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LIMITED PARTNERSHIP AGREEMENT

AND CERTIFICATE OF

WILDER FARMS I, LTD.

An Idaho Limited Partnership

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EXHIBIT B

<u>PARTNER</u>	<u>CAPITAL CONTRIBUTION</u>	<u>UNITS</u>	<u>PERCENTAGE</u>
H. Ross & Dorothy L. McDowell	11,000.00	11	9.82
John Wilbur Ricketts	21,000.00	21	18.75
William E. & Beverly G. Ewing	21,000.00	21	18.75
Michael R. & Debbie Farro	10,000.00	10	8.93
Robert L. & Darlene Osborne	21,000.00	21	18.75

LIMITED PARTNERSHIP AGREEMENT  
AND CERTIFICATE

This Agreement is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 1983, by and between MEL M. PALMQUIST and TREASURE VALLEY ESTATES, INC., an Idaho corporation, and those persons listed in this Certificate of Limited Partnership, as the Limited Partners, all of whom agree by execution of this Agreement, to form a limited partnership, pursuant to the provisions of the Uniform Limited Partnership Act of the State of Idaho.

IT IS AGREED as follows:

1. FIRM NAME AND PLACE OF BUSINESS

*(A LIMITED PARTNERSHIP)*

The firm name of the Partnership is WILDER FARMS I, LTD.A The General Partner, in its discretion, may change the firm name at any time. The principal place of business of the Partnership is: 921 Seventh Street South, Nampa, Idaho, 83651; (208) 467-2900.

2. DEFINITIONS

2.1 "Adjusted Capital Investment" shall refer to the Capital Investment of the original purchaser of Units, plus any additional Capital Contributions by a Unit Holder, less distributions to such person and to any successor in interest.

2.2 "Agreement" shall mean this Limited Partnership Agreement.

2.3 "Assignee" is a person who has acquired a Limited Partner's beneficial interest in one or more Limited Partnership Units and has not become a Limited Partner.

2.4 "Capital Account" shall mean a Partner's Capital Investment in his Units increased by additional money contributed by the Partner to the Partnership and his distributive share of Partnership Net Income and decreased by distributions and his distributive share of Partnership Net Loss.

2.5 "General Partner" shall refer to MEL M. PALMQUIST and TREASURE VALLEY ESTATES, INC., an Idaho corporation, collectively, or to any other entity or person who would succeed it in that capacity.

2.6 "Limited Partners" shall refer to the persons who have been admitted to the Partnership as Limited Partners in accordance with the provisions of this Partnership Agreement. The names and addresses of the Limited Partners are set forth on Exhibit "B" hereto. Reference to a "Limited Partner" shall be to any one of the Limited Partners.

2.7 "Net Income" shall mean the taxable income or gain and "Net Loss" shall mean the taxable loss, both as determined in accordance with the method of accounting to be followed by the Partnership for Federal income tax purposes, pursuant to this Agreement and the Internal Revenue Code.

2.8 "Operational Cash Flow" shall mean the total cash receipts from Partnership operations during a given period of time (not including proceeds from sales, exchanges, or refinancing, condemnation or events which the General Partner deems similar), less cash operating disbursements (including debt repayments) during the same period of time and less reasonable reserves for anticipated obligations and contingencies as determined by the General Partner.

2.9 "Original Capital Investment" with respect to an individual Partner, a group of Partners, or all of the Partners shall refer to gross proceeds to the Partnership from the sale of Units to such Partner or Partners.

2.10 "Partners" shall refer collectively to the General Partner and to the Limited Partners, and reference to a "Partner" shall be to any one of the Partners.

2.11 "Partnership" shall refer to the Limited Partnership created under this Agreement and the recordation of this Certificate of Limited Partnership in accordance with the Uniform Limited Partnership Act of the State of Idaho (as amended). A copy of this Partnership Agreement may serve and be recorded as the Partnership's Certificate of Limited Partnership.

2.12 "Property" shall mean that property to be acquired with the proceeds raised by the contribution of capital by the Partners. Said property is more particularly described in Exhibit "A," attached hereto and by reference made a part hereof.

2.13 "Reserve Account" shall refer to the Reserve Account for cash needs and other purposes created pursuant to Section 9.

