



**Department of State.**

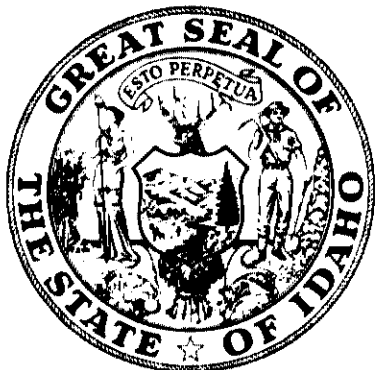
**CERTIFICATE OF REGISTRATION  
OF**

**HILLCREST RETIREMENT CENTER, LTD.**

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of an Application of **HILLCREST RETIREMENT CENTER, LTD.** for Registration in this State, duly signed and verified pursuant to the provisions of the Idaho Limited Partnership Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Registration to **HILLCREST RETIREMENT CENTER, LTD.** to transact business in this State under the name **HILLCREST RETIREMENT CENTER, LIMITED PARTNERSHIP** and attach hereto a duplicate original of the Application for Registration.

Dated **November 9, 1983.**



*Pete T. Cenarrusa*

SECRETARY OF STATE

by: \_\_\_\_\_

**APPLICATION FOR REGISTRATION OF  
FOREIGN LIMITED PARTNERSHIP**

To the Secretary of State of the State of Idaho:

Pursuant to the provisions of Chapter 2, Title 53, Idaho Code, the undersigned Limited Partnership hereby applies for registration to transact business in your State, and for that purpose submits the following statement:

- Nov 9 8 38 AM '83
1. The name of the limited partnership is Hillcrest Retirement Center, Ltd.
  2. The name which it shall use in Idaho is Hillcrest Retirement Center, Limited Partnership
  3. It is organized under the laws of State of Oregon
  4. The date of its formation is October 3, 1983
  5. The address of its registered or principal office in the state or country under the laws of which it is organized is 177 N.E. 102nd Ave., Portland, Oregon 97220
  6. The name and street address of its proposed registered agent in Idaho are Medical Management, Inc. 1755 Westgate Dr., Suite 215, Boise, Idaho 83704
  7. The general character of the business it proposes to transact in Idaho is:  
To own a retirement center for the elderly.
  8. The names and business addresses of its partners are (must be completed only if not included in the certificate of limited partnership):

Name	General or Limited	Address
<u>Included in Certificate of Limited Partnership</u>		
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
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_____	_____	_____
_____	_____	_____

(continued on reverse)

8. (Continued)

Name	General or Limited	Address

9. This Application is accompanied by a copy of the certificate of limited partnership and amendments thereto, duly authenticated by the proper officer of the state or country under the laws of which it is organized.

Dated November 4, 19 83.

Hillcrest Retirement Center, Ltd.

By [Signature] President, Fairview Living Centers, Inc.  
James Williams, President  
Fairview Living Centers, Inc.  
A General Partner

STATE OF OREGON )  
 ) ss:  
COUNTY OF MULTNOMAH )

I, CRAIG J. RITSA, a notary public, do hereby certify that on this  
4 day of NOVEMBER, 19 83, personally appeared  
before me JAMES WILLIAMS, who being by me first duly sworn,  
declared that he is a general partner of FAIRVIEW LIVING CENTERS INC.

that he signed the foregoing document as a general partner of the limited partnership and that the statements therein contained are true.

[Signature]  
Notary Public

# State of Oregon

## Department of Commerce Corporation Division

*I, Frank J. Healy, Corporation Commissioner and Custodian of the Seal of the Corporation Division of the Department of Commerce of the State of Oregon, do hereby certify that I have carefully compared the annexed copies*

*with the record now on file in my office, and that the same is a correct transcript therefrom, and of the whole thereof. I further certify that this authentication is in due form and by the proper officer.*

**In Testimony Whereof,** *I have hereunto set my hand and affixed hereto the seal of the Corporation Division of the Department of Commerce of the State of Oregon this 24th day of October, 1983.*



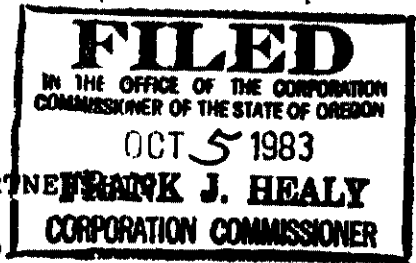
**Frank J. Healy**

*Corporation Commissioner*

By *[Signature]*

FILE NO.

LP 3430



ARTICLES AND CERTIFICATE OF LIMITED PARTNERSHIP  
OF  
HILLCREST RETIREMENT CENTER, LTD.

