of their capital contributions, are:

Darwin W. Brown
211 Pine Street
Sandpoint, Idaho 83864

Carolyn J. Brown
211 Pine Street
Sandpoint, Idaho 83864

1.4 Purposes. The only purposes of the Partnership are to construct, acquire, own, operate, maintain, manage, lease, sell, mortgage or otherwise dispose of the Project. The Project shall be operated in accordance with applicable FmHA regulations and shall be operated in such a manner so as to generate Net Cash Flow for distribution to Partners at the maximum realizable level consistent with FmHA regulations and taking into account the overriding obligation to ensure the maximum availability of Tax Credits to the Partnership.

1.5 Term. The term of the Partnership commenced with the filing of the Original Certificate, and shall terminate on the Termination Date unless the Partnership is otherwise earlier dissolved and terminated in accordance with the provisions of this Agreement.

1.6 Time of Admission.

(a) Each Limited Partner, Substitute Limited Partner or assignee of a limited partnership interest shall be deemed to have been admitted as of the first day of the calendar month during which the Partner is admitted or the conditions for transfer of a Limited Partner's interest in the Partnership pursuant to Article VIII are satisfied, as the case may be, if such admission occurs on or before the fifteenth day of such month and on the sixteenth day of the calendar month during which the Partner is admitted if such admission occurs after the fifteenth day of such month. Upon any such admission of a Limited Partner, the list of Partners described in Section 10.1 shall be updated appropriately.

(b) Notwithstanding anything to the contrary herein, the Additional Limited Partners shall have the right to withdraw from the Partnership and the withdrawing Original Limited Partner shall be reinstated as a Limited Partner if the Additional Limited Partners are unable to secure the necessary equity in the form of

cash and investor commitments specifically designated by the General Partners of the Additional Limited Partners for the purchase of the Units of limited partnership interest hereunder, in the private placement sale of the Additional Limited Partners' limited partnership interests, within 180 days after clearance with state regulatory authorities and commencement of the offer and sale of such interests in the last state in which such interests will be offered for sale. If the Additional Limited Partners are unable to raise such cash and investor commitments within such period of time, the Additional Limited Partners will notify the other Partners and the parties will execute and deliver an appropriate amendment to this Agreement and the Certificate to evidence the withdrawal of the Additional Limited Partner and the reinstatement of the withdrawing Original Limited Partners. In such event, the Additional Limited Partners shall have no further obligation, financial or otherwise, to the Partnership, the General Partners or the withdrawing Original Limited Partners and the Partnership and the General Partners shall indemnify and hold the Additional Limited Partner harmless from any and all loss, damage, cost or expense, including reasonable attorney's fees, arising out of, relating to, or in any way connected with claims of creditors of the Partnership.

(c) The General Partners and the withdrawing Original Limited Partner hereby appoint Robert M. Arcand and Columbia Housing Corporation, the general partners of the Additional Limited Partner, and each of them, with full power of substitution, as their true and lawful attorneys-in-fact, in their name, place and stead, with full power to act jointly and severally to make, execute, sign, acknowledge, swear to, verify, deliver, file, record and publish an amendment to this Agreement and the Certificate indicating that the Additional Limited Partner has withdrawn and stating the effective date of the readmission of the Original Limited Partner. The foregoing appointment is hereby declared to be irrevocable and a power coupled with an interest and shall survive the dissolution of, or assignment of its interest by, a General Partner.

Article II

DEFINITIONS

2.1 Accountants shall mean Frank L. Chapin, CPAs, or such other firm of independent certified public accountants as may be engaged by the General Partners with the consent of the Additional Limited Partner to prepare the Partnership income tax returns.

2.2 Accountants' Tax Credit Work Papers shall mean the work papers created by the Accountants to calculate the basis of the buildings in the Project and the actual amount of the Tax Credit to be claimed by the Partnership for each year.

2.3 Actual Credit shall mean, as of any point in time, the total amount of Tax Credit actually received by the Partnership.

2.4 Additional Limited Partner shall mean Columbia Housing Partners XXIV Limited Partnership, an Oregon limited partnership, and those Persons who replace it as a Substitute Limited Partner.

2.5 Admission Date shall mean the date a Limited Partner, including the Additional Limited Partner, is admitted as provided by Section 1.6.

2.6 Affiliate shall mean (a) any Person directly or indirectly controlling, controlled by or under common control with another Person, (b) a Person controlling 10 percent or more of the outstanding voting securities of such other Person, (c) any officer, director, trustee or partner of such other Person, and (d) if such Person is an officer, director, trustee, or partner of such other Person, any company for which such Person acts in any such capacity.

2.7 Agreement shall mean this Amended and Restated Agreement of Limited Partnership, as it may be amended from time to time.

2.8 Auditors shall mean the Accountants, or such other firm of independent certified public accountants as may be engaged by the General Partners with the consent of the Additional Limited Partner for the purpose of auditing the books and records of the Partnership and certifying financial reports of the Partnership.

2.9 Capital Contribution or Cash Contribution shall mean the amount of money or the fair market value of other property contributed to the capital of the Partnership by a Partner as provided in Article III.

2.10 Carry-Over Reservation shall mean the carry-over of the tax credits for the Project from the year in which they were reserved to the next calendar year by the authorized agency of the state in which the Project is located.

2.11 Certificate shall mean the Original Certificate as it may be amended from time to time.

2.12 Close of Escrow shall mean the date on which the Additional Limited Partner receives from escrow the sales proceeds from the sale of its units of limited partnership interest designated for acquisition of the Units by the Additional Limited Partner.

2.13 Code shall mean the Internal Revenue Code of 1986, as amended.

2.14 Completion of Construction shall mean that time when all certificates of occupancy or similar approvals necessary for rental and occupancy of the Project have been received from all regulatory agencies having jurisdiction over the Project and which issue or grant such certificates or approvals, and the Project has been placed in service.

2.15 Consent shall mean written approval.

2.16 Designated Net Cash Flow shall mean 100% of Net FmHA Cash Flow through 1991, and 50% of such Net FmHA Cash Flow thereafter.

2.17 Developer shall mean the General Partners, who have contracted with the Partnership to perform, or subcontract for the performance of, certain services of the Partnership.

2.18 Distributions shall mean any money or other property distributed to Partners with respect to their interests in the Partnership, without consideration therefor, but shall not include any payments to the General Partners or their Affiliates as permitted by Section 6.8.

2.19 Event of Bankruptcy shall mean bankruptcy or an act of bankruptcy (except if the act of bankruptcy is susceptible to cure and is cured within ninety (90) days), reorganization or arrangement under the provisions of Chapters 7, 11, or 13 of the Bankruptcy Reform Act of 1978, as amended (or any successor provisions of such Bankruptcy Act or a like provision of law), assignment for the benefit of creditors, insolvency as determined by court proceedings or the filing of a petition to accomplish any of the foregoing, or a like event.

2.20 Event of Dissolution shall mean with respect to a General Partner an Event of Bankruptcy; death; insanity; incapacity; adjudication of incompetency; removal; withdrawal or dissolution of such General Partner.

2.21 Event of Withdrawal shall mean the occurrence (unless waived in writing by all Partners) of any of the following events:

(a) The withdrawal or removal of any General Partner or the assignment by a General Partner of his entire general partnership interest;

(b) The death or adjudication of incompetency of any individual General Partner;

(c) The voluntary or involuntary dissolution of a corporate General Partner, or the issuance of a decree of an involuntary dissolution against a corporate General Partner;

(d) The making of an assignment for the benefit of creditors or the filing of a voluntary petition in bankruptcy by any General Partner;

(e) The filing of an involuntary petition in bankruptcy against any General Partner which is not dismissed within 90 days after filing or the adjudication of a General Partner as a bankrupt or insolvent;

(f) The filing by any General Partner of a petition or answer seeking for such General Partner any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or rule;

(g) The filing by any General Partner of an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such General Partner in any proceeding of a nature described under Section 2.21(f);

(h) The seeking, consenting to or acquiescing in the appointment of a trustee, receiver or liquidator by any General Partner of the General Partner or of all or a substantial part of such General Partner's properties;

(i) The commencement of a proceeding against any General Partner seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or rule not dismissed within 120 days after commencement of the proceeding; or

(j) The appointment, without a General Partner's consent, of a trustee, receiver or liquidator, either of the General Partner or of all or a substantial part of the General Partner's properties, which is not vacated or stayed on or before the 690th day after the appointment and, if stayed, is not vacated on or before the 90th day after expiration of the stay.

2.22 FmHA shall mean the Farmers Home Administration, a rural credit agency of the United States Department of Agriculture.

2.23 40-60 Set-Aside Test shall mean the Minimum Set-Aside Test whereby at least 40% of the apartment units in the Project must be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size.

2.24 General Partners shall mean Darwin W. Brown, Carolyn J. Brown and any other Person or Persons who succeed in that capacity, as provided herein.

2.25 Limited Partner shall mean any Additional Limited Partner, Original Limited Partner, Special Limited Partner or Substitute Limited Partner.

2.26 Minimum Set-Aside Test shall mean the set aside test selected by the Partnership pursuant to Code Section 42(g) with respect to the percentage of apartment units in the Project to be occupied by individuals with income equal to no more than a certain percentage of area median income. The Partnership has selected the 40-60 Set-Aside Test as the Minimum Set-Aside Test.

2.27 Mortgage shall mean the loan obligation incurred, or to be incurred, by the Partnership from the FmHA, in the approximate amount of \$800,250 secured by an encumbrance against the Project in favor of the FmHA.

2.28 Mortgage Note shall mean any and all promissory notes secured by the Mortgage.

2.29 Net Cash Flow shall mean cash revenues from the operation of Partnership properties (excluding Net Cash Proceeds of a Sale or Refinancing, Capital Contributions and Partnership borrowings, and insurance or condemnation proceeds other than rent loss insurance) decreased by (a) cash expenses, (b) amortization of Partnership mortgage obligations, (c) capital expenditures to the extent not paid from borrowings or reserves, and (d) establishment and maintenance of any and all reserves the General Partners, in the exercise of their reasonable discretion, may deem necessary or appropriate for anticipated obligations, contingencies, capital improvements and working capital.

2.30 Net FmHA Cash Flow shall mean that portion of Net Cash Flow which the FmHA authorizes the Partnership to distribute to Partners under the Mortgage and related loan documentation between the FmHA and the Partnership.

2.31 Net Cash Proceeds shall mean the net cash (including both principal and interest) realized by the Partnership from a Sale or Refinancing, after retirement of the Mortgage, payment of all expenses related thereto, payment of or provision for Partnership debts and obligations and establishment and maintenance of such reserves as the General Partners, in the exercise of their reasonable discretion, may deem necessary or appropriate for anticipated obligations, contingencies, capital improvements, replacements and working capital of the Partnership.

2.32 Net Profits or Net Losses shall mean the net profit or net loss of the Partnership from its activities, other than a Sale, as determined in accordance with the method of accounting used by the Partnership for regular federal income tax purposes.

2.33 Net Profit or Net Loss From Sale shall mean the net profit or net loss of the Partnership recognized from a Sale, as determined in accordance with the method of accounting used by the Partnership for regular federal income tax purposes.

2.34 Operating Deficit shall mean for any fiscal year the total amount by which the sum of the Partnership's operating expenses (defined solely as the cash expenses incurred in connection with the operation and maintenance of the Project), debt service on the Mortgage and other Partnership debt and net additions to reserves required by the FmHA but only in the event that FmHA gives notice of its intent to foreclose if such reserves are not brought current, or as the General Partners, in the exercise of their reasonable discretion, deem necessary and appropriate for anticipated obligations, contingencies, capital improvements, replacements and working capital of the Partnership for such fiscal year exceeds the Partnership's cash revenues for such fiscal year (defined solely as the revenues derived from the actual operation of Partnership properties, which specifically excludes without limitation Capital Contributions to the Partnership and Net Cash Proceeds from a Sale or Refinancing during such fiscal year) and unrestricted cash reserves established by the General Partners from prior years Net Cash Flow.

2.35 Operation and Maintenance Reserve shall mean the initial two percent operation and maintenance reserve required by FmHA regulations.

2.36 Opinion of Counsel shall mean the opinion of counsel to be rendered by legal counsel for the Partnership to the Additional Limited Partner in a form reasonably satisfactory to the Partnership and the Additional Limited Partner, a draft of which has been previously provided by the Additional Limited Partner to the Partnership.

2.37 Original Agreement shall mean the Agreement of Limited Partnership of the Partnership executed , 19 .

2.38 Original Certificate shall mean the Certificate of Limited Partnership of the Partnership executed January 8, 1990 and recorded with the Secretary of State of Idaho on January 12, 1990.

2.39 Original Limited Partners shall mean Darwin W. Brown and Carolyn J. Brown in their capacity as Original Limited Partners, withdrawing as such pursuant to this Agreement.

2.40 Partner shall mean any General Partner, Limited Partner, Additional Limited Partner, Original Limited Partner, Special Limited Partner or Substitute Limited Partner.

2.41 Partnership shall mean the limited partnership continued under this Agreement.

2.42 Partnership Act shall mean the Idaho Revised Uniform Limited Partnership Act.

2.43 Partnership Manager shall mean the General Partners who have contracted with the Partnership to perform, or subcontract for the performance of, certain partnership management services of the Partnership.

2.44 Person shall mean an individual, proprietorship, trust, estate, partnership, joint venture, association, company, corporation or other entity.

2.45 Project shall mean the Property, together with a 24-unit FmHA Section 515 Rural Housing Project in Sandpoint, Bonner County, Idaho and all other improvements existing or to be constructed thereon by the Partnership.

2.46 Project Documents shall mean and include any construction mortgage and related documentation, the Mortgage, the FmHA loan agreement, the management agreement and all other instruments delivered to (or required by) the FmHA and all other documents relating to the Project and by which the Partnership is bound, as amended or supplemented from time to time.