2.14 "Unit" shall refer to a capital interest in the income, losses and distributions of the Partnership. Further, it shall represent a capital contribution to the Partnership equal in value to \$1,000.00. Each unit shall be fully paid and subject to the other terms and conditions of this Agreement below.

2.15 "Unit Holder" shall refer to any person owning Units of the Partnership's capital, whether or not that person is a partner.

### 3. PURPOSE

This Partnership has been formed for the purpose of acquiring for investment and the production of income the property described in Exhibit "A."

The principal purposes of this Partnership are to acquire, own, hold for investment, improve, develop, lease, sell, sell and lease back, exchange, transfer, or dispose of the property to be purchased and described in Exhibit "A," which will be attached hereto, and to engage in all general business activities relating or incidental thereto.

#### 4. TERM

The term of the Partnership shall commence on the date of recordation of the Certificate of Limited Partnership executed in conjunction with the formation of the Partnership and shall continue until April 1, 2018, or until terminated in accordance with subsequent provisions of this Agreement, or as otherwise provided by law.

#### 5. CAPITALIZATION

5.1 The total authorized capital of the Partnership is \$126,000.00.

5.2 The General Partner may acquire Units of the Limited Partnership in exchange for cash in the sum or value of \$1,000.00, for each Unit, and its rights and obligations in regard thereto shall be the same as the rights and obligations of Limited Partners in respect to Units owned except as hereinafter expressly set forth.

5.3 The number of Units acquired by the Limited Partners, and each Partner's respective ownership interest is set forth in Exhibit "B" which is attached hereto and incorporated herewith.

5.4 Except as provided in subparagraphs 6.1.8 and 10.2 hereinbelow no additional capital contributions are permitted beyond the amount listed in 5.1 above without the written consent of the partners as provided for in Section 12 hereinbelow.

5.5 Withdrawal of Capital. No Limited Partner shall have the right to withdraw or reduce his contribution to the capital of the Partnership except as otherwise provided in this Partnership Agreement and in accordance with law. No Limited Partner shall have the right to demand or receive property other than cash in return for his contribution, and no Limited Partner shall have priority over any other Limited Partner, either as to the return of contributions of capital or as to profits, losses, or distributions except as otherwise provided in this Partnership Agreement.

#### 6. ADVANCES BY UNIT HOLDERS

6.1 In addition to the capital and contributions described in paragraph 5 above, the Unit Holders may be requested for additional monies ("Advance") at one or more times by the Partnership. Limited Partners will not be required to contribute any sums beyond their original investment. The purpose of this Section 6 shall be to have a predetermined methodology for raising funds in the event of unexpected contingencies.

To the extent Partners or other persons who lend funds to the Partnership are given a priority in repayment of such advances or are allocated additional equity ownership, such contributions will reduce the amount of Partnership proceeds distributable to noncontributing Partners. Said additional Advances shall be subject to the following conditions:

6.1.1 The General Partner shall determine that the additional monies (Advances) are necessary for the operation of this Partnership to

meet expenses of the properties, or any other business purpose associated with this Partnership.

6.1.2 The Advance shall be prorated among all Unit Holders in the ratio in which they own Units among themselves.

6.1.3 Upon determining the amount of any Advances, the General Partner shall mail or deliver written notice thereof to the Unit Holders. Said notice shall contain a schedule showing the original capital contributions of all Unit Holders, the amount of prior Advances (if any) and the amount of the current Advance requested. Each of such items will be broken down so as to show the contributions and the Advances in respect to each Unit Holder and the contributions and advances of all of the Unit Holders shall be shown on a single schedule given to all Unit Holders. Said notice shall also explain in detail the reasons why said advance is necessary.

6.1.4 The Advance will be payable in full on or before fifteen days after the mailing or delivery of said notice to the Unit Holders.

6.1.5 In the event that the Unit Holder fails to make the additional contribution required of him within thirty days from the date of notice of the Advance then, and in that event, the other Unit Holders may lend and/or advance the Advance in default to or for the benefit of the Partnership with the approval of the General Partner.