**GENERAL PARTNER:**

Fairview Living Centers, Inc.  
177 N.E. 102nd Avenue  
Portland, OR 97220

**MAKES THIS LIMITED PARTNERSHIP AGREEMENT WITH THE**

**LIMITED PARTNERS:**

Walsh Construction Company (the "Builder Limited Partner") and those individuals executing these Articles as Limited Partners (hereinafter called individually a "Limited Partner" and collectively the "Limited Partners"), WITNESSETH:

In consideration of the mutual promises and covenants contained herein, the parties hereto agree as follows:

1. **DATA:** The following dates, percentages, names and references are hereby incorporated in these Articles whenever referred to and as necessary to provide a fair meaning for any promise or covenant:
  - 1.1 Partnership Name: Hillcrest Retirement Center, Ltd.
  - 1.2 Project Name: Hillcrest Retirement Center
  - 1.3 Project Location: Boise, Idaho
  - 1.4 Project: A 115-unit residential retirement center for the elderly ("Project").
  - 1.5 Financing: U.S. Department of Housing & Urban Development ("HUD") Section 221(d)(4) mortgage insurance; 103(b)(4)(A) tax-exempt bond financing issued by the Idaho Housing Agency ("IHA").

1.6 Partnership Interests:	<u>GENERAL PARTNERS %</u>	<u>LIMITED PARTNERS %</u>
Net Operating Profits & Losses:	5.0%	95.0%
Net Cash Flow from Operations:	5.0%	95.0%
Residue from Capital Transactions:	5.0%	95.0%
Until the then Partners recover their Capital Contributions stated in Section 1.7.2 then after paying any other costs of sale and dissolution, any remaining "Residuals" shall be distributed:	50.0%	50.0%
Taxable Gain from Sale shall be allocated first to all Partners in the amount necessary to raise their capital account to zero (after giving effect to cash distributions from Residual Transactions) and then any remaining gain shall be allocated:	50.0%	50.0%

1.6.1 The Builder Limited Partner shall be .1% Limited Partner throughout the construction period.

1.6.2 Upon completion of construction, the Builder Limited Partner shall assign his .1% interest to the Limited Partners and shall have no claim to Partnership Interests, Profits, Losses, and Distributions of Available Cash from Operations, or Distributions upon Dissolution, Termination, Refinancing, or Other "One Time" Gains pursuant to Section 1.6, 8, and 14 of this Partnership Agreement.

1.7 Number of Units of Limited Partnership Interests: 950

2.. FORMATION: The parties hereto do hereby form a limited partnership pursuant to the Uniform Limited Partnership Act of Oregon, names as stated in Section 1.1 above (hereinafter called "Partnership").

3. REGISTERED AND PRINCIPAL OFFICE AND AGENT FOR SERVICE OF PROCESS: The registered agent is K. David McAllister, whose address is 177 N.E. 102nd Avenue, Portland, OR 97220. The address of the initial registered office of the Partnership, and its principal place of business shall be 177 N.E. 102nd Avenue, Portland, OR 97220, except as the General Partners shall otherwise designate. The General Partner designates said initial registered agent, as well as any successor registered agent, as their personal registered agent and attorney upon whom any process, notice or demand which arises out of the conduct of the Partnership affairs and which is required or permitted by law to be served upon a General Partner, may be serviced.

4. PURPOSE: The purposes and powers of the Partnership shall be as follows:
- 4.1 To provide decent housing for eligible persons in furtherance of the purposes of Section 221(d)(4) of the National Housing Act.
  - 4.2 To acquire, own, develop, construct, and maintain the Project identified in Sections 1.2, 1.3, and 1.4, and more fully described as set out on Exhibit A attached.
  - 4.3 To obtain financing stated in Section 1.5, and execute a Note and Mortgage and any other documents in connection therewith.
  - 4.4 To sell, own, mortgage, convey, transfer, and exchange the Project or otherwise convey and encumber the Project in furtherance of the business of the Partnership.
  - 4.5 To enter into, perform and carry out contracts of any kind necessary to, or in connection with or incidental to the accomplishment of the development and operation of the Project.
  - 4.6 To execute an Operating Agreement with Fairview Living Centers, Inc.
5. TERM: The Partnership shall commence not later than the date the Articles of Limited Partnership are filed with the Oregon Corporation Commission and shall continue for fifty (50) years unless earlier dissolved by any one of the events set forth in Section 13. The death of a Limited Partner shall not dissolve the Partnership nor terminate the Partnership business.
6. SEED MONEY LOANS: Prior to Final Loan Closing ("Final Endorsement"), the General Partner shall make such seed money loans to the Partnership and provide such letters of credit as the General Partner determines in its sole discretion are necessary.
7. CAPITAL CONTRIBUTIONS: The following capital contributions shall be made:
- 7.1 The General Partner shall transfer to the Partnership all their right, title, and interest in the land on which the Project is to be developed (or the option to acquire said land), agreements with architects, contractors and others, commitments for mortgage financing, mortgage insurance, surveys, soils tests and borings, architectural plans, specifications, working drawings, engineering reports, market and feasibility studies, and other services as General Partners and developers of the Project.

