

CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP  
OF  
MAGNOLIA APARTMENT ASSOCIATES LIMITED PARTNERSHIP  
(An Idaho Limited Partnership)

JUL 20 3 22 PM '89  
SECRETARY OF STATE

The undersigned, desiring to form a limited partnership pursuant to the Uniform Limited Partnership Act of the State of Idaho, do hereby sign and swear and agree to the following:

1. Name. The name of the Partnership shall be MAGNOLIA APARTMENT ASSOCIATES LIMITED PARTNERSHIP, an Idaho limited partnership.

2. Character of Business. The general character of the business of the Partnership is to acquire, maintain and operate the Magnolia Apartments at 3410 to 3549 Magnolia Lane and 3403 to 3516 Gerrard Street in Boise, Idaho, and such other things as are incidental thereto.

3. Registered Agent. The name and address of the registered agent of the Partnership is: Rental Housing, Inc., an Idaho corporation, whose address is 680 North 9th Street, Boise, Idaho 83702.

4. Partners - Contributions. The name and place of residence or business of each general and limited partner in the Partnership and the amount of cash or agreed value of any other property or services heretofore contributed to the Partnership are as follows:

<u>Name</u>	<u>Place of Residence or Business</u>	<u>Agreed Value of Contribution</u>
Rental Housing, Inc., an Idaho corporation (General Partner)	1020 Main Street, suite 440 Boise, Idaho 83702	\$ 0.00
Kenneth G. Howell (General Partner)	1020 Main Street, suite 440 Boise, Idaho 83702	\$ 0.00
Kenneth G. Howell (Original Limited Partner)	1020 Main Street, suite 440 Boise, Idaho 83702	\$100.00

5. Additional Contributions. The original Limited Partner shall have no obligation to make further contributions to the Partnership and upon admission of additional Limited Partners, the original Limited Partner shall withdraw from the Partnership and receive a refund of the cash contributed. The General Partner shall have no specific time upon which it must make additional contributions to the capital of the Partnership; however, it may make additional contributions to the capital of the Partnership as required by it as a general partner to cover any deficits of the Partnership. Additional Limited Partners shall be admitted to the Partnership upon their agreement to pay \$21,000 for a full interest (Unit) in the Partnership, which shall generally

equal a 3.92% interest (for a full Unit) in Partnership profits and losses and cash distributions. Generally, 98% of all Partnership profits, losses, and cash distributions shall be allocated to the Limited Partners with respect to their collective Partnership interest in the Partnership, provided that at such time as Limited Partners have received a return of their net capital contribution to the Partnership, then profits, losses and cash distributions shall be allocated 25% to the General Partner and 75% to the Limited Partners collectively. The Limited Partners shall pay their capital contribution to the Partnership in installments. Upon admission to the Partnership, a Limited Partner who has a full Unit in the Partnership shall pay \$6,000, and thereafter a \$15,000 payment on March 15, 1990, or alternately, ten annual payments of interest and principal of \$2,340 each due on each December 15, 1990 through 1999.

6. Assignments of Limited Partnership Interests. No Limited Partner may sell, assign, or transfer in whole or in part his interest in the Partnership without obtaining the consent of the General Partner, and/or if such sale or transfer would cause a termination of the Partnership for tax purposes, or if such transferee does not meet applicable investor suitability standards under federal and state securities rules and regulations. As a condition to the admission of a substituted Limited Partner, the person or entity to be substituted shall execute and acknowledge such instruments (in form and substance satisfactory to the General Partner) as the General Partner may deem necessary or desirable to effect such substitution and confirm that the person or entity to be substituted as a substituted Limited Partner is bound by all covenants, terms and conditions of the Limited Partnership Agreement as the same may have been further amended, and provided further that if a Limited Partner sells or assigns his interest in the Partnership without the consent of the General Partner, the assignee of said interest shall not be entitled to exercise any rights as a Limited Partner, but shall be entitled only to receive the profits, losses and distribution of the Partnership which the Limited Partner would otherwise have been entitled to in accordance with the terms of his agreement with the Limited Partner and the terms and conditions of the Partnership Agreement.