6.1.6 This Advancement will be deemed a Loan of the Advancing Partners and shall be repaid to the Advancing Partners on such terms as are set and approved of unilaterally by the General Partner at an annual interest rate determined by the General Partner in its sole discretion and stated in the notice, but in no event greater than the higher of (a) ten percent (10%), or (b) five percent (5%) per annum plus the rate prevailing on the 25th day of the month preceding the date of making the advance at the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13a of the Federal Reserve Act as now in effect or hereafter amended, or, if such rate is not in effect, at the closest counterpart of such rate. It is expected that such Advance will be repaid out of Cash Flow and/or out of profits on sale of Partnership assets or refinance proceeds. In any event, the Advances will be repaid prior to distributions to Unit Holders of proceeds from profits on sale of Partnership assets or refinance.

6.1.7 No Unit Holder shall be personally liable to the Partnership or to any third party for any failure to make any additional advances to the Partnership, and the rights, obligations and consequences arising from the failure to make such advances shall be governed by the provisions of this Agreement.

6.1.8 Notwithstanding the above, any one-time Advance made by a Unit Holder or the General Partner for over the amount of \$1,000.00 may, in the discretion of the General Partner, be treated as a capital contribution (thereby diluting the ownership of non-contributing partners) and not as an Advancing Loan as far as Partnership accounting is concerned.

## 7. WITHDRAWAL BY THE PARTNERS

7.1 No Limited Partners shall have the right to withdraw from the Partnership. Withdrawal may be accomplished only pursuant to, or as a result of, a transfer of the Partnership interest in accordance with this Agreement, or the dissolution and termination of the Partnership. The foregoing notwithstanding, no part of the capital contribution of any Partner shall be withdrawn unless all liabilities of the Partnership (except liabilities to the General Partner and to the Limited Partners on account of their contributions) have been paid or unless the Partnership has, or expects to have, assets sufficient to pay the same as they become due.

7.2 The Limited Partners understand that if the General Partner distributed to them cash (or other assets) which causes a reduction of their respective capital accounts in the Partnership below the stated capital of the Limited Partners as specified in the Certificate of Limited Partnership then of record, at any time thereafter, each Limited Partner may be liable to the Partnership for any sum, not in excess of such return with interest, necessary to discharge the Partnership's liabilities to all creditors who extend credit or whose claims arose before such return. The above limitations notwithstanding, the Limited Partners hereby consent to such distributions provided that all Partnership debts (other than debts owing to the Partners) have been paid or adequately provided for.

## 8. DISTRIBUTIONS, INCOME AND LOSSES

### 8.1 Generally.

A. Distributions of cash or other property to all the Limited Partners holding Partnership Units shall be apportioned among all of the Limited Partners holding Units in the ratio which the number of Units held by each Limited Partner bears to the total number of Units held by all of the Limited Partners as of the record date of such distributions, except as provided herein.

B. The record date of distributions shall be the last day of the calendar quarter, or as otherwise designated by the General Partner, and any reference to distributions, income or losses for a particular year shall be deemed to refer to such distributions, income or losses which are payable or allocable with respect to the record dates occurring during such years. The General Partner shall disburse distributions, if any, not more than 60 days following the record date of any such distribution.

C. A contribution made during a calendar month shall be deemed to have occurred as of the first day of that month. Units representing a contribution to the capital of the Partnership made less than three months prior to the record date of a distribution shall qualify for one-third of one full pro rata share of such distribution for each month which has elapsed between the date of the contribution and the record date of the distribution.



D. The General Partner, in its absolute discretion, shall decide when cash distributions shall be made to the Partners, although the General Partner intends, to the extent feasible, to distribute substantially all the Operational Cash Flow of the Partnership. The General Partner may also make distributions from sources other than Operational Cash Flow (including, without limitation, distributions from the sale of Units and proceeds from the sale, exchange or refinancing of Partnership properties). When it does so, those proceeds shall be distributed according to the provisions of this Agreement.

E. All distributions shall be subject to maintaining the Partnership in a sound financial and cash position, including the establishment of reserves deemed reasonably required by the General Partner for the proper operation of the Partnership business (such as reserves for the replacement and maintenance of Partnership assets). The amount of all Partnership distributions shall be determined and designated by the General Partner in its absolute discretion.

F. When, in the discretion of the General Partner, the business of the Partnership no longer requires the maintenance of an operating reserve account (such as upon sale of all assets), any remaining proceeds from the Partnership reserve account shall be distributed pursuant to Section 8.5 hereinbelow without regard to the actual source of those proceeds.