- 7.2 The persons who execute this Agreement as Limited Partners, with the exception of the Builder Limited Partners, shall contribute to the capital of the Partnership an aggregate cash amount which in the sole discretion of the General Partner shall repay the General Partner for Seed Money Loans made pursuant to Section 6 for the number of Units of Limited Partnership Interests as stated in Section 1.7, each Unit representing the Limited Partner's interest in the Net Operating Profits and Losses and the Net Cash Flow from Operations of the Partnership, as stated in Section 1.6 and defined in Section 8, and Residuals on dissolution of the Partnership as stated in Section 14, subject to taxable allocations as defined in Section 15.
- 7.3 These Units of Limited Partnership Interests and the rights represented thereby are hereafter called "Units". The percentage of interest in the Limited Partnership Interests in the Partnership, as herein defined, of each Limited Partner shall be the percentage of the Units owned by such Limited Partner as compared to the total outstanding Units. Fractional Units may be sold by the General Partners and may be owned as such by Limited Partners.
- 7.4 In order to secure to the Partnership the balance of the cash contributions, if any, to be made by the Limited Partners after the initial investment, the Limited Partners agree, each with the others and with the General Partners, that any Limited Partner who shall not pay any subsequent installment required to be paid when due as stated in his individually executed Promissory Note and Subscription and Counterpart Agreement shall either pay the unpaid balance in accordance with its terms or at the General Partners election:
- 7.4.1 Forfeit a portion of his interest in the Partnership upon the General Partners making a bona fide effort to find a buyer for such portion of the defaulting Limited Partner's interest such as will allow the defaulting Limited Partner to retain an interest in the Partnership equal to 20% of the cash amount paid to the date of default, less any cash distributions he has received from the Partnership to such date. This shall in no way obligate the General Partners to effect such a sale, but only to make a good faith effort to do so. In this connection, the General Partners shall be allowed to make sales to other Limited Partners, or to the General Partners, or to any third party and apply the net proceeds, after costs of sales, to the remaining note balance. If such a sale cannot be accomplished within thirty (30) days from the date of default, the General Partners shall have not further obligation in this

regard, and the defaulting Limited Partner shall retain an interest in the Partnership equal to 20% of the cash amount paid to the date of default less any distributions made as of such date in connection therewith. In no event shall the Limited Partner be relieved from his remaining obligation on the unpaid note, and the Limited Partner shall then pay such remaining obligation as herein provided; and in either event shall also,

7.4.2 Pay to the Partnership any damage or costs sustained by the Partnership resulting from any Limited Partner's failure to pay such installment when due, together with said interest thereon from the due date of said installment until paid; and

7.4.3 Whether or not suit or action is necessary to enforce any of the foregoing remedies, the delinquent Limited Partner hereby agrees to pay the General Partners' costs related thereto including reasonable attorney fees and court costs, whether or not established by any court having jurisdiction, including any appeal thereof.

8. PROFITS, LOSSES, AND DISTRIBUTION OF AVAILABLE CASH FROM OPERATIONS:

8.1 Net Operating Profits and Losses and Net Cash Flow from Operations (after payment of all fees) shall be distributed to the Limited Partners (prorata in the relationship of the number of Units held by each) and the General Partners as stated in Section 1.6. "Net Operating Profits and Losses" are defined as those reported by the Partnership Accountant on the Partnership's annual Partnership income tax information return pursuant to generally accepted accounting principles. "Net Cash Flow from Operations" is the net operating profit or loss amount stated above plus non-cash charges (depreciation) less amortization, reserves, and other liabilities pursuant to generally accepted accounting principles.

8.2 The Net Operating Profits and Losses and Net Cash Flow from Operations apportioned to the Limited Partners shall be reapportioned among them prorata, in relationship to the number of Units owned by each as compared to the total Units outstanding even though the percentage of interest per Unit, as stated in 1.7, is exceeded.

8.3 From time to time, but at least annually, the General Partners shall distribute the available Net Cash Flow to the General and Limited Partners entitled thereto, part or all of which may be a return of the Partners' initial investment.

8.4 No Partner shall receive any interest on his contributions to the capital of the Partnership, nor have any priority of any kind over any other Limited Partner.

8.5 The Partnership is responsible for the payment of all fees in connection with this Partnership as expenses of the Partnership unless capitalized.

9. POWER, DUTIES, AND RESPONSIBILITIES OF THE GENERAL PARTNERS:

9.1 The General Partners shall be responsible for the supervision, operation, and maintenance of the Partnership business, property and its accounting records.

