

AMENDED AND RESTATED CERTIFICATE AND
AGREEMENT OF LIMITED PARTNERSHIP
OF TAMARACK ASSOCIATES

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THIS AMENDED AND RESTATED CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP is made and entered into this 16th day of November, 1979, by KENNETH G. HOWELL and STEVE C. SWANSON, as the General Partners (hereinafter collectively referred to as the "General Partners") and the Limited Partners who become parties hereto by their admission to the Partnership as provided herein (hereinafter referred to collectively as the "Limited Partners" and individually as a "Limited Partner") and is a complete restatement of a Certificate and Agreement of Limited Partnership of Tamarack Associates dated September 14, 1979, and such Certificate and Agreement of Limited Partnership of Tamarack Associates is hereby amended, restated, and superseded in its entirety.

SECRETARY OF
STATE

WITNESSETH

IN CONSIDERATION of the mutual promises, covenants and undertakings hereinafter contained, the parties hereto agree as follows:

ARTICLE I

GENERAL

1.1 Formation.

The parties hereby confirm the formation of Tamarack Associates, a Limited Partnership under and pursuant to the Uniform Limited Partnership Law of the State of Idaho.

1.2 Name.

The name of the Partnership shall be "Tamarack Associates". The Partnership may adopt and conduct its business under such assumed or trade name or names as the General Partners may from time to time determine.

1.3 Term.

The term of the Partnership commenced on September 14, 1979, and shall continue for the period of fifty (50) years from and after said date unless earlier terminated in accordance with the provisions hereof or as provided by law, provided, however, that no such earlier termination shall be permitted without the prior written consent of the Idaho Housing Agency.

1.4 Filings.

The General Partners and the Limited Partners, acting either directly or through the General Partners as attorney-in-fact or through such person or persons as the General Partners appoint as attorney-in-fact, shall sign, swear to and file an Amended Certificate of Limited Partnership in the office of the Clerk and Recorder of the County of Idaho, Idaho, and shall execute and file such other, additional and further certificates, affidavits and other documents, and amendments thereto, as may be necessary to enable the Partnership to qualify and conduct its business in any jurisdiction.

1.5 Purpose.

The purpose and business of the Partnership shall be:

1.5.1 General. To acquire real estate, to develop, improve, rehabilitate and construct improvements upon real estate, to manage and operate, including the leasing and sale thereof, real estate and improvements thereon, and in connection therewith to apply for and obtain or cause to be applied for and obtained from the Idaho Housing Agency (hereinafter the "IHA") a contract or contracts of mortgage insurance pursuant to Title 67, Chapter 62, Idaho Code, as amended and §8 of the U. S. Housing Act of 1937, as amended and the regulations of the IHA and the U.S. Department of Housing & Urban Development, covering bonds, notes, and other evidences of indebtedness issued by this Partnership and any indenture, deed of trust or mortgage securing the same and to apply for and obtain a contract or contracts for housing assistance payments pursuant to the provisions of the Housing Act of 1937.

1.5.2 IHA Loan. The Partnership is authorized to execute a note and deed of trust in order to secure the loan made by the IHA and to execute a Regulatory Agreement and other documents required by the IHA in connection with such loan, and so long as any property owned by the Partnership is encumbered by a deed of trust in favor of the IHA or its assigns, it is understood and agreed that the Partnership shall abide by all terms contained in the said documents. The Regulatory Agreement shall be binding upon the Partnership and all of the Partners so long as a deed of trust or mortgage on property owned by the Partnership is outstanding, unpaid, or held by the IHA. Any incoming partner shall as a condition of receiving an interest in the Partnership property agree to be bound by the note, deed of trust and/or mortgage and Regulatory Agreement and other documents required in connection with the Loan to the same extent and on the same

terms as the other Partners. Upon any dissolution, no title or right to possession or control of the Project, and no right to collect the rents therefrom, shall pass to any person who is not bound by the Regulatory Agreement in a manner satisfactory to the IHA and who is not approved in writing by the IHA. This Partnership Agreement is entered into between the respective parties with full knowledge that the same is expressly subject to the requirements and conditions now and hereafter imposed by the IHA, in connection with the provisions of Title 67, Chapter 62, Idaho Code, as amended and §8 of the U.S. Housing Act of 1937, as amended and the regulations of the IHA and the U.S. Department of Housing & Urban Development ("HUD") now or hereafter in effect. Any such regulations or requirements shall supersede the provisions of this Partnership Agreement and should any provisions, term or condition of this Agreement be inconsistent or in conflict with the provisions of the aforesaid Idaho Act, or regulations, then such conflict or inconsistency shall be deemed modified by the provisions of the said Act or regulations so as to conform thereto, and such conflict or inconsistency shall not be deemed to impair, or nullify the remainder of this Agreement which shall remain in full force and effect. No distribution, as defined in the Regulatory Agreement entered into between the IHA and the Partnership, shall be made except in accordance with the requirements of the said Regulatory Agreement. In the event that any provision of this Agreement in any way contradicts or modifies the terms of the Regulatory Agreement entered into between the Partnership and the IHA, the terms of the Regulatory Agreement entered into between the Partnership and the IHA, the terms of the Regulatory Agreement shall prevail. This Partnership Agreement shall not be amended without the prior written approval of the IHA. No Partner shall transfer his interest in the Partnership without the prior written approval of the IHA.

1.6 Principal Place of Business.

The principal place of business of the Partnership shall be located at 1020 West Franklin Street, Boise, Idaho 83702. The General Partners may from time to time by notice to all Partners change the address of the principal place of business of the Partnership. The Partnership may also maintain such other offices at such other places as the General Partners may deem advisable.

1.7 Parties.

The name and residence address of each Partner and the designation of the Partner as a General Partner or Limited Partner are set forth on Exhibit A attached to this Agreement. The initial Limited Partner, Swanson, Inc. desires to withdraw from the Partnership and, upon and after the admission of one or more of the Limited Partners listed on Exhibit A, such initial Limited Partner shall be withdrawn and no longer have any interest in the Partnership.

1.8 Definitions.

As used herein, the following terms have the indicated meanings:

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

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

1.8.3 "Partnership" means the Limited Partnership described in this Agreement.

1.8.4 "General Partners" means Steve C. Swanson and Kenneth G. Howell and any other General Partners admitted pursuant to the provisions of this Agreement.

1.8.5 "Limited Partners" means any persons admitted as Limited Partners pursuant to the provisions of this Agreement, but not including assignees of Limited Partners as to which the General Partners have not consented to substitution.

1.8.6 "Partners" means collectively the General Partners and the Limited Partners. Reference to a "Partner" shall mean any one of the Partners.

1.8.7 "Partnership Capital" means the total of the capital contributions of the Partners, as hereinafter set forth, as adjusted to reflect income, gains, losses, withdrawals and distributions. Capital contributions of property, if any, shall be limited at fair market value as of the date of contribution.

1.8.8 "Project" means the Tamarack Apartments to be constructed pursuant to the IHA Regulatory Agreement at the corner of Court and East Streets, Grangeville, Idaho.

1.8.9 "Mortgage Loan" means the non-personal recourse mortgage loan wherein IHA will be the mortgagee in the face amount of \$876,800 subject to adjustments at Final Closing by IHA in accordance with IHA regulations.

1.8.10 "Percentage Interests" shall have the meaning set forth in Paragraph 3.1.

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

1.8.12 "Initial Closing" shall be the date on which

the Partnership delivered a Deed of Trust Note and Deed of Trust on the Project to secure payment of such Note to IHA for the construction financing, which occurred on September 14, 1979.

1.8.13 "Final Closing" shall mean the date on which the IHA approves the Project as having been substantially completed and ready for occupancy.

ARTICLE II

CONTRIBUTIONS TO CAPITAL;

LIMITED PARTNERS

2.1 Contribution of General Partners.

The General Partners will contribute to the Partnership their rights in the Project including the real estate described in Exhibit B hereto. The General Partners shall contribute to the Partnership certain intangible rights and properties connected with the Project, including the plans and specifications for the Project, the commitment for IHA Mortgage Loan which rights and properties have an agreed value of \$4,694.

2.2 Contributions of Limited Partners.

2.2.1 The General Partners are authorized to admit Limited Partners to the Partnership by causing the Partnership to sell not more than ten units ("Units") for cash and notes aggregating \$230,000 to selected persons as may apply to become Limited Partners pursuant to the terms of a private placement memorandum to which this Agreement will be annexed and by completing a Purchase-Subscription Agreement (the "Subscription Agreement") in the form as set forth in such memorandum. Each Unit shall represent a 9.8% Percentage Interest in the Partnership.