#### 8.2 Distributions of Operational Cash Flow.

A. The Operational Cash Flow of the Partnership, to the extent deemed available by the General Partner for distribution, shall either be distributed to Partners or shall be set aside for the Reserve Account as provided in this Agreement.

B. The amounts to be set aside for the Reserve Account shall be determined by the General Partner and distributed thereto. Thereafter, distribution shall be allocated ninety-nine percent (99%) to the Unit Holders and one percent (1%) to the General Partner.

C. In the event that distributions intended to consist of Operational Cash Flow made for any year exceed the total Operational Cash Flow for the year as finally determined, then such excess shall be reallocated as provided in Section 8.3 or 8.5, depending upon the source of distributions. After such reallocation, any amounts paid to the General Partner in excess of the amounts to which it is entitled pursuant to Section 8.5 shall be repaid to the Partnership, any such excess amounts paid to Limited Partners shall be deducted from the next distributions otherwise payable to such Limited Partners.

8.3 Distributions from the Reserve Account. In the event that distributions to Limited Partners pursuant to Sections 8.2 and 8.5 are inadequate to provide, in the opinion of the General Partner, a satisfactory amount to such Limited Partners, then the General Partner, in its absolute discretion, and upon a determination that following a distribution the reserves of the Partnership, including the amounts set aside in the Reserve Account, will be adequate for Partnership needs, may

distribute to the Limited Partners an amount (or less) which when added to amounts previously distributed pursuant to Section 8.2 and this section will provide to Limited Partners a satisfactory amount.

8.4 Distributions of Uninvested Proceeds from Sale of Units. Proceeds from the sale of Units which have not been invested within two years from the termination date of the offering in investment properties or which have not been set aside for working capital reserves or set aside in the Reserve Account or which otherwise have not been expended will be distributed to all of the Limited Partners pro rata according to the number of Units held by them. Such distributions of uninvested proceeds shall reduce the Original Capital Investment of Partners receiving such distributions. Any such distributions of capital shall be subject to compliance with the provisions of this Agreement.

8.5 Distributions from Other Sources.

Distributions from sources other than those enumerated in Sections 8.2, 8.3 and 8.4 hereof (including distribution of proceeds from the sale, exchange or refinancing of Partnership assets) shall be distributed as follows:

First: To the creditors of the Partnership (other than secured creditors whose obligations will be assumed or otherwise transferred on the sale or distribution of Partnership assets);

Second: To the General Partner and Limited Partners, the balance of such proceeds as received until they have been repaid for all loans ("Advances") previously made by them to the Partnership;

Third: To the Unit Holders in an amount equal to their Adjusted Capital Investment described in subparagraph 2.1, less any return of capital made pursuant to subparagraph 8.4 above;

Fourth: To any General Partner who has been expelled or terminated as General Partner according to Sections 17 and 19, such General Partner shall have its Partnership Subordinated Interests as determined under Section 19, but not counting its Interest as a Unit Holder, paid; and

Fifth: Thereafter, the balance of such proceeds, as received, shall be distributed seventy-five percent (75%) to the Unit Holders and twenty-five percent (25%) to the then existing General Partner less any amounts paid on account of a preceding General Partner's interest under 8.5 Fifth hereinabove.

If any portion of sale or exchange proceeds received by this Partnership are represented by property or promissory obligations payable to the Partnership, the General Partner shall liquidate said items and distribute the resulting cash, or shall allocate and distribute the cash and noncash proceeds to all Partners (General and Limited) in the same proportions that partners are entitled to receive all cash proceeds. The decision whether or not to liquidate noncash proceeds shall be within the sole discretion of the General Partner.

8.6 Allocation of Net Income, Net Loss, Tax Credits and Other Items.

A. Operations.

(i) Net Loss from operations other than in the year of Partnership dissolution shall be allocated:

(a) First, one percent (1%) to the General Partner;

(b) Then, to all Partners holding Units, in the ratio that the number of Units held by each Partner multiplied by the number of months of that year that such Units have been held bears to the sum of that calculation for all of the Partners.

(ii) Net Income from operations other than in the year of Partnership dissolution shall be allocated as follows:

(a) If the General Partner has a positive or zero Capital Account, to the General Partner and to the Unit Holders in the same ratio as they share in the actual cash and other benefits to which such income is attributable.