2.47 Project Manager shall mean Bill Brown Rentals who has contracted with the Partnership or an Affiliate of the Partnership to manage the Project on a day-to-day basis for the Partnership.

2.48 Projected Credit shall mean the amount of \$353,241 which the General Partners have projected is the total amount of Tax Credit which will be available to the Partnership. Such credit is projected to be received in the amounts and years set forth in Exhibit 2.48 and is based upon a Tax Credit rate of 4.00%, a Tax Credit qualified basis of \$883,103 and projected rent-up to Tax Credit qualified tenants as set forth in Exhibit 2.48.

2.49 Property shall mean that certain real property located in Sandpoint, Bonner County, Idaho, as more particularly described on Exhibit 2.49 attached hereto.

2.50 Refinancing shall mean the refinancing or obtaining of any loan secured by Partnership property.

2.51 Registered Agent for service of process shall mean Darwin W. Brown who is hereby designated Registered Agent.

2.52 Registered Agent's Office shall mean 211 Pine Street, Sandpoint, Idaho 83864 which is hereby designated as the Registered Office.

2.53 Rent Restriction Test shall mean the test under Code Section 42 pursuant to which the gross rent (including utility allowance) charged to tenants of the low-income apartment units in the Project cannot exceed 30% of the qualifying income levels of such tenants based on family size.

2.54 Sale shall mean and include the sale, exchange, condemnation or similar eminent domain taking, casualty or other disposition of all or any portion of the Property which is not in the ordinary course of business, and the sale of easements, rights of way or similar interests in the Property or any other similar items which in accordance with the accounting methods used by the Partnership are attributable to capital; provided, however, that "Sale" shall not refer to any transaction to the extent gain or loss is not recognized, or is elected not to be recognized, under any applicable section of the Code.

2.55 72-13 and 89-12 Requirements shall mean the requirements set forth in Internal Revenue Procedures 72-13 and 89-12 which are prerequisites to the issuance by the Internal Revenue Service of an advance ruling that the Partnership will be taxed as a partnership and not as an association taxable as a corporation for Federal income tax purposes when the General Partner in question is a sole corporate general partner.

2.56 Special Limited Partner shall mean a Partner whose interest as a General Partner has terminated pursuant to the terms of Section 9.1.

2.57 State Designation shall mean the issuance by the authorized agency of the state in which the Project is located of Internal Revenue Service Form 8609 to the Partnership allocating Tax Credits to the Project.

2.58 State Reservation shall mean the official action by the authorized agency of the state in which the Project is located pursuant to which Tax Credits are reserved for the Project.

2.59 Substitute Limited Partner shall mean a Person admitted to the Partnership as a Substitute Limited Partner pursuant to Section 8.3.

2.60 Tax Credit shall mean the low-income housing tax credit which is anticipated to be available to the Partnership pursuant to Code Section 42.

2.61 Tax Matters Partner shall mean Darwin W. Brown for purposes of Code Section 6231(a)(7)(B).

2.62 Termination Date shall mean December 31, 2040.

2.63 20-50 Set-Aside Test shall mean the Minimum Set-Aside Test pursuant to which at least 20% of the units in the Project must be occupied by individuals with incomes of 50% or less of area median income, as adjusted for family size.

2.64 Units shall mean the interests of the Additional Limited Partner of which there are one hundred (100) Units.

Article III

CAPITAL

3.1 Capital Contributions of the General Partners.

(a) Capital Contributions. The General Partners have made or will make Capital Contributions totaling \$67,758 (including the sum of \$16,693 representing the Operation and Maintenance Reserve and the sum of \$16,680 representing cost overruns) to the Partnership. The General Partners shall also make such further contributions of capital to the Partnership from time to time as are necessary to: (i) fund the total amount of any Operating Deficit for 60 months after the later of the Admission Date of the Additional Limited Partner or Completion of Construction; (ii) enable the Partnership to meet through December 31, 1995 the Minimum Set-Aside Test and the Rent Restriction Test with respect to the units designated to meet the Minimum Set-Aside Test; and (iii) otherwise fully perform their obligations hereunder. To the extent permitted by FmHA, the General Partners may reduce or eliminate any Operating Deficit by applying the Operation and Maintenance Reserve, plus any cash surpluses from prior years then held in reserve, to fund such deficit prior to making further Capital Contributions. If the General Partners do not make such further contributions including the funding of such Operating Deficit, the Additional Limited Partner, in addition to pursuing any remedies available at law or in equity, may elect to apply all or a portion of its Capital Contributions (in an amount not to exceed the Operating Deficit) to such deficit, in which event such Capital Contribution shall be treated as contributed by the Additional Limited Partner to the Partnership, paid to the General Partners under Section 6.8 by the Partnership and contributed by such General Partners as a further Capital Contribution to cover such Operating Deficit.

(b) Return of Operation and Maintenance Reserve. That portion of the General Partners' Capital Contribution equal to \$16,693 may be returned to the General Partners out of funds which FmHA authorizes and designates as a return to the Partnership of the required Operation and Maintenance Reserve.

(c) Return of General Partners' Capital Contribution. That portion of the General Partners' Capital Contribution equal to \$39,114 shall be returned to the General Partners in two installments. The first installment shall be in the amount of \$5,000.00 and is payable upon receipt by the Additional Limited Partner of a fully executed Agreement. The second installment shall be in the amount of \$34,114 and is payable within 15 days after the later of the Close of Escrow, State Reservation or receipt of Opinion of Counsel by the Additional Limited Partner.

3.2 Capital Contributions of the Limited Partner.

(a) Capital Contributions. Except as otherwise set forth herein, the Additional Limited Partner shall make Capital Contributions totaling \$166,000 to the Partnership. Subject to adjustment of the amount or dates of payment as provided herein, the Additional Limited Partner's Capital Contributions are due and payable in installments (collectively "Installments" and individually "Installment") as follows:

(1) \$5,000 (the first Installment) upon receipt by the Additional Limited Partner of a fully executed Agreement.

(2) \$78,600 (the "Second Installment") within 15 days after the later of Close of Escrow, State Reservation or receipt of Opinion of Counsel by the Additional Limited Partner;

(3) \$20,600 (the "Third Installment") on or before March 1, 1991;

(4) \$20,600 (the "Fourth Installment") on or before March 1, 1992;

(5) \$20,600 (the "Fifth Installment") on or before March 1, 1993; and

(6) \$20,600 (the "Final Installment") on or before March 1, 1994;

(b) Further Conditions to Capital Contributions. The obligation of the Additional Limited Partner to pay its Installments under Section 3.2(a) is further conditioned upon the following:

(1) Prior to all Installments except the First Installment, but no later than February 15 of any year, receipt by

the Additional Limited Partner of the Partnership's federal and state income tax returns and the Additional Limited Partner's Form K-1 or other form acceptable for filing under the Code, all reports required by Sections 10.7(a)(i), 10.7(c) and (d), and a copy of the Accountants' Tax Credit Work Papers, all for the prior year, along with any corrections reasonably requested by the Additional Limited Partner within 10 days after the receipt of such documents. In the event receipt of the documents set forth in this Section 3.2(b)(1) are not received by February 15 of any year, the Installment due will be payable on or before the later of March 1 of said year or on a date determined by taking the number of days the aforementioned reports are received after February 15 and adding said number of days to the date the final tax return is cleared by the Additional Limited Partner.

(2) Subject to an adjustment pursuant to Section 3.5, in the event that the Projected Credit for the Project is greater than the Actual Credit for such year due to starting the Tax Credit in 1991 or failing to achieve full rent-up to tax credit qualified tenants in the percentages and by the dates set forth in Exhibit 2.48. The March 1, 1991 Installment payment shall be reduced to the extent of the difference between the Projected Credit and the Actual Credit and such difference shall be paid on or before March 1, 1995. If the March 1, 1991 Installment is less than the difference, or if no further payment is due to be paid, the entire amount of such difference shall be reimbursed by the General Partners to the Additional Limited Partner within 30 days after demand is made therefor and repaid to the General Partners on or before March 1, 1995.

(3) No event giving rise to the obligation of the Partnership to repurchase the Additional Limited Partner's interest under Article V shall have occurred and not been waived by the Additional Limited Partner.

(4) Absence of any material breach of the representations and warranties set forth in Section 6.9.

(5) If temporary, proposed and/or final regulations have been issued by the Treasury Department relating to Tax Credits under Code Section 42, the execution and delivery of one or more amendments to this Agreement to comply with such temporary, proposed and/or final regulations, if necessary, to ensure the maximum availability of such Tax Credits to the Partnership, which amendments shall be consistent to the extent possible with FmHA regulations.

(c) Promissory Note. Contemporaneous with the execution of this Agreement and subject to the terms hereof, the Additional Limited Partner shall execute a non-negotiable promissory note in the form attached hereto as Exhibit 3.2.1 and incorporated herein by

this reference, payable to the Partnership and evidencing the obligation to pay the installments described in Section 3.2(a)

(d) Dissolution. The Additional Limited Partner's Capital Contributions shall remain the obligation of such Limited Partner if the Partnership shall be dissolved or the Project shall be sold prior to the date on which any Installment is due. In such event, Capital Contribution Installments yet to be paid by the Additional Limited Partner will be paid to the Partnership as a priority item before such Limited Partner receives any distribution from the proceeds of Sale, or the proceeds in dissolution of the Partnership.

(e) Units of Limited Partnership Interest. The Additional Limited Partner shall own and is hereby allocated 100 Units of limited partnership interest.

(f) Default of Limited Partner. Upon the occurrence of a failure of the Additional Limited Partner to make the Capital Contributions as set forth in Section 3.2 (unless otherwise reduced or excused pursuant to the terms of this Agreement), the following shall apply:

(1) In the event the Additional Limited Partner defaults in the payment of any Installment by less than fifty percent (50%) of the amount of such Installment, the following shall be the sole default remedy:

(A) The General Partners by giving not less than 30 days advance written notice to the Additional Limited Partner may elect to reduce the number of Units owned by the Additional Limited Partner. The Additional Limited Partner shall have the right to cure during such 30-day period providing it reimburses the Partnership for all costs incurred arising out of the Additional Limited Partner's default.

(B) Such election shall be made within 120 days after the occurrence of any default by the Additional Limited Partner in making an Installment payment. The number of Units to be reduced shall be determined by multiplying by the number equal to the number of Units then being acquired, which is initially 100, a fraction the numerator of which is the amount by which the Installment payment is in default and the denominator of which is the amount of such Installment payment then due. The resulting number rounded to the nearest one hundredth shall be the number of Units reduced from the number then owned by the Additional Limited Partner, and the remaining Installment payments provided for by Section 3.2(b) shall be proportionately reduced to reflect the reduction in the number of Units being acquired by the Additional Limited Partner.

(C) If the Additional Limited Partner shall be in default on more than one Installment payment date, a similar procedure shall be followed at the election of the General Partners in connection with each default.

(D) In the event of any election hereunder, the Additional Limited Partner will cooperate fully with the General Partners to carry out the intent of the foregoing, including without limitation the execution and delivery of such amendment to this Agreement and such transfer documents as may be reasonably necessary and appropriate.

(2) In the event the Additional Limited Partner defaults in the payment of any Installment by fifty percent (50%) or more or the number of Units being acquired after adjustment of such number of Units under Section 3.2(f)(1) is 50 or less, the following shall be the sole remedy:

(A) The General Partners by giving not less than 30 days written notice to the Additional Limited Partner may elect to forfeit the entire interest of the Additional Limited Partner in the Units. The Additional Limited Partner shall have the right to cure any default in making a payment during such 30-day period providing it reimburses the Partnership for all costs incurred arising out of the Additional Limited Partner's default. Such election shall be made within 120 days after the occurrence of any such default.

(B) In the event of the election hereunder, the Additional Limited Partner will cooperate fully with the General Partners to carry out the intent of the foregoing, including without limitation the execution and delivery of such amendment to this Agreement to reflect the reduction in the Additional Limited Partner's interest in capital, Net Profits and Losses and Distributions and such transfer documents as may be reasonably necessary and appropriate; provided, however, that the Additional Limited Partner shall continue to be a Limited Partner for the sole purpose of recognizing any recaptured Tax Credit properly allocable to the Additional Limited Partner resulting from the reduction of the Additional Limited Partner's interest in the Partnership and eventual withdrawal until such recaptured Tax Credit is recognized by the Partners.

3.3 Capital Account. A Capital account shall be maintained for each Partner ("Capital Account"). The Capital Accounts shall be determined and maintained in accordance with Treasury Regulations Section 1.704-(b)(2)(iv).

3.4 Interest. No partner shall be entitled to interest on a Capital Contribution or Capital Account.

3.5 Reduction in Credit.

(a) If the Actual Tax Credit is less than the projected credit, as a result of the tax credit rate being less than 4.00% or the qualified basis being less than \$883,103, or both, the aggregate Capital Contribution of the Additional Limited Partners and the obligation to pay the same shall be reduced by the following ratio:

$$\frac{\text{Actual Tax Credit basis} \times \text{Actual Tax Credit rate}}{\text{Forecasted Tax Credit basis} \times \text{Forecasted Tax Credit rate}}$$

In the event that one or more Installments have been paid, any adjustment in the Installments previously paid will be applied to the Installment due in the next calendar year, or if no payment is due to be paid in the next calendar year, or no further payment is due to be paid, the entire amount of such reduction shall be repaid by the General Partners to the Additional Limited Partner within 30 days after demand is made therefore.