2.2.2 Each Limited Partner's capital contribution shall be in cash and notes in the amounts set forth in Exhibit A attached hereto. Contributions shall be in the amount of \$23,000 for each Unit purchased. The initial contribution shall be payable \$3,500 per Unit in cash upon the admission of a Limited Partner to the Partnership. Provided, however, that all such contributions will be returned if the IHA fails to approve this amendment and restatement of the Partnership Agreement. The contribution shall be represented by a promissory note in the form of Exhibit C attached hereto (the "Note") to be delivered to the Partnership as provided in the Subscription Agreement. The principal of the Note shall be payable in four installments. The first installment of \$4,000 per Unit shall be due and payable January 7, 1980. The second installment of \$4,500 per Unit shall be due and payable on the later of July 1, 1980, or the date on which the General Partners have obtained

requisite authority from the IHA to commence occupancy of all dwelling units of the Project. In the event such authority is not obtained from the IHA on or before July 1, 1980, then the General Partners shall have an additional one year period until July 1, 1981, in which to obtain the same. In the event the General Partners obtain such authority from the IHA during the period from July 1, 1980 through July 1, 1981, then the second installment of \$4,500 shall be due and payable by the Limited Partners to the Partnership no later than 20 days after written notice of such authority has been given to the Limited Partners. In the event the General Partners fail to obtain such authority from the IHA by July 1, 1981, then the Limited Partners shall be relieved of all obligations in connection with the Notes and the General Partners shall fund any deficiency with respect to the Project and bear all costs with respect thereto. The third installment in the amount of \$6,000 shall be due and payable on January 1, 1981, if immediately prior thereto 93 percent of the rental units in the Project are occupied and the Project is in good standing with IHA as confirmed by IHA. In the event that 93 percent of such units are not occupied as above provided, the General Partners shall have an additional six months during which they may achieve 93 percent occupancy and the third installment shall be paid within 30 days after achieving 93 percent occupancy. If 93 percent occupancy is not achieved within such six-month period, all obligations of the Limited Partners on the Notes shall cease and it shall be the obligation of the General Partners to fund any deficiency with respect to the Project and bear all costs with respect thereto. Conditioned upon the third installment having been made pursuant to the foregoing provision, the final installment in the amount of \$5,000 will be due and payable on January 1, 1982, if immediately prior thereto 93 percent of the rental units in the Project are occupied and the Project remains in good standing with IHA as confirmed by IHA.

The Notes shall be non-interest bearing and non-negotiable.

2.2.3 If a Limited Partner shall fail to make any payment of principal on the Notes when due pursuant to Paragraph 2.2.2 within 10 days after receipt of written notice of such delinquent payment, such Limited Partner shall be in default, and shall forfeit all profits and losses which may have accrued to him for the year in which the default occurred and which may accrue thereafter and the Partners may at their option purchase his or her Units pursuant to the following provisions:

(i) Upon the event of default by a Limited Partner with regard to his obligation for additional capital contributions in accordance with the terms of the Note,

the General Partners shall have the right to purchase from such defaulting Limited Partner his Limited Partnership Units, (the "default unit") by assuming the unpaid portion of the defaulting Limited Partner's Units (the "purchase price").

(ii) If the General Partners do not exercise their rights to purchase, as above provided, within 30 days of the event of default, the General Partners shall at or prior to the expiration of such period, give notice to the Limited Partners of their decision not to purchase the default unit, and concurrently therewith, said rights to purchase the default unit, upon the same term and conditions, shall accrue to the Limited Partners in proportion to their Percentage Interest in the Partnership.

(iii) Within 30 days after such notice is given, any or all of the Limited Partners may elect, by notifying the Partnership of such election, to purchase the default unit. If more than one of such Limited Partners elects to purchase such default units, such default unit and the purchase price therefor, shall be allocated among them in proportion to their respective Percentage Interests in the Partnership and the General Partners shall promptly notify each such Limited Partner of the portion of such default unit to be purchased by him or her and the purchase price therefor.

(iv) Any General or Limited Partner purchasing any default unit or a part thereof pursuant to this provision shall become the owner thereof effective as of the date of default, and on the date of purchase shall pay to the Partnership the additional capital contribution or contributions required to be made with respect to such default unit, or part thereof so purchased.

(v) The transfer of any default unit or part thereof pursuant to this provision shall be effective, as of the date of default, automatically upon payment of the purchase price therefor without the necessity of any action on the part of the defaulting Limited Partner. Each Limited Partner agrees that if his unit(s) is purchased pursuant to this provision, he will execute all instruments requested by the Partnership or the purchasing Partner for the purpose of confirming or evidencing the transfer of such default unit.

(vi) If such default unit is not purchased pursuant to this provision, then the defaulting Limited Partner shall have 30 days after the expiration of the period in which the other Limited Partners may purchase the default unit to cure the default by making payments of

principal and accrued interest on the Note then due, in which event such defaulting Limited Partner shall no longer be deemed in default and shall forfeit only the profit and losses which may have accrued to him for the year in which the default occurred.

(vii) If such default unit is not purchased and the defaulting Limited Partner shall not have cured such default pursuant to this provision, any further capital contribution shall become immediately due and payable and the Partnership may collect from the defaulting Limited Partner by legal process the entire amount of his unpaid capital contribution or contributions, together with all court costs and reasonable attorneys' fees and interest on overdue installments of principal under the Note at the rate of 12% per annum, or the maximum interest rate allowable by law. In any event, the defaulting Limited Partner will not be relieved of liability for the unpaid capital contribution required by Paragraph 2.2.2 hereof until such contributions have been received by the Partnership, or, if a Note of a defaulting Limited Partner was previously assigned, payment due thereunder has been received from the assignee thereof.

2.2.4 The General Partners are hereby authorized to do all things necessary to admit Limited Partners, including, but not limited to, placing Units in private transactions, within the meaning of Section 4(2) of the Securities Act of 1933, as amended, and as described in Rule 146 promulgated thereunder, qualifying the Units with state securities regulatory authorities or perfecting exemptions from qualifications and entering into such underwriting or agency agreements for the sale thereof upon such terms and conditions as the General Partners may deem advisable.

2.3 Capital Accounts.

A capital account shall be established for each Partner which shall be credited with the amounts of his capital contributions and with his share of profits, and which shall be charged with his share of losses and with the amounts of distributions made to him. The capital interest of the General Partners shall consist of the agreed fair market value of the properties contributed to the Partnership by the General Partners as described in Paragraph 2.1 above. No partner is entitled to the return of any part of his contribution prior to total liquidation of the Partnership or to receive interest on such contribution.

2.4 Uses of Capital Contributions of Limited Partners.

2.4.1 The capital contributions of the Limited Partners shall be utilized by the Partnership as follows:

2.4.1.1 \$25,000 as a fee to Boettcher & Company as compensation for its services in effecting sales of the units and \$5,000 to Boettcher & Company as a nonaccountable expense allowance.

2.4.1.2 \$750 per month commencing November 1, 1979, and continuing for 35 additional consecutive months plus \$1,500 per month additional during the first twelve months commencing November, 1979, as fees to the General Partners for services rendered by them to the Partnership, which fees shall be payable in three lump sums of \$16,500 on January 1, 1980, \$16,500 on January 1, 1981, and \$12,000 on January 1, 1982, as fees to the General Partners in consideration for their independent undertaking to fund certain operating deficits of the Project in accordance with Paragraph 4.12.2 hereof, and obtaining and securing all letters of credit necessary for the Partnership's compliance with IHA Regulatory Agreement.

2.4.1.3 \$5,000 for the year 1979, \$20,000 for the year 1980 and \$5,000 for the year 1981, which amounts shall be payable \$5,000 on admission of the Limited Partners, \$15,000 on January 1, 1980, \$5,000 on January 1, 1981, and \$5,000 on January 1, 1982, as fees to the General Partners, in consideration for the day-to-day management of the Partnership activities and the Project, such as supervision of community relations and the operations of the real estate manager.

2.4.1.4 \$81,523 for a contractor's and developer's fee (which includes all amounts payable to the, General Contractor as identified in Paragraph 11.1), payable \$45,000 on July 1, 1980, \$7,357 on January 1, 1981, and \$29,166 on January 1, 1982.

2.4.1.5 \$12,152 to the General Partners in partial payment of the purchase price of the Project Property, payable \$3,500 on January 1, 1980, and \$8,652 on January 1, 1981.