9.2 Although, as an owner, they have no obligation to manage the Project, one or more of the General Partners may do so or they may appoint a managing agent and the Limited Partners hereby consent to the employment of such managing agent as the General Partner may engage, notwithstanding the fact that any party hereto may have an interest therein, provided that the amount paid to such managing agent shall not exceed the rates generally prevailing in the community. The management fee shall be an expense of the Partnership.

9.3 Nothing contained herein, however, shall prevent any of the Partners, General or Limited, from continued engagement in real estate activities other than this Partnership, and no parties herein shall have any interest in such other activities by virtue of this Partnership.

9.4 Without limitation of any power that may be conferred upon them by law, the General Partners may:

9.4.1 Enter into an Operating Agreement with respect to the operations of the Partnership's property.

9.4.2 Compromise, submit to arbitration, sue, or defend all claims in favor of or against the Partnership.

9.4.3 Make and revoke an election permitted the Partnership by any taxing authority, except as limited by Section 12.4.

9.4.4 Do all acts they deem necessary or appropriate for the protection and preservation of the Partnership assets.

9.4.5 Carry, at the expense of the Partnership, such insurance coverage for public liability and all other insurance necessary or appropriate to the business of the Partnership in such amounts and of such types as they shall determine from time to time.

9.4.6 Execute such documents as may be required in all dealings with the Mortgagee, including documents necessary to permit such increase in the mortgage note as may be approved by the Mortgagee.

9.4.7 The General Partners shall not, without the written consent of Limited Partners holding a majority of the outstanding Units, (i) sell or exchange all or substantially all of the real property owned by the Partnership; (ii) refinance, recast, modify, or extend any mortgages which may affect any property owned by the Partnership or enter into a new mortgage affecting the same except as provided for in Section 9.4.6 of this Agreement; or (iii) demolish any building owned by the Partnership, substantially alter any such building or build a new building on real property leased by the Partnership.

9.4.8 The General Partners may convey, refinance, or lease the Project and execute such documents as necessary thereto.

9.4.9 The General Partners shall not loan Partnership funds to themselves or their affiliates.

9.5 The General Partner may be removed for cause at the written request of the Limited Partners holding a majority of the outstanding Units; however, such removal shall not affect the General Partner's ownership rights in Net Cash Flow from Operations and Residual Interests from Capital Transactions as stated in Section 1.6. A successor General Partner may be chosen by the Limited Partners and must be approved by all the Limited Partners voting unanimously providing the successor General Partner purchases all the vested interests of the removed General Partner as provided in Section 13.2.

10. INDEMNIFICATION: The Partnership, but not the Limited Partners, shall indemnify and save harmless the General Partners from personal loss or damage incurred by them by reason of any act performed in good faith for and on behalf of the Partnership and intended to be in furtherance of the interests of the Partnership. The General Partners will not be indemnified for any acts arising out of their negligence, not in good faith, and willful misconduct.

11. LIABILITY OF PARTNERS: No Limited Partner shall be personally liable for the Mortgage or the debt secured thereby or for any other debts of the Partnership or any of the losses thereof beyond the amount originally contributed by him to the capital of the Partnership. The General Partners shall not be personally liable for the Mortgage, nor the debt secured thereby, but shall

be personally liable for all other debts of the Partnership. None of the foregoing shall limit the right of any Partner to claim deductions for income tax purposes.

**12. FISCAL CONTROL:**

- 12.1 The fiscal year and accounting period of the Partnership shall be the calendar year and at all times during the continuance of the Partnership, the General Partners shall keep or cause to be kept full and true books of account in which shall be entered fully and accurately each transaction of the Partnership. The General Partners shall retain an accounting firm to perform the annual audit for the Partnership. The Partnership books shall be kept on an accrual basis.
- 12.2 All of such books of account shall at all times be maintained at the principal office of the Partnership. Such books shall be open to inspection by any of the Partners or their accredited representatives at any reasonable time during normal business hours. All expenses of the Partnership shall be billed directly to and paid by the Partnership.
- 12.3 The General Partners agree to deliver to the Limited Partners annual audited financial statements and "information returns" on or before March 15 of each year, showing the profit or loss of the Partnership and the distribution or allocation thereof to each Partner for the preceding calendar year. Likewise, unaudited financial statements shall be provided each Partner on or before August 15 of each year for the first six months operations of that year. All such statements shall be an expense of the Partnership.
- 12.4 All elections under the Internal Revenue Code with respect to the reporting of allowable depreciation on the Federal Income Tax Returns of the Partnership may be made and determined by the General Partners. It is understood and agreed that all of the Partners now elect to report a form of accelerated depreciation as determined by the General Partners.
- 12.5 A separate capital account shall be maintained for each Partner.
- 12.6 Funds shall be retained in the Partnership in such amounts as the General Partners deem reasonably necessary to provide for the foreseeable expenses of the Partnership and to prevent impairment of the Partnership capital.