(b) If as of any date on or before December 31, 1995, the Actual Credit is less than 90% (100% if reduction is caused by an Original Tenant, but only if such Original Tenant was not a qualified low-income tenant pursuant to Code Section 42(g) on the date he assumed occupancy) of the Projected Credit (as adjusted by 3.5(a)), as of such date for any reason other than a reduction and deferral pursuant to Section 3.2(b)(2), then the aggregate Capital Contribution of the Additional Limited Partner and the obligation to pay the same shall be reduced by the Reduction Amount. An "Original Tenant" for purposes hereof means the first tenant to rent a particular apartment unit in the Project, provided such unit does not qualify for tax credit at the end of the first credit year. The "Reduction Amount" for purposes hereof shall be equal to the difference between the Projected Credit and the Actual Credit; provided, however, that in no event shall the Reduction Amount exceed 45% of the aggregate Capital Contribution of the Additional Limited Partner. Any such reduction in the aggregate Capital Contribution shall first be applied to reduce the March 1, 1991 Installment due to be paid by the Additional Limited Partner, and any portion of such reduction in excess of such Installment shall be repaid by the General Partners to the Additional Limited Partner within 30 days after demand is made therefor. Notwithstanding the foregoing, a reduction in the Construction and Development Fee pursuant to Section 6.8(c)(4) which resulted from a reduction hereunder shall not cause a further reduction in the Capital Contribution of the Additional Limited Partner pursuant to this Section 3.5.

(c) The Additional Limited Partners' Capital Contribution and

the Development Fee shall be reduced proportionately of any Additional Limited Partner tax credit shortfall in the year of admission due to the General Partners' execution of this Agreement resulting in the Additional Limited Partners' admission and tax credit allocation commencement date later than the date the project is placed in service.

Article IV

ALLOCATION OF PROFIT AND LOSS; DISTRIBUTIONS

4.1 Allocation of Net Profits and Net Losses.

(a) Except as otherwise provided herein, all Net Profits and Net Losses, other than from a Sale, and each item of income, gain, loss, deduction and/or credit shall be allocated as follows:

<u>PARTNERS</u>	<u>PERCENTAGES</u>
General	1%
Limited	<u>99</u>
	<u>100%</u>

(b) In no event shall any Partnership loss or deduction, or item thereof, be allocated to a Limited Partner if, or to the extent, such allocation would cause or increase a deficit balance in such Limited Partner's Capital Account (in excess of any limited dollar amount of such deficit balance that such Limited Partner is obligated to restore under Treasury Regulations Section 1.704-1(b)(2)(ii)(c)) as of the end of the Partnership taxable year to which such allocation relates, unless such loss, deduction or item constitutes a "nonrecourse deduction" as defined in Treasury Regulations Section 1.704-1T(b)(4)(iv)(b). For purposes of this limitation, each Limited Partner's share (determined in accordance with Treasury Regulations Section 1.704-1T(b)(4)(iv)(f)) of the Partnership's "minimum gain," as defined in Treasury Regulations Section 1.704-1T(b)(4)(iv)(c), shall be treated as an amount that such Limited Partner is obligated to restore. Any loss or deduction to a Limited Partner, the allocation of which is disallowed by the foregoing restriction, shall be reallocated first to other Limited Partners, to the extent such allocation is not limited by this subparagraph, and then to the General Partners.

(c) In determining the extent to which an allocation of loss or deduction (other than an allocation attributable to nonrecourse debt) would otherwise reduce a Limited Partner's Capital Account below zero for purposes of Section 4.1(b), the Limited Partner's Capital Account shall first be reduced (but only for purposes of this subparagraph) for:

(i) any allocations of loss and deduction that, as of the end of such fiscal year, reasonably are expected to be made to such Limited Partner under Code Sections 704(e)(2), 706(d) and Treasury Regulations Section 1.751-1(b)(2)(ii); and

(ii) any cash distributions that, as of the end of such fiscal year, reasonably are expected to be made to such Limited Partner, to the extent that such distributions exceed offsetting increases to such Limited Partner's Capital Account that reasonably are expected to occur during (or prior to) the fiscal years in which such distributions reasonably are expected to be made (other than increases pursuant to a minimum gain chargeback under Treasury Regulation Section 1.704-1T(b)(4)(iv)(e)).

For purposes of determining the amount of expected distributions and Capital Account increases described above, the rules of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) shall apply.

(d) In the event there is a net decrease in Partnership "minimum gain" (as defined in Treasury Regulations Section 1.704-1T(b)(4)(iv)(c)) during any Partnership taxable year, each Partner shall be allocated items of income and gain in proportion to and to the extent of the greater of (i) the portion of such Partner's share of the net decrease in Partnership minimum gain allocable to the disposition of property subject to nonrecourse liabilities or (ii) the deficit balance in such Partner's Capital Account at the end of the taxable year (excluding from each Partner's deficit Capital Account balance (i) any amount that such Partner is obligated to restore under Treasury Regulations Section 1.704-1(b)(2)(ii)(c) and (ii) any additional amount the Partner is deemed to be obligated to restore due to his share of "minimum gain" pursuant to Treasury Regulations Section 1.704-1T(b)(4)(iv)(f) and (h)(5), computed with respect to the amount of Partnership minimum gain after such net decrease) shall be allocated, before any other allocation of Partnership items for such taxable year, items of Partnership income (including gross income) and gain for such taxable year (and, if necessary, for subsequent years) in the amount and in the proportions necessary to eliminate such deficits as quickly as possible. For purposes of this subsection, Partners' Capital Accounts shall be reduced for the items described in Section 4.1(c). All allocations pursuant to this subsection shall be in accordance with Treasury Regulations Section 1.704-1T(b)(4)(iv)(e). This provision is a "minimum gain chargeback" within the meaning of Treasury Regulations Section 1.704-1T(b)(4)(iv)(e) and shall be construed so as to be interpreted as such.

(e) Any Limited Partner who unexpectedly receives an adjustment, allocation, or distribution described in subdivisions (4), (5), or (6) of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) for any fiscal year which causes or

increases a deficit balance in his Capital Account in excess of any limited dollar amount of such deficit that such Limited Partner is obligated to restore, or is deemed obligated to restore, under Treasury Regulations Section 1.704-1(b)(2)(ii)(c) and 1.704-1T(b)(4)(iv)(f) and (h)(5) shall be allocated items of Partnership income and gain (consisting of a pro rata portion, in accordance with such negative Capital Account balances, of each item of Partnership income, including gross income, and gain for such year) in an amount and manner sufficient to eliminate such Limited Partner's deficit Capital Account balance as quickly as possible. This provision is a "qualified income offset" within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(3) and shall be construed so as to be interpreted as such.

(f) Net Profits and Net Losses and specific items of income, gain, loss, deduction and/or credit shall be allocated to a Partner only for that portion of the Partnership's fiscal year for which such person is a Partner in accordance with applicable Treasury Regulations.

(g) In no event shall the allocation of any item of Net Profit or Net Loss to the General Partners under this section be less than one percent.

4.2 Distribution of Net Cash Flow. Net Cash Flow after application of Designated Net Cash Flow as provided in this Agreement shall be distributed annually, within 90 days after the end of each fiscal year, to the Partners as follows:

<u>PARTNERS</u>	<u>PERCENTAGES</u>
General	1%
Limited	<u>99</u>
	<u>100%</u>

Net Cash Flow shall not be distributed in amounts greater than permitted by the Mortgage or any applicable FmHA rule or regulation.

4.3 Allocation of Net Profit on Sale. Any Net Profit realized by the Partnership as a result of any of the transactions described in Section 4.5 shall be allocated to the Partners (after having given effect to charges and credits to Capital Accounts resulting from allocations pursuant to Section 4.1 for the fiscal year of the Partnership in which the gain is recognized for federal income tax purposes, and to all distributions for such year under Section 4.2 but before giving effect to any distributions under Section 4.5) as follows and in the following order:

(a) First, in the event there is a net decrease in Partnership "minimum gain" (as defined in Treasury Regulations Section 1.704-1T(b)(4)(iv)(c)) during any Partnership taxable year,

all Partners with a deficit Capital Account balance at the end of such year (excluding from each Partner's deficit Capital Account balance (i) any amount that such Partner is obligated to restore under Treasury Regulations Section 1.704-1(b)(2)(ii)(c) and (ii) any additional amount the Partner is deemed to be obligated to restore due to his share of "minimum gain" pursuant to Treasury Regulations Section 1.704-1T(b)(4)(iv)(f) and (h)(5), computed with respect to the amount of Partnership minimum gain after such net decrease) shall be allocated, before any other allocation of Partnership items for such taxable year, items of Partnership income (including gross income) and gain for such taxable year (and, if necessary, for subsequent years). For purposes of this subsection, Partners' Capital Accounts shall be reduced for the items described in Section 4.1(c). All allocations pursuant to this subsection shall be in accordance with Treasury Regulations Section 1.704-1T(b)(4)(iv)(e). This provision is a "minimum gain chargeback" within the meaning of Treasury Regulations Section 1.704-1T(b)(4)(iv)(e) and shall be construed so as to be interpreted as such.

(b) Second, if the total gain to be allocated under this Section 4.3 includes any item of ordinary income arising under Code Sections 1245 or 1250, as amended, or any similar recapture provision, such items shall be allocated among the Partners in the same amount (or ratable proportion thereof if less) as the tax benefit which created such recapture. If such total gain includes interest income on any deferred sales proceeds, such interest income shall be allocated among the Partners in the same proportion as the total gain is allocated under this Section 4.3.

(c) With any gain remaining allocated in the following order:

(i) First, if any of the Partners have negative balances in their Capital Accounts, to such Partners, pro rata in proportion to such negative balances until such negative balances have been eliminated;

(ii) Second, to the Additional Limited Partner in an amount equal to any difference between the then determined Projected Credit and the Actual Credit reduced to the extent there has been a prior reduction in, and/or repayment of, the aggregate Capital Contribution of the Additional Limited Partner pursuant to Sections 3.5, and/or a prior allocation.

(iii) Third, to the General Partners, in an amount equal to the losses allocated to them under Section 4.1(b) and (d).

(iv) Fourth, to the General Partners, in an amount equal to five percent of any remaining gain.

(v) Fifth, pro rata among the Partners with an aggregate amount of gain to the Additional Limited Partner and to the General Partners in an amount equal to their Capital Contributions, less any prior return of capital as determined in accordance with Sections 3.1(b) and (c) and less any gain previously allocated. For this purpose, the Capital Contribution of the Additional Limited Partner shall be considered to be \$249,000, (which amount shall be reduced to the extent of any reduction in, and/or repayment of, the aggregate Capital Contribution of the Additional Limited Partner pursuant to Sections 3.5).

(vi) Sixth, to the Additional Limited Partner in an amount equal to the amount of gain allocated to the General Partners under Section 4.3(c)(iv).

(vii) Seventh, to the General Partners in an amount equal to 3% of the gross sale price of the Project, but only if the Project is sold to a third party unrelated to the General Partners in an arm's length transaction.

(viii) With any remaining gain allocated 50% to the Additional Limited Partner and 50% to the General Partners.

(d) In no event shall the allocation of gain under this Section to the General Partners be less than one percent of any such gain realized by the Partnership.

4.4 Allocation of Net Loss on Sale. Any loss incurred by the Partnership in connection with any of the transactions described in Section 4.5 shall be allocated as follows and in the following order of priority:

(a) First, if the Capital Account of any Partner or Partners is a positive number, such loss shall be allocated to those Partners whose Capital Accounts are positive in proportion to the positive balances of each of them, until the balance of each such Partner's Capital Account is equal to zero.

(b) Then, any remaining loss shall be allocated to the Partners as Net Losses are allocated under Section 4.1.

(c) In no event shall the allocation of loss under this Section to the General Partners be less than one percent of any such loss realized by the Partnership.

4.5 Distribution of Net Cash Proceeds from a Sale or Refinancing. The Net Cash Proceeds resulting from the refinancing of any deed of trust, mortgage or similar loan on the Project or from a Sale in excess of the amount expended in restoration of property affected by a condemnation or applied to Partnership

obligations, shall be distributed and applied in the following order of priority:

(a) If the Partnership is to be wound up, to the payment of the expenses of liquidation and the debts and liabilities of the Partnership then due, including obligations to any Partners.

(b) If the Partnership is to be wound up, to the setting up of any reserves that the General Partners (or other Person(s) conducting the winding up of the Partnership) may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership; provided, however, that said reserves shall be deposited with a bank or trust company designated by the General Partners (or other Person(s) conducting the winding up of the Partnership) in escrow at interest for the purpose of disbursing such reserves for the payment of any of the aforementioned contingencies and, at the expiration of such period as the General Partners (or other Person(s) conducting the winding up of the Partnership) may deem advisable, for the purpose of distributing the balance thereafter remaining as hereinafter provided for.

(c) To the Partners with positive Capital Account balances, to be distributed among them pro rata in proportion to such positive Capital Account balances; provided, however, that any distribution made pursuant to this Section 4.5 shall be deemed a distribution of the items allocated to the Partners pursuant to Section 4.3, in the order so allocated.

Except as otherwise provided herein or by law, the General Partners shall have no personal liabilities with respect to a return of the Capital Contributions of the Limited Partners.

4.6 Optional Revaluation of Partnership Property. Upon the occurrence of (i) a contribution of money or property to the Partnership (after the initial admittance of the Additional Limited Partner at the time of withdrawal of the Initial Limited Partner) by a new or existing partner as consideration for an interest in the Partnership, (ii) a distribution of money or property by the Partnership to a retiring or continuing Partner as consideration for an interest in the Partnership, or (iii) in connection with the liquidation of the Partnership, the General Partners may elect to increase or decrease the respective Capital Accounts of all Partners to reflect a revaluation of Partnership property on the books of the Partnership; provided:

(a) Such adjustments must be based on the fair market value of the property on the date of adjustment;

(b) The adjustments reflect the manner in which the unrealized income, gain, loss or deduction inherent in such property

(that has not been reflected in the Capital Accounts of the Partners previously) would be allocated among the Partners under this Section 4 if there were a taxable disposition of such property for such fair market value on the adjustment date;

(c) Thereafter, the Capital Accounts of the Partners are adjusted in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g) for allocations to them of depreciation, depletion, amortization and gain or loss, as computed for book purposes, with respect to such property; and

(d) Thereafter, the Partners' distributive shares of depreciation, depletion, amortization and gain or loss, as computed for tax purposes, with respect to such property shall be determined so as to take account of the variation between the adjusted tax basis and the book value of such property in the same manner as under Code Section 704(c) and Treasury Regulations Section 1.704-1(b)(4)(i).