2.4.1.6 \$10,000 to the General Partners for accounting fees, earned \$5,000 in 1979 and \$5,000 in 1980, payable \$5,000 on January 1, 1980, and \$5,000 on January 1, 1981, \$3,500 for organizational work payable January 1, 1981, \$8,708 for marketing and rent-up efforts, payable January 1, 1981, and \$9,117 payable \$5,283 on January 1, 1981 and \$3,834 on January 1, 1982, representing interest at the rate of 13 percent (13%) per annum on the deferred payments for land, marketing fees, developer/contractor fees and organization costs.

2.4.2 The following payments shall be made from the cash contribution of the Limited Partners upon admission to the Partnership:

2.4.2.1 The fees and expense allowance described in 2.4.1.1 in the amount of \$30,000; and

2.4.2.2 \$5,000 of the amount described in 2.4.1.3.

2.4.3 The following payments shall be made within ten (10) days of the payments to be made by the Limited Partners on the Notes to the Partnership on or before January 7, 1980, or as such date may be extended as provided in Paragraph 2.2.2 above (provided that no such payments shall be made unless the contingencies provided in Paragraph 2.2.2 above have been satisfied:

2.4.3.1 \$3,500 of the purchase price of the Project Property as described in 2.4.1.5;

2.4.3.2 \$5,000 of the accounting fees described in 2.4.1.6;

2.4.3.3 \$15,000 of the amounts described in 2.4.1.3;

2.4.3.4 \$16,500 of the amounts described in 2.4.1.2.

2.4.4. The following payments shall be made within 10 days of the payments to be made by the Limited Partners on the Notes to the Partnership on or before July 1, 1980, or as such date may be extended as provided in Paragraph 2.2.2 above (provided that no such payments shall be made unless the contingencies provided in Paragraph 2.2.2 above have been satisfied):

2.4.4.1 \$45,000 of the contractor's and developer's fees as described in 2.4.1.4.

2.4.5 The following payments shall be made within 10 days of the payments to be made by the Limited Partners on the Notes to the Partnership on or before January 1, 1981, or as such date may be extended as provided in Paragraph 2.2.2 above (provided that no such payments shall be made unless the contingencies provided in Paragraph 2.2.2 above have been satisfied):

2.4.5.1 \$8,652 of the amount payable pursuant to Subparagraph 2.4.1.5;

2.4.5.2 \$7,357 of the amount payable pursuant to Subparagraph 2.4.1.4;

2.4.5.3 \$22,491 of the amount payable pursuant to Subparagraph 2.4.1.6;

2.4.5.4 \$5,000 of the amount payable pursuant to Subparagraph 2.4.1.3.

2.4.5.5 \$16,500 of the amount payable pursuant to Subparagraph 2.4.1.2.

2.4.6 The following payments shall be made within 10 days of the payments to be made by the Limited Partners on the Notes to the Partnership on or before January 1, 1982 or as such date may be extended as provided in Paragraph 2.2.2 above (provided that no such payments shall be made unless the contingencies provided in Paragraph 2.2.2 above have been satisfied).

2.4.6.1 \$29,166 of the amount payable pursuant to Subparagraph 2.4.1.4;

2.4.6.2 \$5,000 of the amount payable pursuant to Subparagraph 2.4.1.3;

2.4.6.3 \$12,000 of the amount payable pursuant to Subparagraph 2.4.1.2; and

2.4.6.4 \$3,834 of the amount payable pursuant to Subparagraph 2.4.1.6.

2.4.7 It is expressly agreed that the General Partners and the Partnership shall report the fees payable pursuant to the foregoing Paragraphs 2.4.1.2 through 2.4.6.4 as guaranteed payments under §707(c) of the I.R.C.

2.4.8 Amounts receivable from the IHA Mortgage Loan for the \$27,848 balance of the agreed value of the Project property, and being any amount receivable from IHA attributable to the actual construction period interest being less than budgeted construction period interest, shall be payable directly to the General Partners.

ARTICLE III

Profits, Losses and Distributions

3.1 Percentage Interests.

Upon the completion of the sale by the Partnership of all of the Units, as described in Paragraph 2.2 hereof, the General Partners and Limited Partners will have the following interests in the Partnership ("Percentage Interests"):

General Partners

Percentage Interest

Kenneth G. Howell
Steve C. Swanson

1 1/2%
1/2%

Limited Partners

To be apportioned among the
Limited Partners in pro-
portion to the number of Units
(Each Unit representing a
9.8% Percentage Interest) (owned
by each as more fully set forth
in Exhibit A.)

98%

3.2 Apportionment of Limited Partners Interests.

The determination of each Limited Partner's distributive share of any Partnership item of income, gain, loss, deduction, credit or allowance for any Partnership accounting year or other period shall be made in accordance with the proportion that such Limited Partner's Percentage Interests bear to all Limited Partners' Percentage Interests. In the event that there is a transfer of a Unit (other than in the case of default) the distributive share of the aforesaid Partnership items (in respect of the Unit so transferred) shall be allocated between the transferor and transferee for each quarter in proportion to the number of months, including portions thereof, each held the Units during such quarter

3.3 Distributable Cash.

Distributable Cash shall mean cash of the Partnership after exclusion of the following items:

- (i) Cash equal to the amount of all tenants' security deposits held by the Partnership;
- (ii) Cash equal to the amount required by the Regulatory Agreement or the IHA to be maintained in any reserve fund for replacements;
- (iii) Cash equal to any other amounts required by the Regulatory Agreement or the IHA to be remitted to the IHA or maintained in any reserve fund;

- (iv) Cash equal to the amount necessary for payment of costs, expenses, obligations and liabilities then due; and
- (v) Cash in such additional amount as the General Partners may reasonably determine to be necessary or desirable as an additional reserve, including a reserve for payment of costs, expenses, obligations and liabilities not yet due.

In no event shall the amount of Distributable Cash exceed the amount permitted to be distributed by the Regulatory Agreement and the IHA. If there is any Distributable Cash, the General Partners and Limited Partners shall be entitled to receive the same in accordance with their respective Percentage Interests and Paragraph 3.5 hereof.

Distributable Cash shall be distributed effective as of the end of the fiscal year for which it is determined.

3.4 Profits and Losses.

Profits and losses of the Partnership shall be determined in accordance with the generally accepted accounting principles.

Except as otherwise provided in Paragraph 3.5, profits and losses shall be allocated in accordance with the respective Percentage Interests held by the Partners. The allocations and distributions shall be made as soon as possible after the end of the fiscal year, but in no event more than ninety (90) days following the end of the fiscal year, and after receipt of any necessary IHA approval.

3.5 Sale and Refinancing.

3.5.1 Upon the sale of the Property, loss realized upon the sale shall be allocated 98 percent to the Limited Partners and 2 percent to the General Partners.

3.5.2 Upon the sale of the Property, gain realized upon the sale shall be allocated as follows:

3.5.2.1 If the Limited Partners have negative capital account balances, gain shall be first allocated 100 percent to the Limited Partners until their capital account balances have been increased to zero;

3.5.2.2 Second, if the General Partners have negative capital account balances, gain shall be then allocated 100 percent to the General Partners until their capital account balances have been increased to zero;

3.5.2.3 Third, gain shall be then allocated

100 percent to the Limited Partners until the Limited Partners have received an allocation which gives each of them a positive capital account balance equal to the federal income tax liability which would be imposed on each of them with respect to their allocable portion of the capital gain realized upon sale of the Property, assuming the Limited Partners' allocable portion of such gain were 98 percent and such gain were taxed at the maximum individual long-term capital gain rate in effect under the Internal Revenue Code at the time such gain is realized;

3.5.2.4 Fourth, gain shall be then allocated 100 percent to the General Partners until the General Partners in the aggregate have received an allocation which equals the aggregate amount allocated to the Limited Partners under Subparagraph 3.5.2.3; and

3.5.2.5 Fifth, all remaining gain shall then be allocated 50 percent to the Limited Partners and 50 percent to the General Partners.