(b) If the General Partner has a negative Capital Account, twenty-five percent (25%) to the General Partner and seventy-five percent (75%) to the Limited Partners until the General Partner's Capital Account equals zero and thereafter as provided in Section 8.6A(ii)(a).

Notwithstanding the above, in the event of a sale or refinancing of Partnership Property, Net Income shall be allocated (1) first, to the Partners to the extent of previous losses so allocated; and (2) then, in the same ratio that distributions from all sources, other than proceeds from the sale of Units, have been allocated.

B. Dissolution or Termination. Upon dissolution or termination of the Partnership, the following shall apply:

(i) Net Loss of the final Partnership year shall be allocated:

(a) If the General Partner has a negative or zero Capital Account, as provided in Section 8.6A(i)(b);

(b) If the General Partner has a positive Capital Account, as provided in Section 8.6A(i)(a) but only to the extent that the General Partner's Capital Account does not thereby become negative, and then as provided in Section 8.6A(i)(b).

(ii) Net Income (Capital Gain or otherwise) of the final Partnership year shall be allocated:

(a) First, to the General Partner to the extent of its negative Capital Account, if any;

(b) Then, to the Limited Partners to the extent of their negative Capital Accounts, if any; and

(c) Finally, to the General Partner and to the Limited Partners in the same ratio that distributions from all sources have been made.

(d) In the event the Partnership at any time makes a tax-deferred transfer wherein some partners do not participate or elect to receive their share of proceeds or distributions as if a taxable transfer occurred, then those partners will be allocated the Partnership's income or gain attributable to the proceeds distributed to them.

C. Allocation of Tax Credits and Other Items. Tax credits and other items shall be allocated one percent (1%) to the General Partner and ninety-nine percent (99%) to the Limited Partners.

D. General Partner's Contribution to Capital. After application of Sections 8.6A and 8.6B and to the extent the General Partner has a negative Capital Account, the General Partner will contribute to the Partnership an amount equal to the lesser of its negative Capital Account or one percent (1%) of the Capital Investment of the Partners. The proceeds of any such contribution shall be distributed to the Limited Partners with positive Capital Accounts in proportion thereto.

E. Upon audit by the Internal Revenue Service or upon written advice of the Partnership's accountant or counsel to the effect that a then-proposed allocation of losses (which in aggregate amount would exceed the Adjusted Capital Investment of the Limited Partners to whom such losses would otherwise be allocated) lacks substantial economic effect and is unlikely to be upheld upon such an audit, the General Partner may allocate all or a portion of such excess losses to the Limited Partners.

F. Partners' Consent to Allocation Methods. The methods hereinabove set forth by which allocations of Net Income, Net Loss, tax credits and other items are made and apportioned are hereby expressly consented to by each Partner as an express condition to becoming a Partner.

## 9. RESERVE ACCOUNT

9.1 Establishment. The General Partner will establish, maintain and utilize to meet cash demands of the Partnership, as determined by the General Partner, an account (the "Reserve Account") into which shall be initially deposited approximately sixty percent (60%) of the Capital Investment represented by Units purchased by Limited Partners. The assets

of the Reserve Account shall be invested in United States Treasury obligations, prime quality commercial paper, cash deposits, certificates of deposit, or other obligations of banks or savings and loan associations, or into mutual funds with such assets, or other similar investments. Any income earned thereon need not be retained in the Reserve Account but may be added to the general funds of the Partnership, and distributed according to this Agreement.

9.2 Adjustment of the Reserve Account Amount. The General Partner may from time to time adjust the amount of the Reserve Account upward or downward according to the General Partner's determination of the amounts needed to meet estimated demands upon the account. To the extent that demands upon the Reserve Account cause it to be reduced below an appropriate maintenance level, no distributions shall be made to Limited Partners until such time as the Reserve Account has been restored to the required maintenance level.