4.7 Consent to Allocations and Distributions. Each Partner expressly consents to the methods set forth in this Article IV for determining the allocations and distributions of Net Profits, Net Losses and Distributions. The Partners acknowledge that the General Partners must maintain a 5 percent ownership interest in the Net Cash Proceeds of Sale of Partnership assets pursuant to applicable FmHA regulations.

4.8 Allocations and Distributions Within a Class.

(a) **Allocations and Distributions Among Limited Partners.** Whenever Net Profit or Net Loss, or any item of income, gain, loss, deduction or credit is allocated or an item of cash is distributed to Limited Partners as a class, such Net Profit, Net Loss or item shall be allocated or distributed to all Limited Partners in proportion to the respective number of Units owned by them.

(b) **Allocations and Distributions Among General Partners.** Whenever any Net Profit or Net Loss, or any item of income, gain, loss, deduction or credit is allocated or an item of cash is distributed to General Partners as a class, such Net Profit, Net Loss or item shall be allocated or distributed to the General Partners as agreed by the General Partners in writing.

4.9 Miscellaneous.

(a) **Guaranteed Payments.** Notwithstanding anything to the contrary in this Article IV, to the extent that any amounts are paid or accrued to a Partner for services performed in a Partnership capacity or for the use of capital by the Partnership, and are measured by Partnership income within the meaning of Code Section 707(a) or 707(c), respectively, such amount shall be treated

as a distribution of Partnership income to the Partner receiving such fee and an equal amount of income of the Partnership shall be specially allocated to such Partner.

(b) Tax Elections. Except as expressly provided otherwise in this Agreement, any federal, state or local tax elections relating to such allocations shall be made by the General Partners in such manner as will be most advantageous to the Additional Limited Partner so long as such elections are not materially inconsistent with the purposes of the Partnership as set forth in this Agreement.

(c) Creditors. Other than as specifically provided in this Agreement, a creditor who makes any loan to the Partnership, including any nonrecourse loan, shall not have or acquire at any time as a result of making such loan, any interest in the profits, capital or property of the Partnership other than as a secured creditor if such loan is secured by Partnership assets.

Article V

REPURCHASE OF LIMITED PARTNER'S INTEREST

5.1 Right to Require Repurchase. The Additional Limited Partner may, but is under no obligation to, require the Partnership to repurchase its Units of limited partnership interest upon the occurrence of one of the following events.

(a) FmHA Disapproval. Within 180 days after the Admission Date of the Additional Limited Partner, the FmHA disapproves the admission of the Additional Limited Partner, or the material terms and modifications contained in this Agreement.

(b) FmHA Closing. The Partnership fails to fully and finally close the Mortgage by March 1, 1991.

(c) Loan Commitments Withdrawn. Any interim or permanent loan commitment is withdrawn and not replaced with comparable financing within 30 days.

(d) Failure to Complete Construction. The Partnership fails to obtain Completion of Construction on or before March 1, 1991.

(e) State Designation. State Designation has not occurred by December 31, 1990, unless a Carry-Over Reservation has been obtained by December 31, 1990, in which case the date shall be December 31, 1991.

(f) Carry-Over Reservation. A Carry-Over Reservation has not been granted to the Partnership by the state tax credit agency by December 31, 1990, or at such earlier time as set forth in the rules and regulations of the state tax credit agency.

(g) Failure to Meet Tests or Make Capital Contributions. The Partnership at any time on or before December 31, 1995 fails to meet the Minimum Set-Aside Test or the rents charged to tenants in units designated to meet the Minimum Set Aside Test fail to meet the Rent Restriction Test or the General Partners fail to make any Capital Contributions required by Section 3.1.

(h) Sale of Limited Partnership Interest. The Partnership has obligated itself to a party other than the Additional Limited Partner with regard to syndication or acquisition of the Limited Partnership Interest in the Partnership.

5.2 Purchase Price. The purchase price of the Additional Limited Partner's Units of limited partnership interest shall be the sum of all Capital Contributions previously paid by the Additional Limited Partners to the Partnership (less the sum of any prior Distributions to the Additional Limited Partner) together with a full release of the Additional Limited Partner from any further obligation to make Capital Contributions thereto. In addition, the Partnership shall indemnify and hold the Additional Limited Partner harmless from any and all loss, damage, cost or expense, including reasonable attorney's fees, arising out of, relating to, or in any way connected with claims of creditors of the Partnership. The full amount of the purchase price shall be paid to the Additional Limited Partner within 30 days of the occurrence of the exercise of the Limited Partner's right to require repurchase of its limited partnership interests. If not so paid, it shall accrue interest per annum at two percent over the floating prime rate charged by the Bank of California, N.A., or its successor in interest. The Limited Partner's right to require such repurchase, however, shall be conditioned upon it having first given the Partnership notice of the exercise of its repurchase right under Section 5.5.

5.3 Guaranty of the General Partners. Should the Partnership fail for any reason to pay the full amount of the purchase price to the extent required by Sections 5.1 and 5.2 above, as well as fulfill all other requirements of Section 5.2, the General Partners jointly and severally agree to assume the obligation of the Partnership to perform and, further, jointly and severally agree to indemnify and hold harmless the Additional Limited Partner from any injury, loss, damage, or expense, including attorneys' fees, incurred by the Additional Limited Partner as a result of the Partnership's failure to perform under Sections 5.1 and 5.2.

5.4 Amendment of Agreement. In the event the General Partners fail to amend this Agreement to conform with the Partnership's

repurchase of the Additional Limited Partner's Units of limited partnership interest within 30 days after such repurchase, the General Partners irrevocably appoint each general partner of the Additional Limited Partner, with full power of substitution, as their true and lawful attorneys-in-fact, in their name, place and stead, any one or more of whom (if more than one) has the full power to act, to make, execute, sign, acknowledge, swear to, verify, deliver, file, record, and publish an amendment to this Agreement and the Certificate indicating the repurchase of the Additional Limited Partner's Units and the substitution of the General Partners as Substitute Limited Partners in its place.

5.5 Notice. Within 30 days of the occurrence of an event requiring repurchase, the General Partners shall give written notice of the event to the Additional Limited Partner. Notwithstanding anything to the contrary herein, no repurchase shall be required until the Additional Limited Partner shall have given the Partnership and the General Partners 90 days prior written notice requesting the repurchase, which notice shall be given not later than 120 days after the Additional Limited Partner receives written notice from the Partnership of the occurrence of the event giving rise to the obligation of the Partnership to repurchase hereunder.

Article VI

RIGHTS, POWERS AND DUTIES OF GENERAL PARTNERS

6.1 Management. The General Partners shall be responsible for the management of the Partnership business.

6.2 Powers. Subject to Section 6.3, the General Partners shall have all authority, rights and powers generally conferred by law, including the authority, rights, and powers of a general partner in a partnership without limited partners, and shall have all authority, rights and powers which they deem necessary or appropriate to effect the purposes of the Partnership, including, by way of illustration but not by way of limitation, the following:

(a) To acquire (including by fee or real estate contract), hold, sell, transfer, assign, lease or otherwise deal with any real, personal, or mixed property, interest therein or appurtenance thereto; including, specifically, the authority, right and power to acquire property not owned by the Partnership, with cash or other property.

(b) To borrow money or incur any purchase money mortgage or similar obligation and, if security is required therefor, to mortgage or subject to any other security device any portion of the assets of the Partnership, including any assets acquired with the proceeds of such borrowing, to obtain replacements of any mortgage

or other security device, and to prepay, in whole or in part, refinance, increase, modify, consolidate or extend any mortgage or other security device and including, specifically, the authority, right, and power to borrow money for working capital purposes to acquire, rehabilitate and operate the Property and to engage in related activities.

(c) To purchase, at Partnership expense, liability and other insurance to protect the Partnership business and property.

(d) Subject to Section 6.8, to employ, contract and deal with, from time to time, persons, firms or corporations (including any Partner or Affiliate of any Partner) in connection with the management, operation, and disposition of the Partnership business and assets; including, without limitation, contractors, agents, brokers, accountants and attorneys, on such terms as the General Partners shall determine.

(e) To establish reserve funds from revenues of the Partnership to provide for future requirements of the Property for operations, maintenance, repair, capital improvement, replacement, contingencies or any other purpose deemed necessary or appropriate by the General Partners.

(f) To bring or defend, pay, collect, compromise, arbitrate, resort to legal action or otherwise adjust claims or demands of or against the Partnership.

(g) To pay as a Partnership expense any and all expenses associated with the formation, development, organization and operation of the Partnership.

(h) To deposit, withdraw, invest, pay, retain and distribute the Partnership's funds in a manner consistent with the provisions of this Agreement.

(i) To require in any or all Partnership contracts that the General Partners shall not have any personal liability thereon but that the Person contracting with the Partnership shall look solely to the Partnership and its assets for satisfaction.

(j) To execute, acknowledge and deliver any and all instruments to effectuate the foregoing.

6.3 Restrictions on Authority of General Partners. The General Partners shall be subject to all the restrictions and limitations of a partner in a partnership without limited partners. The General Partners shall be bound by all Project Documents and no additional General Partner shall be admitted if such Person has not first agreed to be bound by this Agreement (and assume the obligations of a General Partner hereunder) and by all Project

Documents to the same extent and under the same terms as the other General Partners. In addition, without the prior consent of holders of a majority of the outstanding Units, no General Partner shall:

- (a) Dissolve and wind up the Partnership;
- (b) Sell, exchange, lease, mortgage, pledge or otherwise transfer all or a substantial part of the assets of the Partnership, other than in the ordinary course of the Partnership's business;
- (c) Incur indebtedness in the name of the Partnership, other than in the ordinary course of its business;
- (d) Change the nature or purposes of the Partnership's business;
- (e) Remove a General Partner;
- (f) Elect to continue the business of the Partnership, other than under the circumstances described in subsection (h) or (i) below;
- (g) Admit a General Partner other than under the circumstances described in Sections 9.5 through 9.7;
- (h) Voluntarily terminate the status of the Project as an FmHA Section 515 Rural Rental Housing Project;
- (i) Except for the Mortgage, borrow money, whether on a secured or unsecured basis, or refinance, recast, modify or extend any loan to the Partnership or which affects or is secured by the assets of the Partnership, except that the General Partners shall have the right and power without such consent to borrow additional funds on behalf of the Partnership to meet current cash needs of the Partnership, provided such amounts of additional funds so borrowed and outstanding under this clause (i) shall not, at any time exceed \$10,000;
- (j) Borrow from the Partnership or commingle Partnership funds with funds of any other Person; or
- (k) Rent apartments in the Project in such a manner that the Project would not meet the requirements of the Minimum Set-Aside Test selected by the Partnership.

6.4 Other Activities. The General Partners shall not be required to devote their full time to the management of the Partnership business, but only so much of such time as may be necessary or appropriate for the proper management of such business. The General Partners, and any of their Affiliates, may engage or possess an interest, independently or with others, in other

businesses or ventures of every nature and description including without limitation the ownership, operation, financing, leasing, management, brokerage, syndication and development of residential and commercial rental of real property in competition with the Partnership or otherwise, and neither the Partnership nor any Partner shall have any rights in or to such ventures or the income or profits derived therefrom.

6.5 Duties and Obligations.

(a) The General Partners shall promptly take all action which may be necessary or appropriate for the proper development, maintenance and operation of the Project in accordance with the provisions of this Agreement, Project Documents and applicable laws and regulations. The General Partners shall devote to the Partnership such time as may be necessary for the proper performance of their duties.

(b) The General Partners shall use their best efforts to maintain Net Cash Flow at a level which will permit payment to the Partners of distributions of the maximum amounts permissible under the Project Documents and FmHA regulations, and, if necessary, obtain approvals for and implement appropriate adjustments in the rental schedule of the Project; subject, however, to the General Partners' overriding obligation to ensure the maximum availability of Tax Credits to the Partnership. The General Partners shall cause the Partnership to distribute to the Partners Net Cash Flow for the prior calendar year on or before February 15 of each year.

(c) The General Partner shall obtain and keep in force, during the term of the Partnership, fire and extended coverage, workman's compensation and public liability insurance in favor of the Partnership with such companies and such amounts as shall be satisfactory to FmHA and Mortgage lender or, if the Project is no longer subject to FmHA regulation, as shall be customary for apartment complexes such as the Project.

(d) The obligations of the General Partners hereunder shall be the joint and several obligations of each General Partner. Except as otherwise provided in Article IX, such obligations shall survive withdrawal of a General Partner from the Partnership.

(e) The General Partners shall establish and maintain reasonable reserves to provide for working capital needs, improvements, replacements and any other contingencies of the Partnership.

(f) The General Partners shall use their best efforts to ensure that the Partnership receives the full amount of the Projected Credit, including, without limitation, electing to begin the ten-year credit period in the year following the year the

Project is placed into service, if necessary, but not without the approval of the Additional Limited Partner, the rental of apartments to Tax Credit qualified tenants (including the use of the General Partners' best efforts to rent the next available qualifying unit to a Tax Credit qualified low-income tenant if the tenant occupying any unit becomes a nonqualifying tenant) and the filing of annual or more frequent certifications as may be required. In that regard, the General Partners recognize that the financial projections contained in the Private Placement Memorandum of the Additional Limited Partner will assume that 100% of the apartment units in the Project other than a manager's unit, if any, will be rented to Tax Credit qualified tenants for a period of 15 years. The resident manager's unit will be treated for tax purposes as part of the common area.