3.5.3 Distribution of net proceeds from refinancing of all or part of the Property shall be made as follows:

3.5.4.1 First, net proceeds from refinancing shall be distributed 100 percent to the Limited Partners until the Limited Partners have received an amount equal to the hypothetical federal income tax liability which would be imposed on the Limited Partners with respect to their allocable portion of a hypothetical gain; such hypothetical gain shall be equal to the net cash proceeds which the Partnership receives from refinancing the Property, plus the net proceeds which the Partnership previously received from prior refinancings (if any), reduced by the adjusted tax basis of the Property (or the portion of the Property) presently being refinanced, and further reduced by the hypothetical gains computed pursuant to this subparagraph at the time of any prior refinancings; in computing the Limited Partners' hypothetical federal income tax liability with respect to this hypothetical gain, it shall be assumed that the Limited Partners' allocable portion of the hypothetical gain is 98 percent and such gain is taxed to the Limited Partners at the maximum individual long-term capital gain rate in effect under the Internal Revenue Code at the time such refinancing takes place;

3.5.4.2 Second, net proceeds from refinancing shall be then distributed 100 percent to the General Partners until the General Partners in the aggregate have received a distribution which equals the aggregate amount distributed to the Limited Partners under Subparagraph 3.5.4.1; and

3.5.4.3 Third, any remaining net proceeds from

refinancing shall be then distributed 50 percent to the Limited Partners and 50 percent to the General Partners.

3.5.4 No brokerage fee, commission, finders or other fees shall be paid to any General Partner or any affiliate of a General Partner in connection with a sale or refinancing of the Project. No sale of less than all of the Property, or the sale or exchange of 50 percent or more of the capital and profits interests in the Partnership within any 12-month period is permitted.

ARTICLE IV

Rights, Duties and Obligations of General Partners.

4.1 General Partners to Manage Business.

The General Partners shall manage and control the business of the Partnership with full, exclusive and complete discretion in the management and control of said business, and shall make all decisions affecting said business. The General Partners may, from time to time, delegate any or all of such responsibilities and may appoint such agents or attorneys-in-fact as they shall determine advisable. No Limited Partner shall participate in or have any control over the Partnership business or have any right or authority to act for or on behalf of or to bind the Partnership.

4.2 General Partners' Powers.

The General Partners shall have all powers necessary or desirable to carry out the purposes, business and objectives of the Partnership and all of the power and authority in connection therewith as may be specifically stated in this Agreement or as may be otherwise provided by law; provided, however, that none of the following actions shall be effective without the prior approval of Limited Partners holding at least 67% of the Percentage Interests in the Partnership held by Limited Partners:

- i) Extension of the term of the Partnership;
- ii) Sale or exchange of the Project;
- iii) Transfer or assignment by any General Partner of part or all of his interest as a General Partner; and
- iv) Withdrawal and/or a substitution of a General Partner, unless required by the IHA as a default remedy under the Regulatory Agreement.

In the event that the General Partners for any reason fail to remedy or take reasonable steps to remedy any default declared by IHA within 60 days following notification by the IHA to the Partnership of such default, or the Partnership is for any reason unable to conduct partnership business for a period in excess of six months, the Limited Partners upon the vote of Limited Partners holding at least two-thirds of the Percentage Interests held by the Limited Partners and with the written consent of IHA may remove either or both of the General Partners and substitute a new General Partner, which new General Partner must be accepted by the IHA and the Limited Partners holding two-thirds of the total Partnership Interests held by the Limited Partners.

No authority given to the Limited Partners in this Paragraph 4.2 shall be exercised or effective unless the Limited Partners have previously submitted to the General Partners a tax ruling or opinion of tax counsel to the effect that the exercise of such authority will not destroy the tax status of the Partnership as a partnership or cause the Partnership to be treated as an association or corporation for tax purposes and an opinion of Idaho legal counsel that the exercise of such authority will not cause the Partnership to be treated as a General Partnership or affect the limited liability status of the Limited Partners under Idaho law.

4.3 Managing General Partner.

The General Partners may, by written instrument, delegate any or all of the powers of the General Partners to one of the General Partners who, if he accepts such designation, shall thereupon become the Managing General Partner. The Managing General Partner shall, by acceptance of his designation as the Managing General Partner, use his best efforts to carry out the purposes, business and objectives of the Partnership and to fulfill the duties and obligations of the General Partners, but the designation of a Managing General Partner shall not relieve the other General Partner of his duties and obligations as a General Partner and the Managing General Partner shall not borrow funds on behalf of the Partnership or enter into any contracts or agreements for the sale or disposition of Partnership property without the prior approval of the other General Partner. The designation of the Managing Partner shall continue until revoked in writing by the other General Partner or until the designated Managing General Partner withdraws as Managing General Partner by notice in writing to the other General Partner.

4.4 Decisions by General Partners.

Except as herein otherwise provided, all decisions, approvals, consents and votes of General Partners shall be by both General Partners. In the event of a deadlock between General Partners as to any decision, approval, consent

or vote, the position of the Managing General Partner shall be controlling.

4.5 General Partners' Duties.

The General Partners shall use their best efforts to carry out the purposes, business and objectives of the Partnership; shall devote such time to Partnership business as shall be reasonably required to carry out such purposes, business and objectives; shall use their best efforts to assure completion of the Project and the efficient management and operation of the Project to tenants qualifying for Section 8 rental assistance payments; and shall use their diligent and best efforts to assure compliance with the terms of the Mortgage Loan and Regulatory Agreement.

The General Partners or the Managing General Partner if one has been appointed shall supervise the preparation and filing of the tax returns of the Partnership and shall, on behalf of the Partnership, make such tax elections and determinations as appear to them appropriate.

The General Partners shall cause the Partnership at all times to maintain such insurance, in such amounts and against such risks, as the General Partners deem advisable to protect the Partnership against damage or destruction to the Project and against general liabilities.

4.6 General Partners' Compensation.

The General Partners shall receive no compensation for their services as General Partners other than their interest in profits and losses and their rights to receive distributions as provided in this Agreement except that any General Partner or any party who has an interest in a General Partner shall be entitled to receive the fees or compensation or his interest in the fees or compensation payable as may elsewhere be provided in this Agreement and shall be entitled to receive repayment of any monies lent the Partnership, together with interest, if any, as provided elsewhere in this Agreement. In addition, the General Partners shall have the right to retain any account payable by IHA from the Mortgage Loan proceeds which represents the difference between actual construction period interest and budgeted construction period interest, except for that portion which is payable to the contractor.

4.7 Other Interests of Partners.

Any Partner may engage in other business including business of a nature which is the same as or similar to the business of this Partnership without duty or obligation to account to the Partnership in connection therewith. Any

Partner may, in his individual capacity, lend money to or otherwise deal with the Partnership.

4.8 Managing Agent.

The General Partners may employ Parklane Development Company or other property management company, acceptable to IHA, to manage the Project and may pay reasonable compensation for the services performed by such property manager. The property manager may be a General Partner or an entity in which a Partner may have an interest.

4.9 Borrowing.

The Partnership may, to the extent permitted by the Regulatory Agreement and the IHA, borrow for Partnership purposes from any source, including any Partner. It is specifically expected that the Partnership shall borrow the funds provided under the documents relating to the Mortgage Loan and that the amount of the Mortgage Loan may be adjusted at or prior to the time of Final Closing; and that the Partnership may borrow against its right to receive additional capital contributions from Limited Partners to pay the fees provided elsewhere in this Agreement.

4.10 Liability of General Partners to the Partnership or to the Limited Partners.

The General Partners shall in no event be liable to the Limited Partners or to the Partnership except in the case of their own willful misconduct, bad faith or gross negligence. The General Partners shall not be liable to the Partnership or to any Limited Partner for acts of their agents or employees selected with reasonable care.

4.11 Waiver of Right to Partition.

The Partners hereby waive any right to bring an action for partition.

4.12 General Partners' Guarantee.

4.12.1 As a material consideration to the Limited Partners' participation in the Partnership, the General Partners guarantee completion of the Project to and including Final Closing, pursuant to the plans and specification approved by IHA of the Project Mortgage Note, and the General Partners guarantee that the total cost to the

Partnership of the Project shall not exceed the amount of the Partnership capital and proceeds of the Mortgage Loan. In the event that any costs related to the construction of the Project to effectuate Final Closing do exceed the Partnership capital and proceeds of the Mortgage Loan, the General Partners agree to be responsible for such costs and indemnify and hold the Partnership and the Limited Partners harmless from any claims, liabilities or causes of action resulting from such costs.

4.12.2 As a material consideration to the Limited Partners' participation in the Partnership, the General Partners, from and after Initial Closing, jointly and severally, agree to be responsible for and to pay net operating deficits, i.e., the amount that operating expenses (including debt service) exceed the income of the Project, if any, up to a maximum amount of \$75,000. Any amounts paid by the General Partners in respect of any such operating deficit shall be considered loans for which a Residual Receipt Note will issue to the General Partners making such loan. If any such loans are made to the Partnership by the General Partners due to net operating deficits, then the General Partners shall be entitled to repayment only if there is Distributable Cash available for such repayment. If there is Distributable Cash, then the General Partners shall be entitled to repayment on such loans prior to any distribution to the Limited Partners in accordance with Paragraph 3.4 hereof. In the event these loans have not been repaid to the General Partners and the Partnership proceeds to liquidate its assets, then the balance due the General Partners of any such loans shall be added to the credit balance in the capital accounts of the appropriate General Partners and the General Partners paid such proceeds of liquidation, if any, in accordance with Paragraph 9.2.3 hereof.