#### 10. ADVANCES BY GENERAL PARTNER

The General Partner may advance any monies to the Partnership required for the business of the Partnership, but is under no obligation to do so. The aggregate amount of such advances used to meet expenses of the Partnership shall become an obligation of the Partnership to such General Partner and shall be repaid to the General Partner out of the gross income of the Partnership prior to any distributions to the Partners, with interest at a rate competitive with rates which would be charged to the Partnership by institutional lenders at that time, but in no event greater than the higher of (a) ten percent (10%) per annum or (b) five percent (5%) per annum plus the rate prevailing on the 25th day of the month preceding the date of making the advance at the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13a of the Federal Reserve Act as now in effect or hereafter amended, or, if such rate is not in effect, at the closest counterpart of such rate. Payments shall be at such time as sufficient cash available for distribution has been derived from the operation of the Partnership to permit such repayment without impairing the solvency of the Partnership, except that any such unpaid advances shall become immediately due and payable upon termination and dissolution of the Partnership or upon sale of any assets of the Partnership or from any refinance proceeds received upon a refinancing of a substantial portion of the Partnership's assets. Such advances shall be deemed a loan by such General Partner to the Partnership and shall not be deemed a capital contribution except as otherwise indicated below.

10.1 The Partnership will cause to be paid all expenses of the Partnership, which, by way of illustration but not by way of limitation, may include: all costs incurred in or related to the construction and maintenance of improvements on the Property; all costs of borrowed money, property taxes which the Partnership may be required to pay and other taxes applicable to the Partnership; legal, accounting, printing and brokerage fees; fees and expenses paid to independent contractors, mortgage bankers, brokers and servicers, consultants, insurance brokers and other agents; expenses connected with the operation of the Partnership; expenses of maintaining and managing said Property; insurance

as required in connection with the business of the Partnership; expenses of revising, amending, converting, modifying or terminating the Partnership; expenses connected with the payment of distribution in cash or other property made by the Partnership; expenses connected with communications to the Partners or other interests in the Partnership, and bookkeeping and clerical work necessary in maintaining relations with such persons, including costs of printing and mailing reports to such persons and the costs in connection therewith; costs of any accounting, statistical or bookkeeping equipment necessary for the maintenance of the books and records of the Partnership. All expenses of the Partnership, shall be billed directly to and paid by the Partnership.

10.2 Notwithstanding the above, the General Partner may, if it advances any money in the amount of \$1,000.00 or more, treat such Advance as a capital contribution (thereby diluting the ownership of noncontributing partners), and not as a loan at its discretion, provided the General Partner does call for a Unit Holder Advance pursuant to Paragraph 6.

10.3 Notwithstanding anything to the contrary above, if the General Partner has to personally borrow funds from any source whatsoever, and if such borrowings are not secured by a mortgage or other lien on Partnership property, then in such event the interest rate to be charged the Partnership by the General Partner shall equal the interest rate charged the General Partner by its lender.

#### 11. RIGHTS AND POWERS OF THE GENERAL PARTNER

11.1 The General Partner shall be solely responsible for the management of the Partnership business with all rights and powers generally conferred by law or necessary, advisable or consistent in connection therewith.

11.2 In addition to any other rights and powers which it may possess, the General Partner shall have all specific rights and powers required or appropriate to its management of the Partnership business which, by way of illustration, but not by way of limitation, may include the following rights and powers:

(a) To borrow money and, if security is required therefor, to mortgage or subject to any other security device any asset of the Partnership, to replace any mortgage or other security device, and to prepay, in whole or in part, refinance, increase, modify, consolidate or extend any mortgage or any other security device.

(b) To place record title to, or the right to use Partnership assets in the name or names of a nominee or nominees, trustee or trustees, for any purpose convenient or beneficial to the Partnership.

(c) To acquire and enter into any contract of insurance which the General Partner deems necessary and proper for the protection of the Partnership and the General Partner, for the conservation of its assets, for any purpose convenient or beneficial to the Partnership.

(d) To employ from time to time persons, (including the General Partner or affiliates) firms or corporations for the operation and management of the Partnership business.

(e) To compromise, arbitrate or otherwise adjust claims in favor of or against the Partnership and to commence or defend litigation with respect to the Partnership or any assets of the Partnership as the General Partner may deem advisable, all or any of the above matters being at the expense of the Partnership.

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

(g) To open accounts (checking or interest bearing) and deposit funds in the name of the Partnership in banks and to make interim investments in such debt securities as would not bring the Partnership within the Investment Company Act of 1940; to maintain the Partnership's funds in a separate bank account. All Partnership funds and other assets are to be used solely for the benefit of the Partnership. The General Partner shall not commingle Partnership funds with its funds or that of any other person or entity.