(g) Subject to the prior written consent of FmHA (if such consent shall be required under applicable FmHA regulations), the General Partners, for a period of 60 months after the later to occur of Completion of Construction or the Admission Date of the Additional Limited Partner, shall advance funds necessary to enable the Partnership to meet deficits in operating income. Moreover, the General Partners may in their sole discretion at any time advance funds to the Partnership to pay operating expenses of the Partnership so that the Partnership can avoid raising the rents of the tenants to a level which would violate the Rent Restriction Test, and shall advance such funds as are necessary to enable the Partnership to meet through December 31, 1995 the Minimum Set-Aside Test and the Rent Restriction Test with respect to rents charged to tenants in units designated to meet the Minimum Set-Aside Test. Any such advances shall be treated as additional Capital Contributions. The form and provisions of all such advances shall conform to FmHA rules and regulations.

(h) The General Partners shall provide to the Additional Limited Partners a copy of any proposed material amendment to any Project Document at least ten (10) days prior to execution of such amendment.

(i) The General Partners shall not at any time become personally liable for the payment of any part of the Mortgage Note and shall not permit any other Partner or Affiliate of any Partner to become personally liable for the payment of any part of the Mortgage Note.

6.6 Limitation on Liability; Indemnification.

(a) The General Partners and their Affiliates shall have no liability to the Partnership or to any Partner for any loss suffered by the Partnership which arises out of any action or inaction of the General Partners or their Affiliates if the General Partners or their Affiliates, in good faith, determined that such

course of conduct was in the best interest of the Partnership and such course of conduct did not constitute negligence or misconduct of the General Partners or their Affiliates. The General Partners and their Affiliates shall be indemnified by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by them in connection with the Partnership, provided that the same were not the result of negligence or misconduct on the part of the General Partners or their Affiliates.

(b) Notwithstanding the above, the General Partners and their Affiliates and any person acting as a broker-dealer shall not be indemnified for any losses, liabilities or expenses arising from or out of any alleged violation of federal or state securities laws unless (1) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee, or (2) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee, or (3) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee.

(c) In any claim for indemnification for federal or state securities law violations, the party seeking indemnification shall place before the court the position of the Securities and Exchange Commission and the Massachusetts Securities Division with respect to the issue of indemnification for securities law violations.

(d) The Partnership shall not incur the cost of that portion of any insurance, other than public liability insurance, which insures any party against any liability the indemnification of which is herein prohibited.

(e) For purposes of this Section 6.6 only, the term "Affiliate" shall mean any person performing services on behalf of the Partnership who (i) directly or indirectly controls, is controlled by or is under common control with a General Partner; (ii) owns or controls 10% or more of the outstanding voting securities of a General Partner; (iii) is an officer, director, partner or trustee of a General Partner; or (iv) if a General Partner is an officer, director, partner or trustee, is any company for which the General Partner acts in any such capacity.

6.7 Excess Construction/Development Costs. The General Partners shall be obligated to pay any costs or expenses incurred by the Partnership (in excess of the amount specified in Section 3.1(a)) to fund Project construction and development costs beyond those contemplated by the Project Documents as such documents exist at the time such costs or expenses are incurred, whether or not the General Partners have otherwise guaranteed such payment, but only to the extent that the FmHA does not make a subsequent supplemental loan to fund such costs and expenses. All such costs

and expenses shall be treated as additional Capital Contributions of the General Partners. In the event that the General Partners pay such costs and expenses and the Partnership later receives such a subsequent loan from the FmHA, the Partnership shall return such additional Capital Contributions to the General Partners to the extent of the receipt of such loan proceeds.

6.8 Certain Fees. Unless otherwise specifically provided herein, no General Partners or their Affiliate shall receive any salary, compensation or other fees, except as follows:

(a) Annual Partnership Management Fee. The Partnership shall accrue and pay a fee of \$100 out of the Designated Net Cash Flow, if any, each year within 30 days after the end of such year to the Partnership Manager for providing the following services to the Partnership: monitoring of operations, performing periodic physical inspections, reviewing financial and tax accounting systems, reviewing operating budgets and statements, reviewing management procedures, supervising the preparation of financial statements and tax returns and monitoring all other matters relating to the legal and tax status of the Partnership. If such Designated Net Cash Flow in any year is insufficient, such fee shall be paid out of Designated Net Cash Flow in subsequent years to the extent allowed by FmHA regulations. If such Designated Net Cash Flow proves to be insufficient, any remaining unpaid management fee shall be paid out of Net Cash Proceeds of a Sale or Refinancing under Section 4.5.

(b) Incentive Partnership Management Fee. The Partnership shall accrue and pay each year any Designated Net Cash Flow in excess of the amount of such Designated Net Cash Flow applied to the payment of the management fee under Section 6.8(a) or interest under Section 6.8(c)(2) as an Incentive Partnership Management Fee to the General Partners.

(c) Construction and Development Fee.

(1) The Partnership shall accrue and pay a Construction and Development Fee of \$126,254 to the Developer out of the capital contributions of the Additional Limited Partner for services rendered in negotiating, coordinating, and supervising the planning, architectural, engineering and construction services necessary for construction of the Project. Such fee shall be capitalized to the depreciable basis of the Project, earned on the date of Completion of Construction, and paid on or before the following dates in the following amounts:

AMOUNT**DATE**

\$44,486

Within 15 days after the later of Close of Escrow, State Reservation, or receipt of Opinion of Counsel by the Additional Limited Partner.

20,442

March 1, 1991

20,442

March 1, 1992

20,442

March 1, 1993

20,442

March 1, 1994

TOTAL**\$126,254**

(2) The Partnership shall accrue and pay interest on the Construction and Development Fee. The interest shall be earned in the calendar years and in the amounts set forth below and shall be paid out of available Designated Net Cash Flow in the year earned, or if such Designated Net Cash Flow is insufficient in such year out of Designated Net Cash Flow in subsequent years to the extent allowed by FmHA regulations. If such Designated Net Cash Flow proves to be insufficient, any remaining unpaid interest shall be paid out of Net Cash Proceeds of a Sale or Refinancing under Section 4.5.

<u>AMOUNT</u>	<u>CUMULATIVE AMOUNT</u>	<u>YEAR</u>	<u>PAID OUT OF CAPITAL</u>
\$ 1,860	\$ 1,860	1990	\$ -0-
5,891	7,751	1991	158
4,030	11,781	1992	158
2,170	13,951	1993	158
<u>310</u>	<u>14,261</u>	1994	<u>158</u>
<u>\$14,261</u>	<u>\$14,261</u>		<u>\$ 632</u>

(3) [Reserved].

(4) Any reduction in, or repayment of, the Capital Contribution Installments of the Additional Limited Partner pursuant to Section 3 shall result in the following dollar for dollar reductions to be applied in the following priority until the entire reduction and/or payment is allocated:

(A) [Reserved].

(B) To any return of the General Partners' Capital contribution to be made for such year pursuant to Section 3.1(c);

(C) To any Construction and Development Fee payable in such year pursuant to Section 6.8(c)(1);

(D) To any fees or return of capital for subsequent years in the order of priority established under subsections (A), (B) and (C) above; or

(E) If no further installments or return are due, or if the amount of the reduction is greater than the amount due, such reduction amount less the amount of any installment and/or return eliminated shall be repaid within 30 days after demand therefor by the Additional Limited Partner.

It is intended by the Partners that the fees specified in Section 6.8 will be treated as guaranteed payments made for services by a person who is not a Partner pursuant to Code Section 707. Such fees shall not be deducted by the Partnership prior to payment. All such fees are payable without regard to the income of the Partnership. If for any reason any such commission or fee is treated as a distribution to a Partner, an amount of Partnership gross income equal to such commission or fee shall be allocated to the payee of such fee who was a Partner of the Partnership at the time of payment of such fee prior to allocations otherwise specified in Section 4.1 (and notwithstanding any provision of this Agreement to the contrary).

Any fee payable to more than one person shall be allocated equally among all who are entitled to it unless those so entitled agree in writing to a different allocation.

6.9 Representations and Warranties.

(a) The General Partners represent and warrant that the following are presently true and will be true on the due dates for each installment payment of the Capital Contribution of the Additional Limited Partner:

(1) The Project shall satisfy the Minimum Set-Aside Test within 12 months of Completion of Construction and throughout the compliance period under Code Section 42, and the Partnership will rent only to Tax Credit qualified tenants.

(2) The Partnership shall make all elections necessary and appropriate to maximize the amount of the Tax Credits, including, without limitation, the election referred to in Section 6.5(f).

(3) State Designation shall occur by December 31, 1990 unless a Carry-Over Reservation has been obtained by December 31, 1990, in which case State Designation shall occur by December 31, 1991.

(4) The Partnership is a duly organized limited partnership validly existing under the laws of the state in which it was organized and has complied with all filing requirements necessary for the protection of the limited liability of its Limited Partners.

(5) No material default or event which, with the giving of notice or the passage of time or both, would constitute a material default, has occurred and is continuing under this Agreement or any of the Project Documents, and the same are in full force and effect. Neither the General Partners nor the Partnership are in material violation of any FmHA rules or regulations, except for the failure to maintain reserves required by FmHA so long as FmHA has not given notice of its intent to foreclose its Mortgage on the Project.

(6) No Project Document shall be materially amended unless the General Partners provide the Additional Limited Partners with a copy of the proposed amendment at least ten (10) days prior to execution of such amendment for the purpose of seeking consultation and advice with respect to the business of the Partnership.

(7) Existing construction, if any, on the Property has been completed in conformity with the Project Documents.

(8) New construction on the Property shall be completed in conformance with the Project Documents.

(9) No Event of Bankruptcy has occurred with respect to any General Partner.

(10) No Partner has any personal liability with respect to or has personally guaranteed the payment of the permanent loan evidenced by any note secured by the Mortgage.

(11) All building and other applicable permits necessary to permit the construction and intended use of the Project have been obtained or will be timely obtained.

(12) The Partnership is in compliance with all construction and use codes applicable to the Project.

(13) The Partnership is not in violation of any zoning, environmental or similar regulations applicable to the Project.

(14) The Partnership owns the fee simple interest in the Project, subject only to the Mortgage, to liens for real estate taxes and/or assessments not yet due and to liens (except those with respect to which an adequate bond or other financial security has been issued) which, in the aggregate, do not exceed \$2,000.

(15) No charges or encumbrances exist other than those which are created or permitted by the Project Documents or are noted or excepted in the title policy for the Property.

(16) The buildings on the Property shall constitute "residential rental property" as defined by Code Section 167(j), and as amplified by the Regulations thereunder.

(17) No event or proceeding has occurred, the continuing effect of which has: (A) materially or adversely affected the operation of the Partnership or the Project (except to the extent that funds are available to the Partnership to correct or cure such event or proceeding); (B) materially or adversely affected the ability of the General Partners to perform their obligations hereunder or under any other agreement with respect to the Project; or (C) prevented the Completion of Construction of the improvements in substantial conformity with the Project Documents, other than legal proceedings which have been bonded against (or as to which other adequate financial security has been issued) in a manner as to indemnify the Partnership against loss. This subparagraph includes, but is not limited to, the following: (i) legal actions or proceedings before any court, commission, administrative body or other governmental authority, and (ii) acts of any governmental authority having jurisdiction over the zoning or land use laws applicable to the Project.

(18) All documents pertaining to the Partnership or the Project shall be made available to the Additional Limited Partner upon request.

(19) The General Partners shall maintain an aggregate net worth equal to at least 15 percent of the aggregate of the Additional Limited Partner's Capital Contributions.

(20) The interest of the General Partners in each material item of Partnership income, gain, loss, deduction or credit will be equal to at least one percent of each such item at all times during the existence of the Partnership.

(21) The General Partners have funded and posted, or will fund and post, from their own funds, prior to Completion of Construction or rental operations of the Partnership all funds as required by FmHA regulation, including, but not limited to, the Operation and Maintenance Reserve, and will maintain such funds at the levels required by FmHA.

(22) Neither the Partnership nor the General Partners have liabilities, contingent or otherwise, or pending or threatened litigation or any material unasserted claim against them that have not been disclosed to the Additional Limited Partner.

(23) The General Partners will fund any Operating Deficit of the Partnership as provided herein and subsidize rents to the extent necessary to enable the Partnership at all times through December 31, 1995 to meet the Minimum Set-Aside Test and the Rent Restriction Test with respect to the units designated to meet the Minimum Set-Aside Test.

(24) The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken pertaining to the Partnership or the Project by each Affiliate which is a corporation have been or will be duly authorized by all necessary corporate or other action and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under, the charter or by-laws of such Affiliate or any agreement by which such Affiliate or any of its properties is bound, nor constitute a violation of any law, administrative regulation or court decree.

(25) Any General Partner which is a corporation (the "Corporation") has been duly organized, is validly existing and in good standing under the laws of its state of incorporation and has all requisite corporate power to be a General Partner and to perform its duties and obligations as contemplated by this Agreement and the Project Documents. Neither the execution and delivery by the Corporation of this Agreement nor the performance of any of the actions of the Corporation contemplated hereby has constituted or will constitute a violation of (a) the articles of organization or by-laws of the Corporation, (b) any agreement by which the Corporation is bound or to which any of its property or assets is subject, or (c) any laws, regulation or court decree.

(26) If the sole General Partner is a corporation then the General Partner has a net worth which satisfies the 72-13 and 89-12 Requirements.

(27) The General Partners will obtain and keep in full force fire and extended coverage, workman's compensation and public liability insurance in favor of the Partnership with such company or companies and in such amounts as shall be satisfactory to the FmHA and Mortgage lender or, if such Project is no longer subject to FmHA regulation, as is customary for apartment complexes such as the Project.

(28) At no time has the Partnership entered into any agreements with, nor obligated itself in any way to, any party with respect to syndication or acquisition of the Limited Partnership

interest of the Partnership. There are no claims filed or pending against the Partnership in regard to any syndication or Limited Partner interest acquisition activity.

(b) The General Partners agree that they shall not at any time become personally liable for the payment of any part of any note evidenced by the Mortgage and shall not permit any other Partner or Affiliate of any Partner to become personally liable for the payment of any part of any note evidenced by the Mortgage.