4.12.3 The General Partners will insure that the Project General Contractor supplies to the Mortgage Lender a bond to secure the General Contractor's performance under the Construction Contract between the Partnership and the General Contractor for the construction of the Project property in the amount of \$693,894 which is the guaranteed maximum amount of the Construction Contract.

ARTICLE V

Rights of Limited Partners

5.1 No Liability.

No Limited Partner shall be subject to assessment nor shall

any Limited Partner be personally liable for any of the debts of the Partnership or any of the losses thereof beyond that amount contributed by him to the capital of the Partnership, his Notes for capital contributions to the Partnership according to the terms thereof, and his share of undistributed profits of the Partnership.

5.2 Rights to Management of Business.

No Limited Partner as such, shall take part in the management of the business, transact any business for the Partnership, or have the power to sign for or to bind the Partnership to any agreement or document.

5.3 Rights to Inspect Books.

Limited Partners and their designated representatives shall be entitled to (a) review the records of the Partnership at reasonable times and at the location where such records are kept by the Partnership, and (b) obtain a list of the names and addresses and Percentage Interests owned by the Limited Partners.

5.4. Right to Call Meeting.

Limited Partners holding 10% of the Percentage Interests shall have the right to call a meeting of the Partnership by written notice given to all Partners at least 20 days prior to the date specified for such meeting.

5.5 Defense of Suits.

5.5.1 The General Partners shall arrange to prosecute, defend, settle or compromise all actions at law or in equity at the expense of the Partnership as such may be necessary to enforce or protect the Partnership's interests.

5.5.2 The General Partners shall satisfy any judgment, decree, decision or settlement involving the Partnership: first, out of any insurance proceeds available therefor; next, out of the Partnership assets and income; and finally, out of the assets and income of the General Partners, subject to the limitations and provisions of Paragraph 4.12.2 hereof.

ARTICLE VI

Withdrawal of Partners

6.1 Withdrawal Defined.

Withdrawal of a Partner shall mean the retirement or withdrawal of a Partner but shall not include the withdrawal

of a Partner by reason of the transfer to another party of the Percentage Interest in the Partnership of the transferring Partner.

6.2 Consent to Withdraw.

No Partner shall withdraw as a Partner without the written consent of all General Partners; provided that a Limited Partner has paid in full his capital contribution pursuant to Paragraph 2.2.2. In the event of the withdrawal of a Limited Partner from the Partnership, the Percentage Interest of such Partner shall be divided among all the remaining Partners, according to their Percentage Interests in the Partnership.

ARTICLE VII

Withdrawal, Dissolution, Death, Disability or Bankruptcy of General Partners

7.1 Rights and Obligations Upon Certain Events.

7.1.1 The dissolution, death, disability or bankruptcy of a General Partner shall dissolve this Partnership, unless the remaining General Partner agrees to continue the Partnership, or if there is no remaining General Partner, all remaining Partners agree to the continuation of the Partnership upon the occurrence of such an event and shall select a new General Partner.

7.1.2 If a General Partner withdraws from the Partnership such General Partner shall waive any rights he may have to distribution of Partnership properties in liquidation of his interest or otherwise. Such General Partner shall be liable to the Partnership for any deficit in his capital account, which amount shall be due and payable upon his withdrawal.

7.1.3 Upon the dissolution, death, disability or bankruptcy of a General Partner (unless there shall be only one General Partner), the Percentage Interest of such General Partner shall be liquidated by the payment to such General Partner or his successors, personal representative, trustee, or conservator, as the case may be of any positive balance in the capital account of such General Partner. If, in the judgment of the remaining General Partner, the Distributable Cash of the Partnership (as defined in Paragraph 3.4) is not sufficient to pay any such amount (taking into consideration the reasonably anticipated cash needs of the Partnership), such amount shall be payable when Distributable Cash of the Partnership is sufficient and any amount unpaid after six months from the occurrence requiring such payment shall bear interest at the rate of 6% per annum.

7.1.4 In the event of the dissolution, death, disability, bankruptcy or withdrawal of a General Partner which does not cause a termination of the Partnership under Paragraph 9.1.1, the Percentage Interest of such Partner in the Partnership shall, upon such event, be divided among all the remaining Partners, pro-rata, according to their Percentage Interests.

7.1.5 For purposes of this Paragraph 7, the term "disability" shall mean the inability of a General Partner to perform his routine business duties in his regular employment for a continuous period of six months due to mental or physical incapacity. The term "bankruptcy" shall mean the filing by or against a General Partner of any petition in bankruptcy for an arrangement or reorganization under the National Bankruptcy Act.

7.2 No Sale of General Partner's Partnership Interests.

No General Partner may sell or otherwise convey, pledge, hypothecate, encumber or otherwise dispose of all or any portion of his Percentage Interest in the Partnership except with the prior written consent of the other General Partner (and in the case of sale, the consent of the Limited Partners required by Paragraph 4.2). Any such sale, conveyance, pledge, hypothecation, encumbrance or other disposition of such Partnership Interest to which the other General Partner has not consented shall be ineffective for all purposes and void.

7.3 General Partners Contributions or Loans.

Except as otherwise herein provided, whenever the General Partners are required to make additional contributions to the capital of the Partnership or loans to the Partnership, each General Partner shall make such contribution, advance or loan in accordance with their respective Percentage Interests.

7.4 General Partners Default upon Call for Additional Funds.

The provisions of this Paragraph 7.4 affect rights and duties of the General Partners inter se and have no effect upon any of the General Partners obligations to the Limited Partners or the Partnership.

Upon the determination by a majority of the General Partners that the General Partners make additional contributions to the capital of the Partnership or loans to the Partnership (hereinafter collectively referred to as "Call for Funds") the Managing General Partner or any General Partner if a Managing General Partner is not then serving, shall give written notice to the General Partners indicating the gross amount of the Call for

Funds, the purposes therefor, and the share of such Call for Funds required of each General Partner. The notice shall indicate that the payment of each General Partner's share of the Call for Funds shall be required of it within 30 days following the receipt of such written notice. If the share of any General Partner's Call for Funds is not paid within such 30-day period, it shall bear interest at the rate of 10 percent per annum commencing with the day following the close of such 30-day period until paid. If such Call for Funds remains due and payable for more than 180 days following the receipt of such written notice, the other General Partners, following payment of their share of such Call for Funds (hereinafter "nondefaulting General Partners") may pay the share of the Call for Funds required of the General Partner when is then in default (hereinafter "defaulting General Partner"); provided, however, that the nondefaulting General Partners may pay such Call for Funds at an earlier date if such funds are necessary to prevent the Partnership from defaulting on its obligations which necessitated the Call for Funds, however, the period of 180 days shall not be shortened for purposes of the nondefaulting General Partners election to treat their payment of the defaulting General Partner's share of the Call for Funds as either a loan or causing dilution as hereinafter provided. The nondefaulting General Partners shall each have the right to pay a pro-rata amount of the defaulting General Partner's share of the Call for Funds. If the nondefaulting General Partners do not each pay such pro-rata share, then the nondefaulting General Partners shall decide among themselves in what proportion the defaulting General Partner's share of the Call for Funds shall be paid by them. The nondefaulting General Partners shall have the option, to be exercised within 30 days of payment by them on the defaulting Partner's share of the Call for Funds, of diluting the defaulting General Partner's Percentage Interest in all classes of the profits, losses and distributions of this Partnership and the defaulting General Partner's capital account or to treat such payment as a loan by them to the defaulting General Partner in the proportion to which each nondefaulting General Partner has made such payment. In the event such payment is to be treated as a loan, the amount of such payment shall bear interest at the rate of 15% per annum and shall be payable upon demand. In the event the nondefaulting General Partners elect to dilute the defaulting General Partner's interest in the Partnership, the nondefaulting General Partners making such payment of the Call for Funds shall have their interests in all classes of the profits, losses and distributions of the Partnership and their capital accounts increased by reference to the ratio which 1.25 multiplied by the amount with respect to which the defaulting General Partner is in default shall bear to the sum of the total original and additional capital contributions of all General Partners made theretofore and the amount with respect to which the defaulting General Partner

is in default. The accountants normally servicing the books and records of the Partnership shall compute the adjusted percentages by which the General Partners shall share the profits and losses of the Partnership following such dilution and shall make such adjustments as are necessary on the Partnership books and records. The above notwithstanding, the time periods for payment of any Call for Funds and the time at which the nondefaulting General Partners can pay the share of the Call for Funds of any defaulting General Partner shall be shortened to the extent required to timely cure any default in the Mortgage Loan or any other contract or agreement of the Partnership with third parties.