(h) To cause the Partnership to make or revoke the election referred to in Section 754 of the Internal Revenue Code of 1954 of any similar provision enacted in lieu thereof.

(i) To temporarily refuse to transfer a Partner's interest if the result of said transfer will be a sale or exchange of more than fifty percent (50%) of the Limited Partnership Units within a twelve (12) month period.

## 12. RIGHTS, POWERS AND VOTING RIGHTS OF LIMITED PARTNERS

12.1 Limited Partners shall not be bound by, or be personally liable for, the expenses, liabilities or obligations of the Partnership.

12.2 Limited Partners shall take no part in or interfere in any manner with the control, conduct or operation of the Partnership and shall have no right or authority to act for or bind the Partnership.

12.3 Except as otherwise expressly set forth in this Agreement, Limited Partners shall have the right to vote, pursuant to a meeting or any written consent pursuant to Section 11.7, only upon the matters listed below which affect the basic structure of the Partnership:

- (a) Removal of the General Partner(s);
- (b) Election of a successor General Partner(s);
- (c) Termination and dissolution of the Partnership;
- (d) Amendment of the Agreement; and
- (e) The extension of the term of the Partnership.

12.4 Matters upon which the Limited Partners may vote shall require the vote or written consent of the Limited Partners owning a simple majority of the Units then outstanding except as otherwise herein set forth concerning Limited Partner actions.

12.5 No Limited Partner shall have the right or power to (1) bring an action for partition against the Partnership, (2) cause the dissolution and winding up of the Partnership by court decree or otherwise, except as set forth in this Agreement or (3) demand or receive property other than cash in return for his contribution. No Limited Partner shall have priority over any other Limited Partner either as to the return of contributions of capital or as to Net Income, Cash Flow, Net Loss or distributions, except as otherwise provided. Other than upon the termination or dissolution of the Partnership as provided for by this Agreement, there has been no time agreed upon when the contribution of each Limited Partner is to be returned.

12.6 The General Partner may at any time call a meeting of the Partners and shall call such a meeting following receipt of a written request therefor by Limited Partners holding 20% or more of the Units held by all Limited Partners as of the date of receipt of such written request ("record date"). The General Partner shall call a Partnership meeting and notify all Partners of such meeting and the general nature of the business to be transacted within 10 days of receipt of such written request. The meeting shall be held not less than 10 days nor more than 60 days following mailing of the notice thereof by the General Partner. All expenses of the meeting and such notification, except for individual Partner's personal expenses, shall be borne by the Partnership. For a valid Partnership meeting, there must be in attendance by person or by proxy at least 51% of the Unit Holders. Should there be a failure to have such a quorum, then said meeting shall be scheduled by those originally in attendance at the adjourned meeting, for a date certain and the General Partner shall notify those not in attendance at the adjourned meeting of the new time, day and place.

12.7 In any matter on which a Partner is entitled to vote or to grant or deny his consent as described in Paragraph 12.3 above, and elsewhere in this Agreement, he may do so by attending any meeting of the Partners, or he may grant to any person a written proxy, or he may grant or deny his consent in writing.

12.8 Those matters to be voted on by the Limited Partners pursuant to 11.3 can be done by written consent or denial. Such a written consent may be utilized at any duly held meeting of the Partners or it may be utilized in obtaining approval or denial by the Partners, without a meeting, of a matter submitted to all Partners entitled to grant or deny consent of such matter by the General Partner or any Limited Partner in writing allowing the Partners ten (10) days to vote their consent or denial. Partners shall be entitled to one vote for each Unit owned. The law of the State of Idaho pertaining to corporate proxies shall govern Partnership proxies.



### **13. LIABILITY OF THE GENERAL PARTNER**

13.1 Except where any loss to the Limited Partners is caused by the gross negligence or a breach of fiduciary duty by the General Partner, it is expressly agreed that the General Partner shall not be personally liable for the return of the capital or any other contributions of the Limited Partner, or any portion thereof, but, on the contrary, that any such return shall be made solely from Partnership assets.

13.2 The General Partner shall not be liable or accountable in damages or otherwise to the Limited Partners of this Partnership for any acts performed by it or for any inaction or failure to act in the scope of the authority conferred upon it by this Partnership Agreement or otherwise by law, except for acts or omissions which constitute gross negligence or breach of fiduciary duty.