(c) Other than as specifically provided in this Agreement, a creditor who makes a nonrecourse loan to the Partnership shall not have or acquire at any time as a result of making the loan, any interest in the profits, capital or property of the Partnership other than as a secured creditor.

(d) The General Partners agree that they will be liable to the Additional Limited Partner for any costs, damages, loss of profits, diminution in the value of Units or other losses of every nature and kind whatsoever, direct or indirect, realized or incurred by the Additional Limited Partner as a result of any material breach of the representations and warranties set forth in this Section 6.9. The General Partners and Additional Limited Partner agree that if a suit or action is instituted in connection with an alleged breach of such representations or warranties, that the prevailing party shall be entitled to recover, in addition to costs, such sums as the court may adjudge reasonable as attorneys' fees, including fees on any appeal.

6.10 Managing General Partner. In the event that there are multiple General Partners, the General Partners may in writing appoint one of the General Partners as the Managing General Partner. Such Managing General Partner shall exercise all the rights, powers and obligations ("rights") of the General Partners hereunder and the other General Partners shall not exercise any such rights while one General Partner is so appointed. The General Partners may, however, revoke their appointment of a Managing General Partner by giving written notice of such withdrawal to the other General Partners.

In the absence of an effective designation of a Managing General Partner, no action shall be deemed approved by the General Partners in the absence of the approval of a majority in interest of the General Partners.

6.11 Operation and Maintenance Reserve. The initial Operation and Maintenance Reserve for the Project required by FmHA and posted by the General Partners shall be repaid to the General Partners (i) out of Partnership funds available prior to final permanent loan closing of the Mortgage, to the extent permitted by FmHA, and not required for other Partnership purposes, or (ii) out of any funds

which FmHA designates as a return to the General Partners of such deposit to the general operating account.

6.12 Project Manager. The Partnership shall enter into a Management Agreement with the Project Manager or its affiliates to operate the Project on a day-to-day basis for no more than the maximum term and fee approved by FmHA. The General Partners shall either (i) cause the provisions of this Section 6.12 to be included in the Partnership's employment agreement with the Project Manager ("Project Management Agreement") or (ii) cause the Project Manager to acknowledge the provisions of this Section 6.12 in writing in a form satisfactory to the Additional Limited Partner.

The General Partners (or, if any General Partner or his Affiliate is the Project Manager, the Additional Limited Partner) may, at any time with the approval of FmHA, if required, dismiss the Project Manager for the following reasons: (i) the Project Manager suffers an Event of Bankruptcy; (ii) intentional misconduct or gross negligence of its duties and obligations as Project Manager; (iii) the Project Manager takes any action or fails to take any action which violates in any material respect any provision of the Mortgage or any FmHA or other governmental agreement or regulation applicable to the Project, which action or failure to act results in an FmHA notice of intent to foreclose if not cured; (iv) the Project Manager takes any action or fails to take any action which violates in any material respect the Property Management Agreement, this Agreement or any provision of applicable law; or (v) the Project Manager is an Affiliate of a General Partner who is removed pursuant to Article IX.

Prior to dismissal of the Project Manager for any reason specified in Section 6.12(iii) or (iv), the General Partners or the Additional Limited Partner, as the case might be, shall give the Project Manager at least 30 days' advance written notice of the action or inaction permitting dismissal pursuant to such subsections of Section 6.12 and shall give the Project Manager the opportunity to cure the violation. If the Project Manager cures such action or inaction or commences and proceeds diligently to cure such action or inaction if a cure is not reasonably possible within 30 days, the General Partners or Additional Limited Partner, as the case might be, shall not be entitled to dismiss the Project Manager as a result of such action or inaction.

Upon the removal of the Project Manager pursuant to this Section 6.12 or upon the voluntary termination of the Project Manager in accordance with the Project Management Agreement, a substitute Project Manager shall be named with the approval of FmHA, if required, (i) by the General Partners, with the approval of the Additional Limited Partner, if a General Partner or his affiliate is not the Project Manager removed under this Section 6.12, or (ii) by the Additional Limited Partner.

The Project Manager shall submit to the General Partners and the Additional Limited Partner monthly and other reasonably necessary periodic reports with respect to the operation of the Project, including a comparison of actual versus budgeted results of operations for the period covered.

If (i) the Project shall be subject to a substantial building code violation which shall not have been cured within six months after notice from the applicable governmental agency or department, or (ii) the Partnership shall not have distributed to the Additional Limited Partner Cash Flow of at least \$700 each year commencing in fiscal year 1992, then, upon request by the Additional Limited Partner and subject to FmHA approval, if required, the General Partners promptly shall terminate the management agreement with the Project Manager and appoint a new Project Manager which is not an Affiliate of a General Partner nor a General Partner. The Partnership shall not enter into any management arrangement unless such arrangement is terminable as set forth herein.

6.13 Distributions. Except as otherwise provided herein, each Partner shall look solely to the assets of the Partnership for all distributions and for his share of Net Profit or Net Loss, and shall have no recourse therefor (upon dissolution or otherwise) against the General Partners, or the Limited Partners, except, however, that this limitation shall not impair the right of the Partnership to enforce its rights against a General or Limited Partner. No Partners shall have any right to demand or receive property other than money upon dissolution and termination of the Partnership.

Article VII

RIGHT AND LIMITATIONS OF LIMITED PARTNERS

7.1 Limited Assessment. Except as provided in Section 7.2, no Limited Partner shall be subject to assessment nor shall any Limited Partner be personally liable for, or bound by, any expenses, liabilities or obligations of the Partnership beyond its Capital Contribution.

7.2 Return of Prior Distribution. Except as otherwise provided in the Partnership Act, a Partner is only obligated to return a Distribution from the Partnership to the extent that, after giving effect to the Distribution, all liabilities of the Partnership, other than liabilities to Partners on account of their interests in the Partnership and liabilities as to which recourse of creditors is limited to specified property of the Partnership, exceed the fair salable value of Partnership assets other than those assets which are subject to liabilities as to which recourse of creditors is so limited.

7.3 No Right to Manage. Except as specifically provided in this Agreement, the Additional Limited Partner shall take no part in, or interfere in any manner with, the management, control, conduct or operation of the Partnership, or have any right, power or authority to act for or bind the Partnership. No Limited Partner shall have the right to bring an action for partition against the Partnership.

7.4 Priority. No Limited Partner shall have priority over any other Limited Partner either as to the return of Capital Contributions or as to Net Profit, Net Loss or Distributions, unless otherwise specifically provided herein.

7.5 Death, Disability, etc. of a Limited Partner. The Partnership shall not be dissolved by the death, insanity, adjudication of incompetency, bankruptcy, insolvency or withdrawal of any Limited Partner; by the assignment by any Limited Partner of its interest; or by the admission of a Substitute Limited Partner or a Special Limited Partner.

7.6 Meetings.

(a) Place of Meetings. Meetings of Partners may be held in such place within or without the state of the Partnership's organization as may be specified in the notice of the meeting.

(b) Call of Meetings. A meeting of the Partners may be called by the General Partners or, for any matters on which the Limited Partners are entitled to vote, by Limited Partners representing more than 50 percent of the aggregate interests of Limited Partners in the current profits of the Partnership's business operations.

7.7 Proposal and Adoption of Amendments Generally.

(a) Amendments to this Agreement to reflect the addition or substitution of a Limited Partner, the designation of an additional or successor General Partner, or the removal or withdrawal of a General Partner shall be made at the time and in the manner referred to in Section 7.9. Any other amendments to this Agreement may be proposed in the following manner:

(1) By the General Partners, who shall give to the Limited Partner:

(A) The text of such proposed amendment;

(B) A statement of the purpose of such amendment; and

(C) An opinion of counsel obtained by the General Partners to the effect that such amendment is permitted by the Partnership Act, will not impair the limited liability of the Limited Partner, will not adversely affect the classification of or cause a termination of the Partnership as a partnership for federal income tax purposes and will not adversely affect any Tax Credits received or expected to be received by the Partnership; or

(2) By a Limited Partner or Partners holding more than 10 percent of the outstanding Units, who shall submit to the General Partners the text of such proposed amendment, together with a statement of the purpose of such amendment and an opinion from counsel acceptable to the General Partners obtained by such Limited Partner or Partners, satisfactory in form and substance to the counsel of the Partnership, to the effect that such amendment is permitted by the Partnership Act, will not impair the limited liability of the Limited Partners, will not adversely affect the classification or cause the termination of the Partnership as a partnership for federal income tax purposes, and will not adversely affect any Tax Credits received or expected to be received by the Partnership. The General Partners shall, within twenty (20) days after receipt of any proposal under this clause (2), give to all Limited Partners the text of such proposed amendment, such statement of purpose and such opinion of counsel, together with the views, if any, of the General Partners with respect to such proposed amendment.

(b) Amendments proposed pursuant to Section 7.7(a) above, subject to the provisions of Section 7.8, shall be adopted if consented to by the General Partners and by Limited Partners owning a majority of the outstanding Units.

(c) The General Partners shall, within a reasonable time after the adoption of any amendment to this Agreement, make any official filings, recordings and publications required or desirable to reflect such amendment, including any required filing or recordation of an amended Certificate.

7.8 Limitations on Amendments. Notwithstanding the provisions of Section 7.7, no amendment to this Agreement may:

(a) Without the consent of such affected Partner, enlarge the obligations of any Partner under this Agreement or convert the interest of any Limited Partner into the interest of a General Partner or modify the then limited liability of any Limited Partner or create any additional class of Partnership interest;

(b) Modify the order and method provided herein for allocation of profits and losses and distribution of Net Cash Flow and Net Cash Proceeds from the Sale or Refinancing of the Property and net proceeds resulting from the liquidation of the partnership, without the consent of each Partner adversely affected by such modification; or

(c) Amend this Section 7.8 without the consent of all Partners.

7.9 Amendments on Admission or Withdrawal of Partners.

(a) Amendments to admit Substitute Limited Partners shall be adopted if the conditions specified in Section 8.3 shall have been satisfactorily complied with and the amendment shall have been signed by a General Partner and by the person to be substituted or added, and, if a Limited Partner is to be substituted, by the assigning Limited Partner or its attorney-in-fact.

(b) Amendments to reflect the designation of an additional or successor General Partner shall be adopted if the conditions specified in Article IX shall have been satisfactorily completed and the amendment shall have been signed by such additional or successor General Partner.

(c) Subject to Section 6.3, amendments for the removal or withdrawal of a General Partner, if the business of the Partnership is continued, shall be adopted if the conditions specified in Article IX shall have been satisfactorily completed and the amendment shall have been signed by the successor General Partner(s).

Article VIII

TRANSFER BY LIMITED PARTNERS

8.1 Compliance with Securities Laws. No Partnership interest has been registered under the Securities Act of 1933, as amended, or under any state securities law. Except as set forth in this Section 8.1, a Limited Partner may not transfer all or any part of its Partnership interest. Any transfer shall be in compliance with applicable federal and state securities laws. A transfer, for purposes of this Agreement, shall be deemed to include, but not be limited to, any sale, transfer, assignment, pledge, creation of a security interest or other disposition. The General Partners shall have no obligation to register any Limited Partner's interest under the Securities Act of 1933, as amended, or the securities laws of any state, or to make any exemption therefrom available to any Special Limited Partner or Substitute Limited Partner. Any certificates or other documents representing the Units may bear a legend outlining the above restrictions on transfer. Further, the Partnership will make notations on its records of the foregoing restrictions on transfer. If a transfer agent is ever appointed, the Partnership will issue appropriate stop transfer instructions to its transfer agent respecting the limitations on transfer outlined herein.

8.2 Transfer. Except for the right to receive Distributions, Units or other interests in the Partnership owned by a Limited Partner, a Limited Partner's interest in the Partnership may not be transferred in whole or in part unless, in addition to the conditions in Section 8.1, the transferor has, if requested by the General Partners, furnished the Partnership with evidence acceptable to the General Partners that such transfer complies with applicable federal and state securities laws and this Agreement.

Transfers will be recognized by the Partnership effective the first or sixteenth day of the calendar month during which the above conditions are satisfied as provided in Section 1.6. Any transfer in contravention of this Article VIII shall be void and ineffectual and shall not bind the Partnership.

8.3 Admission of Substitute Limited Partner. Except as otherwise provided in Section 8.5 (unless all Partners consent), a transferor of a Unit may give its transferee the right to become a Substitute Limited Partner only after the transferee:

(a) Adopts and approves in writing all the terms and provisions of this Agreement then in effect; and

(b) Assumes the obligations, if any, of the transferor to the Partnership.

A Substitute Limited Partner is liable for the obligations of his assignor to make contributions as provided in and under this Agreement.

8.4 Status of Transferee. A nonadmitted transferee of a Unit or other interest in the Partnership of a Limited Partner shall be entitled to receive only that share of Distributions, and the return of Capital Contribution, to which its transferor would otherwise be entitled with respect to the Units transferred, and shall have no right to obtain any information on account of the Partnership's transactions, to inspect the Partnership books or to vote with the Limited Partners on any matter. The Partnership shall, however, if a transferee and transferor jointly advise the General Partners in writing of a transfer of the Units or other interest in the Partnership, furnish the transferee with pertinent tax information at the end of each fiscal year of the Partnership.

8.5 Election to Treat Transferee as a Partner. The General Partners may elect to treat a transferee of a Partnership interest who has not become a Substitute Limited Partner as a Substitute Limited Partner in the place of its transferor should the General Partners, in their absolute discretion, deem that such treatment is in the best interest of the Partnership. Such election may be unreasonably withheld. Nothing contained herein shall be interpreted to grant the General Partners any right or power to

prevent or disapprove the sale by the Limited Partner of all or a part of its interest in the Partnership.