ARTICLE VIII

Death, Disability or Bankruptcy of a Limited Partner and Transfer of Limited Partnership Interests

8.1 Rights and Obligations of Withdrawn Limited Partners.

The death, disability or bankruptcy of a Limited Partner shall not cause a dissolution or termination of this Partnership. The personal representatives, successors, conservators or trustees, as the case may be (hereinafter "successor in interest"), of such Limited Partner shall succeed to his Percentage Interest herein and the transfer of such Percentage Interest to such persons shall be effected on the books of the Partnership, subject, however, to the performance of such acts, and the agreement of such successors in covenants and undertakings, as counsel for the Partnership shall determine to be necessary to avoid violation of any Federal or State securities laws in connection with such succession, or subsequent transfers, and their agreement to be bound by all of the terms and provisions of this Agreement. Notwithstanding the transfer herein contemplated, such successors in interest shall be assignees only with respect to the Percentage Interest of such Limited Partner; provided, however, that the General Partners may, in their sole discretion, acting in the interest of the Partnership, cause such successors in interest to be substituted Limited Partners upon an appropriate amendment to the Certificate of Limited Partnership, and the filing for record of the same in such counties within the State of Idaho and elsewhere as may be required by law.

8.2 Transfer of Limited Partners Interest.

Except as may be hereinafter specifically provided, no Limited Partner shall transfer, convey, sell, assign, pledge, hypothecate or in any other manner dispose of the Percentage

Interest held by him hereunder, or any portion thereof. No purported assignment shall be recognized on the books of the Partnership, and no rights to distributions, voting or other incidents of ownership shall be accorded any purported assignee, unless the provisions of this Section 8.2 are complied with in respect to such transfer.

8.2.1 After obtaining the written consent of the General Partners, which consent may be withheld for any reason in their discretion, a Limited Partner may transfer all or any part of his Percentage Interest herein to any "related person" as hereinafter defined; provided, however, that such related person shall execute such instruments as the General Partners may reasonably require evidencing such related persons agreement to all terms and provisions of this Agreement, and shall perform such acts and render such covenants or undertakings as counsel for the Partnership may determine to be necessary to avoid violation of any Federal or State securities laws in respect to such transfer. Such related person shall be an assignee only with respect to the Percentage Interest transferred to him; provided, however, that the General Partners, by appropriate amendment to the Certificate of Limited Partnership, may, in their sole and absolute discretion, acting for the benefit of the Partnership, cause such persons to be a substituted Limited Partner. For purposes of this Paragraph 8.2.1, the terms "related persons" of each Limited Partner shall mean his spouse, lineal descendants, trustees or other fiduciaries for the benefit of any such persons, or corporations or partnerships in which any of the foregoing owns a majority interest.

8.2.2 In the event that a Limited Partner desires to transfer all or part of his Percentage Interest herein to persons other than "related persons," he shall notify the General Partners of such desire in writing (such notification being hereinafter referred to as the "transfer notice") setting forth in such transfer notice the price, terms and conditions under which he desires to sell his Percentage Interest and the true name of the proposed purchaser or purchasers. Upon receipt of the transfer notice, the General Partners shall determine whether such transfer is in the interest of the Partnership. In making such determination, the General Partners shall consider the suitability of the proposed transferee for investment in the Partnership and shall ascertain the acceptability of the proposed transferee as member of the Partnership to the IHA completing their determination thereof within a reasonable time following receipt of such transfer notice. Should they determine that such transfer should not be allowed, the General Partners shall so notify such Limited Partner, and thereafter any attempted assignment of any or all such Percentage Interest shall be null and void. Should the General Partners determine to allow such transfer, they shall promptly mail to all Limited Partners a copy of such transfer notice. The remaining Limited Partners will

have ten (10) days following the mailing of such transfer notice to them within which to notify the General Partners as to whether they desire to purchase the Percentage Interest offered for sale at the price and on the terms therein set forth. Following such 10 day period within which the other Limited Partners may notify the General Partners of their desire to participate in a purchase of the Percentage Interest which is the subject of the transfer notice, the General Partners shall, on behalf of the Partnership, have the option to cause the Partnership to liquidate the Percentage Interest which is the subject of the transfer notice on the same terms and conditions as are therein described should they determine that such action is in the best interest of the Partnership by so notifying the selling Limited Partner within said 10 day period. Should the General Partners fail to take such action within 10 days following the close of the period for notification by the Limited Partners as aforesaid as to all or any part of such Percentage Interest, written notification of such failure shall be forwarded immediately to each of the Limited Partners who shall have indicated their desire to participate in the purchase of the Percentage Interest being offered, or the remaining portion thereof, and those persons shall, within 10 days following such notification forward to the General Partners, as their agent and nominee, cash or certified funds in an amount necessary to purchase the Percentage Interest so offered, together with their promissory notes for the remainder of the purchase price, if any. Said cash amounts and the balances represented by any such promissory notes shall bear the same ratio to the total amount so required as the number of Units held by each such participating Limited Partner shall bear to the number of Units held by all such participating Limited Partners, or in such other proportions as they shall agree, which cash amounts and the promissory notes shall be tendered to the selling Limited Partner within 10 days following the close of the period during which the participating Limited Partners must submit their required shares. Thereafter, the General Partners shall, as nominee and agent for all participating Limited Partners, notify all such participating Limited Partners of all amounts which may subsequently be required of them, and the time such amounts are so required, to discharge their obligations to the selling Limited Partner hereunder.

8.2.3 As to the portion of the Percentage Interest which is the subject of a transfer notice which is not liquidated by the Partnership or purchased by other Limited Partners as is hereinabove described, the same may be transferred by the selling Limited Partner, but only upon such terms and conditions as have been set forth in the transfer notice. Should such transfer not be effected within 30 days following the expiration of the last such 10 day period, the Percentage Interest or appropriate portion thereof, shall again be subject to this Paragraph 8.2. The above notwithstanding, however, the General Partners may delay

or prevent any such transfer upon the performance of such acts or the rendering of such covenants or undertakings by transferor or transferee which counsel for the Partnership may reasonably determine to be necessary to avoid:

8.2.3.1 The violation of any Federal and State securities laws in respect to any such transfer; and

8.2.3.2 The sale or exchange of 50% or more of the total interest in Partnership capital and profits within any 12-month period within the meaning of Section 708(b)(1)(B) of the Internal Revenue Code of 1954.

ARTICLE IX

Termination of the Partnership

9.1 Events of Termination.

The Partnership shall be terminated upon the earliest to occur of the following:

9.1.1 The dissolution, death, disability, bankruptcy or withdrawal of a General Partner who is the sole General Partner unless, upon unanimous vote or consent, the holders of all Units elect to continue the business of the Partnership and select a new General Partner.

9.1.2 The expiration of the term of the Partnership as provided in Paragraph 1.3.

9.1.3 The sale, exchange, condemnation or foreclosure of the Project.

9.2 Procedure and Payments Upon Termination.

In the event of the termination of the Partnership, the Partnership shall immediately commence to wind up its affairs. The Partners shall continue to share in profits or losses during liquidation in the same proportions as before termination. Any gain or loss on disposition of Partnership property in the process of liquidation shall be credited or charged to the Partners in the manner provided in Paragraph 3.5 above. The proceeds from liquidation of Partnership assets shall be applied as follows:

9.2.1 Payment to creditors of the Partnership, other than Partners, in the order of priority provided by law.

9.2.2. Payment to the Limited Partners of the credit balance in their capital accounts.

9.2.3 Payment to the General Partners of the credit balance in their capital accounts and any amounts owed pursuant to Paragraphs 4.12.2 and 7.1.3 hereof.

9.2.4 Payment to the Partners of the remaining proceeds, 50% to the General Partners and 50% to the Limited Partners. Any property distributed in kind in this liquidation shall be treated as though the property was sold at fair market value and the cash proceeds were distributed and the gain or loss allocated in accordance with Paragraph 3.5.1 and 3.5.2.