- 12.7 All funds of the Partnership shall be deposited in the Partnership name in a depository bank selected by the General Partners. Withdrawals shall be made by check, draft, or other appropriate instrument signed by such persons as the General Partners may designate. Said funds shall not be comingled with any funds of another person.
13. DISSOLUTION OF PARTNERSHIP: The Partnership shall be dissolved only upon the occurrence of one or more of the following events:
- 13.1 The sale of all or substantially all of the Partnership assets.
- 13.2 Upon the bankruptcy, death, or incapacity of any General Partner, provided, however, that in any of such events, the surviving General Partners or the Limited Partners holding all of the outstanding Units voting unanimously may elect to continue the business of the Partnership. In such event, the Partnership shall not be dissolved and the surviving General Partners may designate a new General Partner who must be approved by all the Limited Partners voting unanimously. In the event all General Partners are removed for cause or because of their bankruptcy, death, or incapacity, the Limited Partners holding all of the outstanding Units may elect to continue the business of the Partnership, providing the new General Partner is approved by all the Limited Partners voting unanimously and further providing the new General Partner purchases for a price agreed upon between such Partners payable upon eventual termination and dissolution of the Partnership, said obligation being a prior charge on the residual interests in this Partnership of the successor General Partner. If the parties cannot agree on a price, they shall submit the issue of the price to be paid to binding arbitration pursuant to the rules of the American Arbitration Association and costs thereof shall be paid as the arbitrators determine.
- 13.3 Upon the written consent of the Limited Partners holding a majority of the outstanding Units.
- 13.4 Upon destruction of all or substantially all of the Partnership property or the expiration of the Partnership term.
14. DISTRIBUTIONS UPON DISSOLUTION, TERMINATION, REFINANCING OR OTHER "ONE-TIME" GAINS:
- 14.1 Upon any dissolution of the Partnership, the General Partners shall proceed to the orderly liquidation and termination of the Partnership. The proceeds of such liquidation shall be applied and distributed in the following order of priority:

- 14.1.1 In the event of dissolution only, to the payment of debts and liabilities of the Partnership, not including the contributions of Limited Partners and any loans or advances that may have been made by the General Partners to the Partnership) and expenses of liquidation.
- 14.1.2 To the setting up of any reserves which the General Partners may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership.
- 14.1.3 To the payment of the outstanding balance on notes payable to partners, if any, the Limited Partner's notes, if any, to be first paid.
- 14.1.4 To the payment of the Partners capital contributions in the ratio of their respective Total Cash Capital Contribution to the overall Total Cash Capital Contribution, as stated in Sections 1.6 and 14.2.
- 14.1.5 The "Residuals" then remaining, after payment of the costs of sale shall be apportioned in the ratio stated in Section 1.6 Residue from Capital Transactions, to the General Partners and to the Limited Partners (prorata in relationship to the number of Units held by each).
- 14.2 The same order of distribution shall apply to the proceeds received by the Partnership from any net excess insurance proceeds and any net proceeds of mortgage refinancing, partial condemnation, sales of easements, rights-of-way, or similar interest in the property of the Partnership, and sales of parts of the Partnership property or interest therein and other similar items which, in accordance with generally accepted accounting principles are attributable to capital including the return of operating or replacement reserves (working capital), to the extent available for distribution.
- 14.3 A reasonable time shall be allowed for the orderly liquidation of Assets of the Partnership and the discharge of liabilities to creditors so as to enable the General Partners to minimize the normal losses attendant upon a liquidation.
- 14.4 The General Partners shall not be personally liable for the return of the capital contributions or advances of the Limited Partners or any portion thereof. Any such return shall be made solely from the Partnership assets.

15. TAX TREATMENT OF CERTAIN GAINS: Although net proceeds to the Partnership upon the sale or other disposition of property of the Partnership shall be distributed as provided in Section 14 hereof, any taxable gain realized by the Partnership from such sale or distribution shall be allocated among the Partners as follows:

15.1 First, as necessary to all Partners in the amount necessary to raise their capital account to zero (after giving effect to cash distributions from Residual transactions).

15.2 Second, all taxable gain shall be allocated to the Limited Partners and the General Partners as stated in Section 1.6.

16. TRANSFER OF PARTNERSHIP INTERESTS:

16.1 The General Partners shall not assign, mortgage, or sell their interest in the Partnership or in its capital assets or property, or enter into any agreement as the result of which any person shall become interested with it in the Partnership, without the prior written approval of the Limited Partners holding a majority of the outstanding Units.