8.6 Death, Bankruptcy, Incompetency, etc. of a Limited Partner. Upon the death, dissolution, Event of Bankruptcy, insanity or adjudication of incompetency of a Limited Partner, such Partner's executors, administrators or legal representatives shall have all the rights of a Limited Partner, for the purpose of settling or managing such Partner's estate, including such power as such Partner possessed to constitute a successor as a transferee of its interest in the Partnership and to join with such transferee in making the application to substitute such transferee as a Partner. However, such executors, administrators or legal representatives will not have the right to become Substitute Limited Partners in the place of their predecessor in interest unless the General Partners shall so consent.

Article IX

CHANGES AMONG GENERAL PARTNERS

9.1 Removal of a General Partner.

(a) Limited Partners holding 10 percent or more of the then outstanding Units, by written notice to any General Partner, may call a meeting for the purpose of removing such General Partner (i) upon the occurrence of an Event of Dissolution with respect to such General Partner or (ii) for subjecting the Partnership to an action for, or otherwise injuring the Partnership as a result of, his (A) negligence, which results in a material uninsured loss to the Partnership; (B) fraud, willful misconduct, breach of fiduciary duty or any other grossly negligent conduct in the performance of his duties as General Partner; (C) breach of any material provision of this Agreement, including any material representation or warranty contained in Section 6.9. Such notice shall be given to all Partners, including such General Partner, not less than 30 days prior to the date set for such meeting, and shall set forth in reasonable detail the Event of Dissolution or the allegedly improper conduct. If Limited Partners holding a majority of the then outstanding Units vote at such meeting to remove the General Partner, such General Partner shall have 15 days in which to object to such removal by written notice to the Limited Partners, unless the removal was based on the occurrence of an Event of Dissolution, in which event the removal shall be effective as of the date of such meeting. If the General Partner does not object within such 15-day period, the removal shall be effective as of the expiration of such period. If the General Partner objects, the matter shall be submitted within 30 days of such notice of objection by all parties to binding arbitration which shall conform to the rules of the American Arbitration Association, as far as appropriate. The decision of the arbitrators shall be final and binding upon the

parties in a court of competent jurisdiction. Within 25 days after the General Partner gives notice of his objection to his removal to the Limited Partners, the Limited Partners as a group and the General Partner shall each select one arbitrator and the two arbitrators so chosen shall select the third. The arbitrators shall hold a hearing within 30 days after their selection and shall render a decision as to whether or not the removal of the General Partner was appropriate under the circumstances. The decision of a majority of the arbitrators shall be final and binding. The cost of arbitration shall be borne one half by the Partnership and one half by the General Partner.

(b) A General Partner removed pursuant to this Section 9.1, upon such removal, shall become a Special Limited Partner and as such will not have any right to participate in the management of the affairs of the Partnership. Such Special Limited Partner shall not share in any rights or interests given to the Limited Partners. Instead, such Special Limited Partner shall retain his share of the net profits or net losses, cash flow, and capital interest which are allocated to such General Partner as if he remained a General Partner; except that such General Partner shall forfeit his interest in the Partnership to the extent of one percent (1%) of the total Partnership interest in allocations and distributions under Sections 4.1 and 4.2, respectively, and to the extent of five percent (5%) of the total Partnership interest in distributions under Section 4.5 and the allocations corresponding thereto under Sections 4.3 and 4.4 (including any share of distributions for the fiscal year in which he is removed whether or not already accrued and owing to such General Partner). The removed General Partner, or any Affiliate thereof, shall not be entitled to receive any fees under Section 6.8(a) or (b), but shall be entitled to receive payment of the Construction and Development Fee provided for in Section 6.8(c) including interest thereon, subject to Section 9.1(c), less any damages (including costs of litigation) incurred by the Partnership as a result of the actions of the removed General Partner.

(c) Notwithstanding anything contained herein, the Limited Partners, pro rata, or any successor General Partner proposed by them, shall have the option, but not the obligation, to acquire all or part of the interest in the Partnership of any General Partner removed pursuant to this Section 9.1 upon payment of the agreed or fair market value of such interest; provided that in such event the Limited Partners or any successor General Partner proposed by them shall deduct from such fair market value the amount necessary to offset the amount of any damages suffered by the Partnership as a result of any material breach of the obligations of such General Partner hereunder. Any dispute as to the value of the interest of any removed General Partner shall be submitted to a committee composed of three (3) MAI or SRE appraisers, one chosen by the General Partner being removed, one chosen by a majority in interest of the Limited Partners or by the successor General

Partner, as the case may be, and the third chosen by the two so chosen. The proceedings of such committee shall conform to the rules of the American Arbitration Association, as far as appropriate, and its decision shall be promptly rendered and shall be final and binding upon the parties hereto and any successor General Partner in a court of competent jurisdiction. The removed General Partner and his Affiliates shall also forfeit any fees payable to them under Section 6.8 to the extent the damages (including costs of litigation) to the Partnership exceed the fair market value of the interest of such removed General Partner as determined under this Section.

9.2 Withdrawal. Subject to any required FmHA approval, no General Partner may resign or withdraw from the Partnership without providing a successor General Partner satisfactory to any other General Partner(s), and without approval of a Limited Partner or Partners holding all of the then outstanding Units, and without an opinion of counsel of his choice that his withdrawal would not affect the status of the Limited Partner or Partners as such under the Partnership Act or adversely affect the classification of or cause the termination of the Partnership for federal income tax purposes. If a sole General Partner resigns or withdraws, he must provide a successor General Partner satisfactory to holders of all of the then outstanding Units. The Limited Partner will not unreasonably withhold approval of a proposed successor General Partner.

9.3 Transfer of Interests. Except as otherwise provided herein, no General Partner may assign, transfer, mortgage or sell any portion of his interest in the Partnership, or enter into any agreement as the result of which any person shall become interested in the Partnership, without the consent of the other General Partner(s) and upon consent of Limited Partners holding a majority of the then outstanding Units; provided, however, this Section 9.3 shall not apply to a sale, transfer or assignment pursuant to a removal of a General Partner in accordance with Sections 9.1. A transferee of a General Partner's interest in the Partnership shall not become a General Partner.

9.4 Continuing Liability. No removal or withdrawal under Sections 9.1 or 9.2 shall relieve the General Partner of any then existing obligation owing by that General Partner to the Partnership or any Partner nor shall it constitute a waiver of any claim the Partnership or any Partner may then have against the removed General Partner. In the event a General Partner withdraws from the Partnership or sells, transfers or assigns his entire interest pursuant to Section 9.3, such General Partner shall be, and shall remain, liable for all obligations and liabilities incurred by the General Partner and the Partnership prior to the effective date of such occurrence and shall be free of any obligation or liability incurred on account of the activities of the Partnership after such time.

9.5 Admission of Successor or Additional General Partner.
Subject to any required FmHA approval, the General Partners may, at any time, designate an additional person to be a General Partner, subject to the then General Partners agreeing upon the Partnership interest of such person as a General Partner, provided that the interest of the Limited Partners shall not be affected thereby. Such person shall become a successor or additional General Partner only upon meeting the following conditions:

(a) The admission of such person shall have been consented to by Limited Partner or Partners holding a majority of the then outstanding Units;

(b) If the designated person is a corporation or other entity, it shall have provided the Partnership evidence satisfactory to counsel for the Partnership of its authority to become a General Partner;

(c) Counsel for the Partnership, at the expense of a withdrawing General Partner in the case of admission of a successor General Partner, or at the expense of the Partnership in the case of admission of an additional General Partner, shall have rendered an opinion that the admission of the designated person is in conformity with the Partnership Act and that none of the actions taken in connection with the admission of the designated person will cause the termination or dissolution of the Partnership or will cause it to be classified other than as a Partnership for federal income tax purposes; and

(d) Any required or appropriate amendments and filings required under the Partnership Act shall have been properly performed.

9.6 Effect of Bankruptcy, Death, Withdrawal, Dissolution or Incompetency of a General Partner.

(a) If an Event of Withdrawal occurs with respect to a General Partner, the business of the Partnership shall be continued with Partnership property by the other General Partners; provided, however, that if such General Partner is then the sole General Partner, the Partnership shall be dissolved or continued subject to the provisions of Section 9.7.

(b) Upon the occurrence of any such event, such General Partner shall immediately cease to be a General Partner and his or its interest as General Partner shall terminate; provided, however, that such termination shall not affect any rights, obligations or liabilities of the bankrupt, deceased, dissolved or incompetent General Partner then existing or the value, if any, of the interest of such General Partner in this Partnership; and, provided further, that said General Partner shall retain his Partnership interest thereafter as a Special Limited Partner.

(c) The remaining General Partner(s), if any, are authorized and shall immediately:

(i) Give notice to the Limited Partners of the occurrence of such event; and

(ii) Make, execute, and file for recordation such amendments or documents or other instruments as are necessary to reflect the termination of the interest of such General Partner as a General Partner and his substitution as a Special Limited Partner, if applicable, each Limited Partner hereby consenting to such amendment.

9.7 Continuation of the Partnership. Upon the happening of an Event of Withdrawal with respect to any sole General Partner, the Partnership shall terminate unless an election to continue the Partnership business is made within 90 days thereafter by (1) Limited Partners holding a majority of the then outstanding Units or (2) upon unanimous Limited Partner approval if the sole General Partner ceases to be a General Partner for any reason other than his removal as such.

In the event of such election, the Partnership shall not terminate, but shall continue upon the selection of a successor General Partner or General Partners, which shall be done concurrently with the election to continue the Partnership business.

Article X

ACCOUNTING

10.1 Books and Records. The Partnership's books and records, including the list of all Partners, this Agreement, and all amendments to this Agreement, shall be maintained at the principal office of the Partnership, or such other place as the General Partners may determine, and shall be open to inspection and examination by the Limited Partner or its duly authorized representatives at all reasonable times.

10.2 Books of Account. The General Partners shall, for income tax and other purposes, keep and maintain, or cause to be kept and maintained, adequate books of account of the Partnership. Such books of account shall be kept on the accrual basis.

10.3 Accountants and Auditors. The Accountants shall prepare, for execution by the General Partners, all tax returns of the Partnership. The Auditors (who may also be the Accountants) shall compile, review or audit all annual financial reports to the Partners in accordance with standards required from time to time by FmHA.

10.4 Special Basis Adjustments. In the event of a transfer of all or any part of the limited partnership interest of the Limited Partner for a consideration in excess of the adjusted basis for such limited partnership interests for federal income tax purposes, the Partnership shall elect, pursuant to Code Section 754 (or corresponding provisions of succeeding law) to adjust the basis of the Partnership property, if such transferee requests such adjustment and a majority of limited partnership interests in the Partnership determine such election to be advantageous. Notwithstanding anything contained in Article IV, any adjustments made pursuant to Section 743 shall affect only the successor in interest to the deceased Limited Partner. Each Partner will furnish the Partnership all information necessary to give effect to such election.

10.5 Fiscal Year. The fiscal year of the Partnership shall be the calendar year.

10.6 Tax Returns and Related Matters. The General Partners, at Partnership expense, shall cause income tax returns for the Partnership to be prepared and timely filed with the appropriate authorities. The Tax Matters Partner shall not, without the prior written consent of the Additional Limited Partner, enter into any settlement with the Internal Revenue Service in any tax audit, or during judicial review thereof.

10.7 Reports. The General Partners shall cause to be prepared and delivered at Partnership expense to each Partner:

(a) The following annual reports:

(i) Within 45 days after the expiration of each Partnership fiscal year:

(A) Partnership information necessary for the preparation of the Limited Partners' federal and state income tax or information returns;

(B) A copy of the Partnership's federal and state income tax returns and a copy of the Accountant's work papers; and

(C) A statement describing all transactions during such fiscal year between the Partnership and Affiliates which includes a schedule showing all amounts payable or paid during such year to the General Partners and/or Affiliates.

- (D) A copy of the form or forms filed to claim the Tax Credit and a copy of the Accountants' Tax Credit Work Papers.
- (E) A copy of the Accountants' detailed depreciation schedule at December 31.
- (F) A reconciliation of Partners' capital accounts at December 31 which details the capital contributions and distributions to General and Limited Partners.
- (G) A schedule of amounts due to/from General and Limited Partners at December 31.
- (H) A reconciliation of the reserve account balance at December 31.
- (ii) Within 90 days after the expiration of each Partnership fiscal year:
 - (A) Financial statements prepared by the Auditors, including a balance sheet and statement of income or loss, in the form required by FmHA.
 - (B) A set of photographs of the Project with the date taken noted thereon that reasonably depicts the condition of the Project as of the date taken.
- (iii) Contemporaneously with their submission to the FmHA by the Partnership
 - (A) All year-end reports required by the FmHA, including but not limited to, FmHA End-of Year Reports and Operations Budgets.
- (b) The following estimate prior to October 1 of each year:

- (i) An estimate prepared by the General Partners, the Accountants or the Auditors of the Limited Partners' share of Tax Credits, Net Cash Flow, profits or losses of the Partnership for federal income tax purposes for the current fiscal year.

(c) The following quarterly reports:

- (i) Within 30 days after the end of each calendar quarter:
 - (A) A detailed report regarding the following:

- (1) The occupancy level of the Project as of the end of the quarter;
- (2) Any operating deficits or anticipated operating deficits and the manner in which such deficits will be funded;
- (3) Any material default by the Partnership under any Project documents or in payment of any mortgage, taxes, interest or other obligation on secured or unsecured debt;
- (4) The reduction or termination of any reserve by application of funds therein for purposes materially different from those for which such reserve was established;
- (5) The receipt of any notice by the General Partners of a material fact which may substantially affect further distributions;
- (6) The pledge or collateralization by any Partner of its interests in the Partnership; and/or
- (7) Such other matters as may be material to the existence or operation of the Partnership or its business.

(d) The following monthly reports:

- (i) Within 30 days after the end of each calendar month:
 - (A) A report on Project operations, including a comparison of budgeted revenues and expenditures and actual revenues and expenditures.
 - (B) A summary report for the preceding month comparing actual tenants, their actual incomes, and actual rents with the maximum permissible tax credit qualifying incomes and rents.