9.3 Reports and Liability Upon Termination.

Each of the Partners shall be furnished with a statement prepared by the General Partners setting forth the assets and liabilities of the Partnership on the date of complete liquidation. Upon compliance with the foregoing manner of distribution, all Partners shall be relieved of the burdens and benefits of their association hereunder except for the General Partner who shall execute, acknowledge and cause to be filed, an amendment to the Certificate of Limited Partnership indicating the termination of the Partnership and the cancellation of the Certificate of Limited Partnership.

9.4 No Liability for Return of Contributions.

The General Partners shall not be personally liable for the return of all or any part of the capital contributions of the Partners to the Partnership, unless the IHA does not approve this Amendment and Restatement of the Partnership Agreement.

ARTICLE X

Fiscal Matters

10.1 Books and Records.

Subject to the following division of bookkeeping responsibilities, the General Partners shall maintain full and accurate books of the Partnership at the principal place of business of the Partnership or at such other place as may be designated from time to time by the General Partners, showing all receipts and expenditures, assets and liabilities, profits and losses, and all other records necessary for recording the Partnership's business and affairs. The Managing General Partner, if there shall be one, shall maintain all of such books.

10.2 Fiscal Year.

The fiscal year of the Partnership shall be the calendar year.

10.3 Auditors.

The Auditors shall mean a firm of independent certified public accountants of generally recognized standing selected by the General Partners.

10.4 Reports to Partners.

The General Partners shall prepare at the Partnership's expense, and shall deliver to each Partner on or before March 1 of each year, a statement certified by the Auditors showing the income and expenses of the Partnership for the preceding fiscal year and a balance sheet, certified by the Auditors, for the Partnership as of the end of the preceding fiscal year in such form as the IHA may require or in accordance with generally accepted accounting principles, and a copy of the federal income tax information return of the Partnership for the preceding fiscal year showing each Partner's distributive share of each item income, gain, loss, deduction or credit which a Partner is required to take into account separately on his individual federal income tax return. The Partnership shall also furnish to any Partner, at such Partner's expense, such other reports on the Partnership's operations and conditions as such Partner may reasonably request.

10.5 Bank Accounts and Investment of Funds.

All funds of the Partnership shall be deposited in its name in such checking and savings accounts or time deposits or certificates of deposit as shall be designated by the General Partners from time to time. Withdrawals therefrom be made upon such signature or signatures as the General Partners may designate. The Partnership may invest funds in short term obligations (maturing within one year) of the United States Government.

10.6 Accounting Decision.

The books of the Partnership shall be kept on the accrual basis. All decisions as to accounting matters, except as specifically provided to the contrary herein, shall be made by the General Partners in accordance with generally accepted accounting principles consistently applied. Such decisions must be satisfactory to the Auditors, and the General Partners may rely upon the advice of the Auditors as to whether such decisions are in accordance with generally accepted accounting principles.

10.7 Federal Income Tax Elections.

The Partnership shall elect to treat as an expense for federal income tax purposes all amounts incurred for rent,

real estate taxes, interest and other charges during or relating to the construction of the Project which may, in accordance with applicable law and regulations, be considered as expenses, unless the General Partners determine, upon advice of the Auditors, that another method of treating such amounts will be more favorable to the Partners.

The Partnership shall, to the extent permitted by applicable statutes and regulations and upon obtaining any necessary approval of the Commissioner of Internal Revenue Service, elect to use such methods of accelerated depreciation as will permit the highest depreciation deductions in the early years of the life of an asset.

If and when it may become of significant importance to a Partner, the Partnership may, at its option, make the election provided in Section 754 of the Internal Revenue Code of 1954 or corresponding provisions of succeeding law and shall keep appropriate accounting records to reflect the application of that Section.

ARTICLE XI

Construction - Financing

11.1 General Contractor.

It is contemplated that the Partnership will employ Ernst & Payne, Inc. to construct the improvements included in the Project. Nothing contained herein shall be construed to prevent the Partnership from terminating a general contractor which is in default and retaining another general contractor to complete the Project, at the discretion of the General Partners.

11.2 Construction Contract.

The construction contract entered into between the Partnership and the general contractor providing for the construction of the Project shall be in a form approved by the IHA.

11.3 Working Capital Letter of Credit.

The Idaho Housing Agency Regulatory Agreement requires the Mortgagee to obtain a deposit or letter of credit from the Partnership in the amount of \$25,292 to meet costs of equipping and renting the Project and to be applied to taxes, mortgage insurance premiums, property insurance premiums and assessments required by the terms of the mortgage accruing subsequent to Initial Closing of the mortgage for insurance,

and not included in the proceeds of the Mortgage Loan. The General Partners shall secure and obtain a letter of credit on behalf of the Partnership and in the event of the use of such letter of credit by the Mortgagee, the General Partners shall be liable for the repayment thereof in furtherance of their guarantee contained in Paragraph 4.12.2 hereof, but also subject to the limitation therein set forth.

ARTICLE XII

General Provisions

12.1 Notices.

All notices, consents, waivers, directions, requests, votes, or other instruments or communications provided for under this Agreement shall be in writing, signed by the party giving the same, and shall be deemed properly given when actually received or when mailed, if sent by registered or certified United States mail, postage prepaid, addressed: (a) in the case of the Partnership or the General Partners as a group, to the Partnership or the General Partners, as the case may be, at the principal place of business of the Partnership, or (b) in the case of any Partner individually, to such Partner at his address set forth in Exhibit A hereto. Each Partner may, by written notice to all other Partners, specify any other address for the receipt of such instruments or communication.

12.2 Consents Deemed Given if Not Withheld.

Whenever a consent, approval, waiver or affirmative vote of a Partner is required under this Agreement or is desirable with respect to any transaction, the Partner may be given written notice requesting such consent, approval, waiver or affirmative vote, and, if such Partner does not respond with a written notice specifically withholding his consent, approval, waiver or affirmative vote within thirty (30) days after being given the written notice requesting the same, such Partner shall be deemed to have given his consent, approval, waiver or affirmative vote.

12.3 Indemnification of General Partners.

The Partnership shall indemnify each of the General Partners and the Managing General Partner against any claim or liability, including reasonable attorney's fees, incurred in connection with the business of the Partnership and neither the Partnership nor any Partner shall have any claim against any General Partner or the Managing General Partner by reason of any act or omission of such General Partner or the Managing General Partner except in the case of an act or omission of a General Partner or the Managing General Partner which amounts to willful misconduct, bad faith or gross negligence.

During any period in which the General Partners have designated a Managing General Partner, the other General Partner agrees to indemnify and hold harmless the Partnership from all claims and liabilities, including reasonable attorney's fees resulting from any act on their part, on behalf of the Partnership, which has not received the prior written approval of the Managing General Partner.

12.4 Power of Attorney.

Each Limited Partner hereby constitutes and appoints the General Partners or any one of them alone and without the other as his true and lawful attorneys and agents with full power and authority in his 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 Partnership as a Limited Partnership in any jurisdiction in which the Partnership conducts business; any amendment to this 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 of 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 the dissolution and termination of the Partnership.

The power of attorney granted hereby shall not be affected by disability of the principal, shall be deemed to be coupled with an interest and shall survive the death or incompetency of any Limited Partner and the transfer by any Limited Partner of his Percentage Interest in the Partnership. The foregoing Power of Attorney shall survive the delivery of any assignment by a Limited Partner of the whole or any portion of his Percentage Interest and any assignee of a Limited Partner as his true and lawful attorneys in the same manner and for the same purposes as the assignee.

12.5 Integration.

This Agreement and the Subscription Agreement which is incorporated herein by this reference embody the entire agreement and understanding among the Partners and supersede all prior agreements and understandings, if any, among and between the Partners relating to the subject matters hereof.

12.6 Applicable Law.

This Agreement and the rights of the Partners shall be governed by and construed and enforced in accordance with the laws of the State of Idaho.

12.7 Counterparts.

This Agreement may be executed in several counterparts and all counterparts so executed shall constitute one Agreement binding on all parties hereto, notwithstanding that all the parties are not signatory to the original or the same counterpart, except that no counterpart shall be authentic unless signed by all General Partners.

12.8 Separability.

In case any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

12.9 Binding Effect.

Except as herein provided to the contrary, this Agreement shall be binding upon, and inure to the benefit of, the Partners and their respective heirs, executors, administrators, successors and assigns.

12.10 Captions.


The Captions are not part of this Agreement and are included for convenience only.

IN WITNESS WHEREOF, the undersigned, being all of the General Partners of the Partnership, have executed and acknowledged this Agreement as of the date first above written.