7. Termination of Membership In Partnership. There are no agreed upon times or events under which a Partner may terminate his membership in the Limited Partnership.

8. Distributions. No Partner, General or Limited, has a right to demand any distributions of cash or property from the Partnership, provided that the General Partner is entitled to receive a Management and Risk Fee and to be reimbursed for out-of-pocket expenses as they are incurred and/or accrued under the Partnership Agreement. Distribution of net cash receipts from the Partnership will be made generally 98% to the Limited Partners and 2% to the General Partner until such time as the Limited Partners have received a return of their net capital contributions to the Partnership, at which time distribution shall be 50% to the General Partner and 50% to the Limited Partners.

9. Dissolution of the Partnership. The term of the Partnership is from the date hereof to the close of business on December 31, 2038. The Partnership may be earlier terminated and the affairs of the Partnership wound up on the

earlier to occur of (i) the dissolution, death, disability, bankruptcy or withdrawal of the last remaining General Partner, unless upon the vote of consent of the holders of 67% of the percentage interests (Units) of the Partnership elect to continue the business of the Partnership and select a new General Partner; or (ii) the passage of 90 days after the sale, exchange, condemnation or foreclosure of all or substantially all of the assets of the Partnership. Notwithstanding that certain other events may cause a technical dissolution of the Partnership under state law, nevertheless the Partnership shall be continued except upon the events described above.

#### 10. Other Matters.

##### 10.1 General Partner Not Liable for Return of Limited Partners' Contributions.

The General Partner shall not be personally liable for the return of all or any part of the capital contributions of the Limited Partners of the Partnership.

10.2 Special Power of Attorney. Pursuant to the terms of the written Partnership Agreement, each Limited Partner and his heirs, successors, and assigns constitutes and appoints the General Partner(s) as the Limited Partner's true and lawful attorney-in-fact and agent with full power and authority in the Limited Partner's name, place and stead to execute, acknowledge, deliver, file and record in any appropriate public office any certificate or other instrument which may be necessary, desirable or appropriate to qualify or to continue the business of the Partnership as a limited partnership in any jurisdiction in which the Partnership conducts business; any amendment to the Partnership Agreement or to any certificate or other instrument which may be necessary, desirable or appropriate to reflect the admission of a Partner, the withdrawal of a Partner, or the transfer or all or any part of the percentage interest of a Partner in the Partnership, or any additional capital contributions or withdrawals of capital contributions by a Partner; and any certificates or instruments which may be appropriate, necessary or desirable to reflect a dissolution and termination of the Partnership. The Special Power of Attorney is an irrevocable durable power of attorney coupled with an interest and shall survive the subsequent disability or death of the Limited Partner and any transfer of the Limited Partner's interest in the Partnership.

10.3 Management and Control. The Partnership Agreement specifically provides that the Limited Partners may not take part in the management and control of the business, and that the sole management of the Partnership's business shall be vested in the General Partner(s) who shall have full power and authority to act for the Partnership and to conduct its business and affairs.

10.4 Amendment of Partnership Agreement. The General Partner has the right to amend the Partnership Agreement without the consent of the Limited Partners so long as the adoption thereof is for the benefit of or not adverse to the interests of the Limited Partners; does not alter the interest of a General or Limited Partner in profits or losses or in cash distributions of the Partnership or the timing thereof; and does not by its terms alter the limited liability of the Limited Partners or the status of the Partnership as a partnership for Federal income tax purposes.

Dated this 20th day of July, 1989.

"General Partner"

RENTAL HOUSING, INC.,  
an Idaho corporation

By Kenneth G. Howell  
Kenneth G. Howell, President

Kenneth G. Howell  
KENNETH G. HOWELL

"Original Limited Partner"

Kenneth G. Howell  
KENNETH G. HOWELL