16.2 Upon the death of a Limited Partner, his lawful successor in interest may become a Limited Partner, subject to all of the terms and conditions of this Agreement, providing consent of the General Partner is first obtained, as herein provided. Upon the death of a General Partner, the interest of the deceased General Partner in the Partnership shall pass as part of his estate as his Will or as the law shall provide, but without power to vote in matters concerning the Partnership. The successor or successors to that Partnership interest, by reason of such death, shall have all the rights of the decedent in the profits, losses, cash flow, notes, capital and residue of the Partnership possessed by the decedent, subject to the provisions of Section 13.2 hereof.

16.3 Although a Limited Partner may assign his rights to Profits, Losses, and Net Cash Flow, an assignee cannot become a Limited Partner without the consent of the General Partners, the granting or denial of which is in the absolute discretion of the General Partners. The General Partners shall not give their consent to any such transfer unless and until they have received an opinion of counsel satisfactory to the General Partners that the proposed transfer will not terminate the Partnership for federal income tax purposes, cause a loss of any exemption from registration under the Securities and Exchange Act, or violate any State Securities Law.

- 16.4 In the event that a transferee of a Partnership interest becomes a Limited Partner, the items of gross income, deduction, and credit pertaining to the transferred interest for the fiscal year of the transfer shall, unless otherwise agreed by the transferor and transferee, be allocated between the transferor and transferee on a prorata quarterly basis.
- 16.5 Upon the transfer of an interest in the Partnership, the Partnership may elect, pursuant to Section 734 and Section 754 of the Internal Revenue Code of 1954, as amended, to adjust the basis of the Partnership property as allowed by Section 734(b) and 743(b) of said Code. The election shall be filed with the Partnership's Income Tax Return for the first taxable year in which the election applies.
- 16.6 Notwithstanding anything set forth above in this Section 16, no sale or exchange of all or a part of any interest in this Partnership shall occur if it would cause the termination of the Partnership for federal income tax purposes, unless all the Partners agree in writing to such sale or exchange.
17. ADMISSION OF ADDITIONAL LIMITED PARTNERS: The General Partners may not admit to the Partnership additional Limited Partners contributing more capital than contemplated by this Agreement without the consent of Limited Partners holding a majority of the outstanding Units.
18. REPRESENTATION AND WARRANTIES BY LIMITED PARTNERS: Each Limited Partner hereby represents and warrants to the Partnership and the General Partners as follows:
- 18.1 His purchasing his limited partnership interest for the personal investment purposes only and not with a view toward distribution or sale of all or a portion of such interest.
- 18.2 He will not sell or offer for sale his interest in the Partnership without complying with the provisions of these Articles pertaining to transferability. He is aware that the Articles impose substantial restrictions on the transferability of his interest in the Partnership and recognizes that there is no ready public market for such interest and that it may not be possible to readily liquidate his investment in the Partnership.
- 18.3 He is financially capable of making this investment (can afford its complete loss) and intends to retain ownership of his Units during the entire term of the Partnership or for as long as he is physically capable of so doing.

18.4 Although it is expected that he will presently qualify for certain tax benefits offered by the Internal Revenue Code now in effect, as amended from time-to-time because of the principal asset and business of the Partnership, he recognizes that there is no guarantee that the Internal Revenue Code or the regulations promulgated thereunder will not be amended in such a manner as to wholly or partially deprive him of any tax benefit he might presently receive under the law now in effect.

18.5 He has made a careful investigation of the materials (particularly the Prospectus and these Articles) submitted to him by the General Partners and has relied on his own investigation thereof and not on any oral representations of the General Partners, or anyone acting on its behalf, in making his decision to invest. He has not been denied any information with respect to the Partnership or the Project which he believed to be material to his decision to invest.

18.6 He hereby acknowledges that the offering of Limited Partnership Units will not be registered under the Securities Act of 1933 and is being made in reliance upon the availability of an exemption from that Act. The exemption claimed is the "interstate offering" exemption pursuant to Section 3(b) of the Securities Act of 1933 and Rule 505 of Regulation D promulgated thereunder.

18.7 He represents and warrants that he has read and understands the "Investor Suitability Standards" section of the offering document connected with this offering and that the representations made in connection with the Offeree Questionnaire executed by him are true.

19. AMENDMENTS: Amendments to the Articles may be proposed by the General Partners or by Limited Partners holding 10% of the outstanding Units. Following such proposal, the General Partners shall submit to the Limited Partners a verbatim statement of any such proposed amendment and an opinion of counsel as to the legality of such proposed amendment. The General Partners shall include in any such submission, their recommendation as to the proposed amendment. Each such submission shall bear a notice to the effect that the proposed amendment shall become effective upon the receipt of the affirmative vote of Limited Partners holding a majority of the outstanding Units, or their unanimous vote, as the case may be. The General Partners shall seek the written vote of the Limited Partners on the proposed amendment either by mail or by a meeting called for such purpose. Notwithstanding the above, no amendment shall:

(1) Modify the liability of either the General partner or the Limited Partners;

(2) Terminate the Partnership except as provided in this Agreement;

(3) In any way modify the obligations of the Partnership under the Mortgage.