KENNETH G. HOWELL


STEVE C. SWANSON

SWANSON, INC., an Idaho corporation

By 
Steve C. Swanson, President

IN WITNESS WHEREOF, the undersigned Limited Partners have executed this Agreement on the date hereinbelow indicated or indicated on any separate identical counterpart hereof executed by any such Limited Partner.

12/6/79
12/12/79
DATE

George R. Bower

DATE

DATE

DATE

DATE

DATE

DATE

DATE

DATE

DATE

IN WITNESS WHEREOF, the undersigned Limited Partners have executed this Agreement on the date hereinbelow indicated or indicated on any separate identical counterpart hereof executed by any such Limited Partner.

4/30/79

DATE

Catherine Daniels Craig

DATE

DATE

DATE

DATE

DATE

DATE

DATE

DATE

DATE

IN WITNESS WHEREOF, the undersigned Limited Partners
have executed this Agreement on the date hereinbelow indicated or
indicated on any separate identical counterpart hereof executed
by any such Limited Partner

11/30/79
DATE

DATE

DATE

DATE

DATE

DATE

DATE

DATE

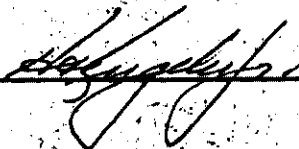
DATE

DATE

x Richard M. Davis

IN WITNESS WHEREOF, the undersigned Limited Partners have executed this Agreement on the date hereinbelow indicated or indicated on any separate identical counterpart hereof executed by any such Limited Partner.

11/30/79
DATE



DATE

DATE

DATE

DATE

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DATE

DATE

IN WITNESS WHEREOF, the undersigned Limited Partners have executed this Agreement on the date hereinbelow indicated or indicated on any separate identical counterpart hereof executed by any such Limited Partner.

12/1/79
DATE

Leyrite Pipe Co., Inc. Steve Edwards, Pres.

DATE

DATE

DATE

DATE

DATE

DATE

DATE

DATE

DATE

IN WITNESS WHEREOF, the undersigned Limited Partners have executed this Agreement on the date hereinbelow indicated or indicated on any separate identical counterpart hereof executed by any such Limited Partner.

11/16/79
DATE

Laraby S. Maulden, Pte.

11/16/79
DATE

Laraby S. Maulden, Pte.

DATE

DATE

DATE

DATE

DATE

DATE

DATE

DATE

IN WITNESS WHEREOF, the undersigned Limited Partners have executed this Agreement on the date hereinbelow indicated or indicated on any separate identical counterpart hereof executed by any such Limited Partner.

12-11-79
DATE

(+) Onlie Mark

DATE

DATE

DATE

DATE

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DATE

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DATE

DATE

IN WITNESS WHEREOF, the undersigned Limited Partners have executed this Agreement on the date hereinbelow indicated or indicated on any separate identical counterpart hereof executed by any such Limited Partner.

12-7-79
DATE

12-7-79
DATE

DATE

DATE

DATE

DATE

DATE

DATE

DATE

DATE

(X) M. M. ...

(X) ...

IN WITNESS WHEREOF, the undersigned Limited Partners have executed this Agreement on the date hereinbelow indicated or indicated on any separate identical counterpart hereof executed by any such Limited Partner.

11/16/79
DATE

ⓧ Quinn B. Sargent

DATE

DATE

DATE

DATE

DATE

DATE

DATE

DATE

DATE

EXHIBIT A

TO

LIMITED PARTNERSHIP AGREEMENT

OF

TAMARACK ASSOCIATES

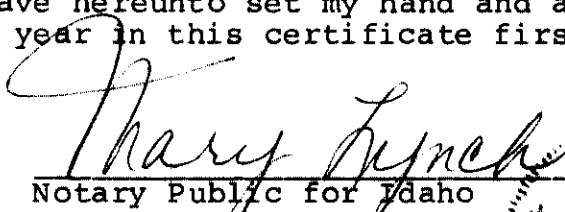
<u>NAME</u>	<u>ADDRESS</u>	<u>% INTEREST</u>	<u>CAPITAL CONTRIBUTION</u>
<u>GENERAL PARTNERS:</u>			
Kenneth G. Howell	1020 West Franklin Boise, Idaho 83702	1 1/2	Intangible rights to the Project (having an agreed value of \$4,694, \$3,520.50 allocated to Kenneth G. Howell, and \$1,173.50 to Steve C. Swanson
Steven C. Swanson	The Idaho First Plaza 101 South Capitol Blvd. Boise, Idaho 83702	1/2	
<u>LIMITED PARTNERS:</u>			
George Q. Bower	1809 Coburn Avenue Worland, Wyoming 82401	9.8	\$ 23,000.00
Catherine Daniels Craig	7652 Parfet Court Arvada, Colorado 80005	9.8	23,000.00
Richard M. Davis	950 Seventeenth Street, #2600 Denver, Colorado 80202	9.8	23,000.00
H. A. Kugeler, Jr.	10251 Arapahoe Road Lafayette, Colorado 80026	9.8	23,000.00
Leyrite Pipe Co., Inc. Steve Edwards, President	Post Office Box 9312 Casper, Wyoming 82609	9.8	23,000.00

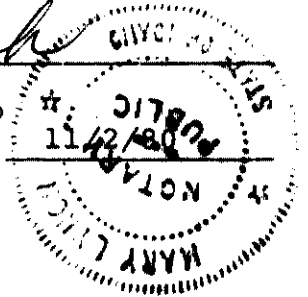
Carl D. Moulden & Dorothy S. Moulden (Trustees for Carl D. Moulden Trust)	243 South Lennox Casper, Wyoming 82601	9.8	\$ 23,000.00
Julie Nirk	2621 Holiday Lane Colorado Springs, Colorado 80909	9.8	23,000.00
Mahlon E. Saunders, Jr. & Vera I. Saunders	2715 Howbert Colorado Springs, Colorado 80904	9.8	23,000.00
Newell B. Sargent	1335 Airport Road - Route 2 Worland, Wyoming 82401	19.6	46,000.00

STATE OF IDAHO)
) ss.
County of Ada)

On this 16th day of November, 1979, before me, the undersigned, a Notary Public in and for said State, personally appeared KENNETH G. HOWELL, known to me to be the person whose name is subscribed to the within and foregoing instrument, who acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

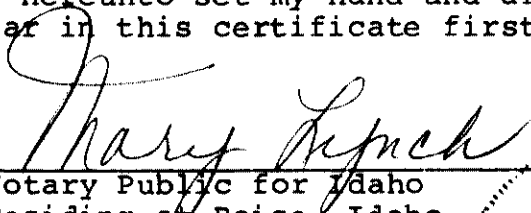

Notary Public for Idaho
Residing at Boise, Idaho
My commission expires:

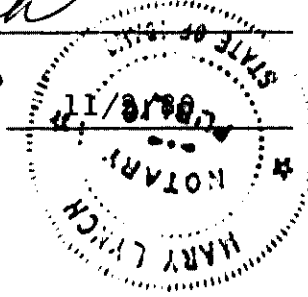


STATE OF IDAHO)
) ss.
County of Ada)

On this 16th day of November, 1979, before me, the undersigned, a Notary Public in and for said State, personally appeared STEVE C. SWANSON, known to me to be the person whose name is subscribed to the within and foregoing instrument, who acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.


Notary Public for Idaho
Residing at Boise, Idaho
My commission expires:



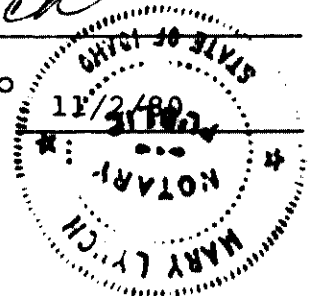
STATE OF IDAHO)
) ss.
County of Ada)

On this 16th day of November, 1979, before me, the undersigned, a Notary Public in and for said State, personally appeared STEVE C. SWANSON, known to me to be the President of SWANSON, INC., an Idaho corporation, who acknowledged to me that he executed the within and foregoing instrument for and on behalf of said corporation and in said corporation's name.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Mary Lynch

Notary Public for Idaho
Residing at Boise, Idaho
My commission expires:



Filed and recorded at the request of Givens, McDewitt, Pursley
at 11:20 o'clock 9 M this 3rd day of Jan 19 80 & Webb
By Bonnie E. Waite
Deputy

BOB J. WAITE
Ex-Officio Auditor and Recorder
Idaho County, Idaho

Fee \$ 9.20

*m/ P.O. Box 2720
Boise, ID 83701*