(e) The following periodic reports:

- (i) Within 30 days after receipt by the Partnership:

- (A) Copies of all FmHA inspection reports;
- (B) Such other documents or reports as may be reasonably requested by any Partner; and
- (C) Written notice of the occurrence of any event which has a material adverse effect upon the Project.

10.8 Elections.

(a) With respect to all depreciable assets for which cost recovery deductions are permitted, the partnership shall elect to use, so far as permitted by the provisions of the Code, accelerated cost recovery methods. The Partnership may change to another method of cost recovery if such other method is, in the opinion of the Accountants, more advantageous to the Additional Limited Partner.

(b) Subject to the provisions of Section 10.4, all elections required or permitted to be made by the Partnership under the Code shall be made by the General Partners, after consultation with the Accountants, in such manner as will be most advantageous to the Additional Limited Partner.

Article XI

TERMINATION AND DISSOLUTION

11.1 Dissolution. The Partnership shall be dissolved upon the earliest to occur of the following:

(a) An Event of Withdrawal with respect to a sole General Partner, unless continued in accordance with Section 9.7;

(b) Limited Partners holding a majority of the then outstanding units elect to dissolve the Partnership;

(c) The Termination Date; or

(d) The Sale of the Project other than pursuant to a contract of sale over a period of more than one year.

(e) [Reserved].

(f) [Reserved].

In no event shall the Partnership terminate if such termination would result in a violation of any law, regulation or regulatory agreement to which the Partnership is bound.

11.2 Distribution of Assets. Upon a dissolution of the Partnership, unless it is continued pursuant to Sections 9.6 or 9.7, the General Partners (or, if there is no General Partner then remaining, such other Person(s) designated by the Limited Partner or the Person(s) designated by the court in a judicial dissolution) shall take full account of the Partnership assets and liabilities, shall liquidate the assets as promptly as is consistent with obtaining the fair value thereof, and shall apply and distribute the proceeds therefrom in accordance with Section 4.5.

If at the time of liquidation the General Partners shall determine that an immediate sale of part or all of the Partnership assets would cause undue loss to the Partners, the liquidating person may, in order to avoid loss, either defer liquidation and retain all or a portion of the assets or distribute all or a portion of the assets to the Partners in kind. In the event that the liquidating person(s) elect to distribute such assets in kind, the assets shall first be assigned a value (by appraisal of a professionally qualified appraiser) and the unrealized appreciation or depreciation in value of the assets shall be allocated to the Partners' capital accounts, as if such assets had been sold, in the manner described in Article IV, and such assets shall then be distributed to the Partners as provided herein. In applying the preceding sentence, the Property shall not be assigned a value less than the unamortized principal balance of any loan secured thereby.

11.3 [Reserved].

Article XII

FmHA REGULATIONS

For as long as the Project continues to be a "Rural Rental Housing Project" all terms of this Agreement and all operations of the Partnership are subject to the regulations of the FmHA, and all Partners admitted to the Partnership shall be approved by the FmHA.

So long as any of the FmHA commitments are in effect, (a) each of the provisions of this Agreement shall be subject to the General Partners' covenant to act in accordance with, the Project Documents; (b) the Project Documents shall govern the rights and obligations of the Partners, their heirs, executors, administrators, successors and assigns to the extent expressly provided therein; (c) upon any dissolution of the Partnership or any transfer of the Project, no title or right to the possession and control for the Project and no right to collect the rent therefrom shall pass to any Person who is not, or does not become, bound by the Project documents and other FmHA documents in a manner satisfactory to FmHA; (d) the affairs of the Partnership shall be subject to FmHA regulation and no action shall be taken which would require the consent or approval of the FmHA unless the same is first obtained;

and (e) no salaries or other compensation will be paid to any Partner for general services rendered to the Partnership from the proceeds of any rural rental housing loan granted to the Partnership by the FmHA. No new Partner shall be admitted to the Partnership and no Partner may withdraw from the Partnership or be substituted for a Partner without the consent of the FmHA (if such consent is then required). The General Partners shall at all times hold and maintain a financial interest in the aggregate of not less than 5 percent in the Partnership or such lessees account as may be required by the FmHA. No amendment to this Agreement relating to matters governed by FmHA regulations shall remain effective unless consent of FmHA to such amendment is obtained.

Any conveyance or transfer of title to all or any portion of the Project or Partnership assets required or permitted under this Agreement, and any voluntary dissolution or termination of the Partnership, shall in all respects be subject to all conditions, approvals and other requirements of the FmHA rules and regulations applicable thereto.

Article XIII

MISCELLANEOUS

13.1 Notices. Notices to the General Partners shall be sent to the addresses of the General Partners set forth in Section 1.3. Notice to the Limited Partners shall be sent to their addresses as set forth in Section 1.3. Any Limited Partner may require notices to be sent to a different address by giving notice to the General Partners in accordance with this Section. Any notice or other communication required or permitted hereunder shall be in writing, and shall be deemed to have been given if and when delivered personally, given by prepaid telegram or mailed first class, postage prepaid, to such Partner at such address.

13.2 Entire Agreement. This Agreement constitutes the entire agreement among the parties and supersedes any prior agreement or understanding among them respecting the subject matter of this Agreement.

13.3 Headings. All article and section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any article or section.

13.4 Certain Provisions. If the operation of any provision of this Agreement would contravene the provisions of the Partnership Act, or would result in the imposition of general liability on any Limited Partner, such provision shall be void and ineffectual.

13.5 Saving Clause. If any provision of this Agreement, or the application of such provision to any person or circumstance, shall

be held invalid, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

13.6 Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the Person or Persons may require.

13.7 Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto, their successors, heirs, legatees, devisees, assigns, legal representatives, and personal representatives, except as otherwise provided herein.

13.8 Counterparts. 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 parties are not signatory to the original or the same counterpart. Any counterpart which has attached to it separate signature pages, which altogether contain the signatures of all Partners whose signature thereon are required, shall for all purposes be deemed a fully executed instrument.

13.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of the Partnership's organization.


IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written, and declare under penalty of perjury that they have examined the foregoing Amended and Restated Agreement of Limited Partnership and to the best of their knowledge and belief it is true, correct and complete.

ADDITIONAL LIMITED PARTNER:

GENERAL PARTNERS:

COLUMBIA HOUSING PARTNERS
XXIV LIMITED PARTNERSHIP

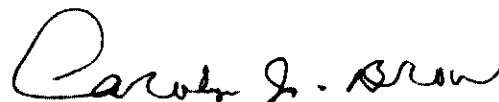
By:



Robert M. Arcand
General Partner


Darwin W. Brown

WITHDRAWING ORIGINAL LIMITED
PARTNERS:


Darwin W. Brown


Carolyn J. Brown


Carolyn J. Brown

STATE OF IDAHO)
) SS.
COUNTY OF BONNER)

DARWIN W. BROWN AND CAROLYN J. BROWN, upon oath, State-that they are General Partners ad Limited Partners of the Limited Partnership MEADOWRIDGE MANOR ASSOCIATES LIMITED PARTNERSHIP; that they have read the foregoing instrument, know the content contained therein and believe the facts stated therein to be true to the best of their knowledge ad belief.

Darwin W. Brown
Darwin W. Brown

Carolyn J. Brown
Carolyn J. Brown

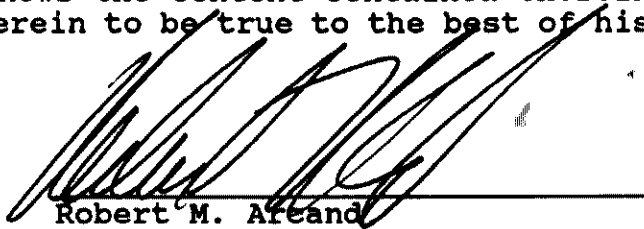
SUBSCRIBED AND SWORN to before me this 24 day of Oct, 1990.

Donna R Brown
NOTARY PUBLIC, State of Idaho
Residing at Sandpoint, Idaho

Commission Expires: 10/23/95

STATE OF OREGON)
) SS.
COUNTY OF ~~MULTNOMAH~~)
 Clackamas

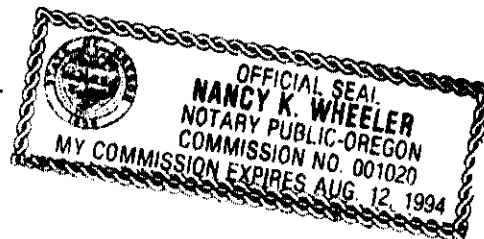
ROBERT M. ARCAND, upon oath, States that he is a General Partner o
the Limited Partnership COLUMBIA HOUSING PARTNERS XXIV; that he has
read the foregoing instrument, knows the content contained therein
and believes the facts stated therein to be true to the best of his
knowledge and belief.


Robert M. Arcand

SUBSCRIBED AND SWORN to before me this 31st day of
October, 1990.

Nancy K. Wheeler
NOTARY PUBLIC, County of ~~Multnomah~~ *Clackamas*
Residing at Portland, Oregon
Lake Oswego

Commission Expires: 8-4-94



Exhibits and Attachments

Exhibit 2.48 Projected Tax Credit

<u>Year</u>	<u>Additional Limited Partner (2)</u>	<u>The Partnership (1)</u>
1990	\$ 5,828	\$ 5,888 (3)
1991	34,971	35,324
1992	34,971	35,324
1993	34,971	35,324
1994	34,971	35,324
1995	34,971	35,324
1996	34,971	35,324
1997	34,971	35,324
1998	34,971	35,324
1999	34,971	35,324
2000	<u>29,142</u>	<u>29,437</u> (4)
Total	<u>\$349,709</u>	<u>\$353,241</u>

(1) Determined as follows:

\$883,103	Forecasted Tax Credit Basis
x <u>4.00%</u>	Forecasted Tax Credit Rate
<u>\$ 35,324</u>	Forecasted Annual Tax Credit to Partnership

(2) Determined as follows:

\$35,324	Forecasted Annual Tax Credit
x <u>99%</u>	Additional Limited Partner Interest
<u>\$34,971</u>	Forecasted Annual Tax Credit to Additional Limited Partner

(3) Determined as follows:

\$35,324	Forecasted Annual Tax Credit to Partnership
x <u>16.67%</u> (a)	1990 Forecasted Average Percent Low-Income Units
<u>\$ 5,888</u>	1990 Forecasted Tax Credit to Partnership

(a) Rent-Up Schedule: (a) = (*) Divided By 12 Months Divided
By # of Units.

<u>Percentage of Units Rented</u>	<u># of Units</u>	<u>Date</u>
33%	8	October 1, 1990
67%	16	November 1, 1990
100%	<u>24</u>	December 1, 1990
	48 (*)	

(4) Determined as follows:

\$35,324

x 83.33%

\$29,437

Forecasted Annual Tax Credit to Partnership
Balance of credit not taken in the first
year.

Forecasted Annual Tax Credit for the Year
2000.

Exhibits and Attachments

Exhibit 2.49 Real Property Description

REAL PROPERTY DESCRIPTION

The land is located in the City of Sandpoint, Bonner County, State of Idaho and is described as follows:

The South 215 feet of the East Half of Block 15 of Ohadi Acres, according to the plat thereof, recorded in Book 1 of Plats, page 159, records of Bonner County, Idaho; LESS the East 30 feet thereof.

Exhibits and Attachments

Exhibit 3.2.1 Form of Promissory NOTE:

NONNEGOTIABLE
PROMISSORY NOTE

\$166,000

Portland, Oregon
August 1, 1990

FOR VALUE RECEIVED, COLUMBIA HOUSING PARTNERS XXIV LIMITED PARTNERSHIP, an Oregon limited partnership ("Partnership"), hereby promises to pay to Meadowridge Manor Associates, an Idaho limited partnership (the "Holder") the principal sum of \$166,000, without interest thereon, with the first 1990 payment due upon receipt by the Additional Limited Partner of a fully executed Agreement the second 1990 payment due within 15 days after the later of Close of Escrow, State Reservation, or receipt of Opinion of Counsel by the Additional Limited Partner (as those terms are defined in the Partnership Agreement), and all subsequent payments due on or before the later of March 1 of such year or on the date prescribed in Section 3.2(b)(1) of the Partnership Agreement which is dependent upon receipt of the Holder's federal income tax return, Form K-1 or other forms acceptable for filing under the Internal Revenue Code of 1986, as amended, and Accountants' Tax Credit Work Papers (as defined in the Partnership Agreement), all for the prior year (after the Partnership's review and correction if necessary), as follows:

<u>YEAR</u>	<u>AMOUNT</u>
1990	\$5,000
1990	78,600
1991	20,600
1992	20,600
1993	20,600
1994	<u>20,600</u>

<u>TOTAL</u>	<u>\$166,000</u>
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Each installment payment set forth above is subject to deferral, reduction, or adjustment as set forth in the Amended and Restated Agreement of Limited Partnership of the Holder of even date (the "Partnership Agreement"), all of the terms and conditions of which are incorporated herein by this reference.

Amounts set forth above which become due and payable hereunder and which are not paid within 10 days shall thereafter bear interest at two percent over the floating prime rate charged by

the Bank of California, N.A., or its successor in interest. If such amounts remain unpaid for 10 days following the Partnership's receipt of written notice of its failure to pay such amounts, all such amounts payable hereunder shall become immediately due and collectible at the option of the Holder.

Payment shall be made in the lawful money of the United States at such place as shall be designated by the Holder.

The Partnership shall have the right to prepay, without penalty or charge therefor, the whole or any part of the foregoing amounts.

If this note is placed in the hands of an attorney for collection, the Partnership promises and agrees to pay the Holder's reasonable attorneys' fees and collection costs, even though no suit or action is filed thereon; however, if a suit or action is filed, the amount of such reasonable attorneys' fees shall be fixed by the court, or courts, in which the suit or action including any appeal therein is tried, heard, or decided.

COLUMBIA HOUSING PARTNERS XXIV
LIMITED PARTNERSHIP

By:

Robert M. Arcand,
General Partner