19.1 Notwithstanding the above, the General Partners may amend this Agreement to add or delete qualified Limited Partners, following that approval and procedure required by Section 16 and 17, by exercising their Power of Attorney for each Limited Partner as granted in Section 20.

19.2 Meetings: Meetings of the Partnership may be called by the General Partners or the Limited Partners holding more than 10% of the then outstanding Units. Upon receipt of a written request stating the purpose(s) of the meeting, the General Partners shall provide all Partners written notice of a meeting and purpose of such meeting to be held on a date not less than 15 nor more than 60 days after receipt of such request, at a time and place convenient to participants. Limited Partners may vote in person or by proxy at such meetings.

## **20. POWER OF ATTORNEY:**

20.1 Each Limited Partner, by becoming a Limited Partner, constitutes and appoints the General Partners the true and lawful attorneys of, and in the name, place and stead of said Limited Partner, to execute, sign, acknowledge, file, swear to, verify, apportion, deliver, record, and publish:

20.1.1 The original Articles of Limited Partnership and all amendments thereto required by law, any other regulatory agency with lawful jurisdiction, or these Articles;

20.1.2 All instruments which effect a change, modification or amendment of this Agreement by adding or substituting Limited Partners or dissolving or continuing the Partnership itself;

20.1.3 All other instruments which may be required to be filed by the Partnership by the laws of any state, any governmental agency or which the General Partners deem it advisable to file.

20.1.4 To represent each and every Limited Partner before any office of the Internal Revenue Service with respect to any Internal Revenue Tax matter that in any way is related to this Partnership or any interest therein. The General Partners shall have authority to receive confidential information and

full power on behalf of each and every Limited Partner to execute agreements extending the statutory period for assessment or collection of taxes and to delegate authority or to substitute another representative.

20.2 The power hereby conferred shall continue from the date of the subscription of the Limited Partner until said Limited Partner shall cease to be a Limited Partner.

20.3 The foregoing grant of authority:

(1) Is a Special Power of Attorney coupled with an interest, is irrevocable, and shall survive the death or incapacity of the undersigned;

(2) May be exercised by the General Partners for each Limited Partner by the single signature of a General Partner by listing all of the Limited Partners executing any instrument with the single signature of a General Partner as attorney-in-fact for all of them; and

(3) Shall survive the delivery of an assignment by a Limited Partner of the whole or any portion of his interest.

20.4 This Special Power of Attorney does not supersede any part of the Articles, nor is it to be used to deprive the undersigned Limited Partner of any of his rights. It is intended only to provide a simplified system for execution of documents.

## 21. MISCELLANEOUS:

21.1 These Articles shall be binding upon and inure to the benefit of all of the parties and their estates, heirs, legatees, successors, and assigns.

21.2 All notices provided for by the Articles shall be directed to the parties at the addresses herein set forth and to the Partnership at its principal office by certified mail, or to such other address as shall be notified to the Partnership in writing. The names and addresses of all Partners shall be maintained and be made available to any Limited Partner or his authorized representative, for Partnership purposes at cost.

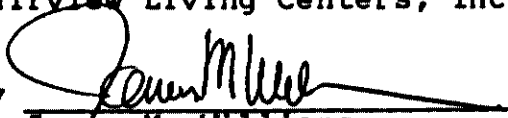
21.3 Any dispute under or concerning the Articles shall, at the option of any disputant, be submitted to arbitration in accordance with the rules of the American Arbitration Association. In any such dispute, whether or not submitted to arbitration or a court of proper jurisdiction, the

prevailing party shall recover from the other party his reasonable attorney's fees and related expenses as approved by the arbitrator or court.

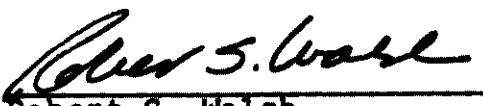
- 21.4 These Articles and the right of the parties hereunder shall be interpreted in accordance with the laws of the State of Oregon.
- 21.5 These Articles may be executed in several counterparts and all so executed shall constitute one agreement binding on all the parties, whether or not all the parties are signatory to the same counterpart.
- 21.6 The headings of the Sections of the Articles are inserted for convenience only and shall not be deemed to be a part of this Agreement.
- 21.7 In the event that any provision of these Articles shall be held to be invalid or unenforceable, the same shall not affect in any respect whatsoever the validity of the remainder of the Articles or of such provisions under different circumstances.
- 21.8 Each of the parties shall execute, acknowledge, and deliver instruments necessary to carry out the purposes of the Articles, and to sign any amendment to the Articles whenever the signing of such certificate or amendment is requested of them by the General Partners, and they agree to do such other acts as may be required to comply with the law for the valid formation and existence of a limited partnership. Upon the failure or refusal of any Partner to so sign or do such other act, the General Partners shall be deemed the duly constituted agent of the Partner failing or refusing to sign or act, to sign such amendments or to do such other act on his behalf, and the acts of such agent shall be deemed ratified, approved, and confirmed by the Partner for whom he is acting.
- 21.9 If this Partnership receives mortgage insurance from HUD under Section 221(d)(4) of the National Housing Act, all terms and provisions of this Partnership Agreement shall be subject to the requirements of HUD.
- 21.10 If the Partnership executes mortgage loan documents, including a Note, Trust Deed, and Regulatory Agreement with the Idaho Housing Agency, any conflict between the loan documents and the Partnership Agreement shall be resolved in favor of the loan documents as to the General Partners.
- 21.11 These Articles represent the entire Agreement by and between the parties hereto and no other agreements or understandings, written or oral, exist to modify any provision contained herein.

DATED AND EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

We, the undersigned, declare under the penalties of perjury, that we have examined these Articles of Limited Partnership and to the best of our knowledge and belief, it is true, correct and complete.

<u>General Partner</u>	<u>Address</u>	<u>% of General Partnership Interests Held</u>
Fairview Living Centers, Inc.	177 N.E. 102nd Avenue Portland, OR 97220	
By  James M. Williams Its President		

<u>Building Limited Partner</u>	<u>Address</u>	<u># of Units Held/ % of Limited Partnership Interests</u>
Walsh Construction Co.	3015 S.W. First Portland, OR 97201	
By  Robert S. Walsh Its President		

STATE OF OREGON       )  
                              )  
COUNTY OF MULTNOMAH )

The foregoing instrument was acknowledged before me this 21 day  
of SEPTEMBER, 1983, by JAMES M. WILLIAMS, President of FAIRVIEW  
LIVING CENTERS, INC., an Oregon Corporation.

Craig J. Rhin  
Notary Public for Oregon  
My Commission Expires: 6/28/87

STATE OF OREGON       )  
                              )  
COUNTY OF MULTNOMAH )

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day  
of September, 1983, by ROBERT S. WALSH, President of WALSH  
CONSTRUCTION CO.

Andra D. Korman  
Notary Public for Oregon  
My Commission Expires: 1/19/86

EXHIBIT A  
LEGAL DESCRIPTION

Part of Lots 1 and 2, Block 11 and part of Lots 3 and 4, Block 13, Lambach's Hillboro Subdivision, in the northeast quarter of the southwest quarter of Section 17, T.3N., R.2E., Boise Meridian, Ada County, Idaho, more particularly described as follows:

Commencing the center quarter section corner of Section 17; thence N. 89°36'15" W. 1,335.35 feet along the midsection line to the northwest corner of the northeast quarter of the southwest quarter of Section 17; thence South 332.84 feet along the 1/16 line to a point; thence South 89°29'28" E. 25.00 feet to a point on the east right-of-way of South Phillippi Street, said point also being the northwest corner of Lot 2, Block 11 of Lambach's Hillboro Subdivision and the POINT OF BEGINNING; thence continuing  
S. 89°29'28" E. 180.18 feet to a point; thence  
S. 00°05'14" W. 60.00 feet to a point; thence  
S. 45°00'00" W. 43.88 feet to a point; thence  
S. 45°00'00" E. 64.03 feet to a point; thence  
S. 00°05'14" W. 38.20 feet to a point; thence  
S. 45°00'00" E. 272.00 feet to a point; thence  
S. 89°29'28" E. 230.00 feet to a point on the west right-of-way of South Hilton Street; thence  
S. 00°05'14" W. along said right-of-way 302.82 feet to a point; thence leaving said right-of-way  
N. 89°17'39" W. 616.18 feet to a point on the east right-of-way of South Phillippi Street; thence  
N. 00°00'00" E. along said right-of-way 96.26 feet to a point; thence leaving said right-of-way  
S. 89°13'32" E. 100.98 feet to a point; thence  
N. 00°48'36" W. 84.68 feet to a point; thence  
S. 89°35'40" W. 99.77 feet to a point on the east right-of-way of South Phillippi Street; thence along said right-of-way  
N. 00°00'00" E. 93.97 feet to a point; thence leaving said right-of-way  
S. 89°22'40" E. 125.00 feet to a point; thence  
N. 00°00'00" E. 60.00 feet to a point; thence  
S. 89°22'40" E. 25.00 feet to a point; thence  
N. 00°00'00" E. 166.59 feet to a point; thence  
N. 89°26'03" W. 150.00 feet to a point on the east right-of-way of South Phillippi Street; thence along said right-of-way  
N. 00°00'00" E. 166.44 feet to the POINT OF BEGINNING.

Said parcel contains 5.32 acres more or less.