13.3 Irrespective of the provisions of the Paragraphs 13.1 and 13.2 above, the General Partner shall have a fiduciary responsibility to the Limited Partners for the safekeeping and proper use of all assets of the Partnership whether or not such assets are in its immediate possession or control.

### **14. CERTAIN TRANSACTIONS**

14.1 A Limited Partner or General Partner may engage in or possess an interest in any other business or venture of any nature and description, independently or with others. Neither the Partnership nor its Partners shall have any right by virtue of this agreement in or to such independent ventures or to income or profits derived therefrom.

14.2 Except as otherwise provided for herein, the General Partner may contract with affiliated parties to provide services or materials for the Partnership or the Property such as property management, mortgage banking, insurance brokerage, real estate brokerage, and similar services if the fees for said services are not less favorable to and are competitive with those which the Partnership could obtain from qualified disinterested parties.

### **15. BOOKS, RECORDS, ACCOUNTS AND REPORTS**

15.1 At all times during the existence of the Partnership, the General Partner 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. Such books of account, a certified copy of the Certificate of Limited Partnership (and any amendments thereto), and a list of the names and addresses of all Limited Partners shall at all times be maintained at the principal office of the Partnership and shall be open to the reasonable inspection and examination of the Partners or their duly authorized representatives. Each Partner has the right to inspect and copy said books and records at all reasonable times provided that he owns an interest in the Partnership at the time of inspection.

15.2 Within seventy-five (75) days after the end of each fiscal year of the Partnership, there shall be submitted to the Partners an annual

report containing all information of the Limited Partners' tax consequences from ownership necessary for the preparation of the Limited Partners' Federal and state income tax returns.

#### 16. TRANSFER OF LIMITED PARTNERSHIP INTEREST

16.1 Limited Partners may assign the whole or a portion of their Partnership Interest, and an assignee of the whole or any portion of a Partner's interest in the Partnership shall be entitled to receive distributions of cash or other property from the Partnership applicable to the interest acquired by reason of such assignment, provided that the assignor has completed a duly executed and acknowledged written instrument of assignment in a form satisfactory to the General Partner, the terms of which are not in contravention of any of the provisions of this Agreement, which is filed with the Partnership.

16.2 No assignee of the whole or any portion of a Limited Partners' interest in the Partnership shall have the right to become a substituted Limited Partner in place of his assignor unless all of the following conditions are satisfied:

(a) The duly executed and acknowledged written instrument of assignment, which has been filed with the Partnership, sets forth the intention of the assignor that the Assignee become a substituted Limited Partner in his place;

(b) No part of the Partnership interest being acquired by the Assignee consists of fractional Units of the Partnership unless it involves the entire Partnership interest of the transferor;

(c) The assignor and assignee execute and acknowledge such other instruments as the General Partner may deem necessary or desirable to effect such admission, including the written acceptance and adoption by the Assignee of the provisions of this Agreement and his execution, acknowledgement and delivery to the General Partner of a Power of Attorney in the form and content of which are more fully described in Paragraph 20;

(d) The written consent of the General Partner to such substitution shall be obtained, the granting or denial of which shall be within the sole and absolute discretion of the General Partner. The General Partner, in making its decision, will take into account and be advised by its attorney of the Federal and state securities and tax laws as they affect this Partnership by the admission of a substituted Limited Partner;

(e) At least 75% of the remaining Unit Holders consent to the admission of the Assignee as a substituted Limited Partner; and

(f) A transfer fee has been paid to the Partnership which is sufficient to cover all reasonable expenses connected with such assignment and substitution. Said transfer fee shall be \$50.00 to the transferring Limited Partner and \$100.00 to the incoming Limited Partner.

16.3 The General Partner may elect to treat an assignee who has not become a substituted Limited Partner as a substituted Limited Partner in the place of his assignor should it deem, in its sole discretion, that such treatment is in the best interest of the Partnership for any purpose whatsoever.

16.4 The General Partner shall have complete discretion as to whether or not the Partnership shall make an election under Section 754 of the Internal Revenue Code to adjust the tax consequences between preexisting and purchasing partners. In the event such an election is made, the purchasing partner shall be fully responsible for all increased costs to the Partnership, including, but not limited to, accounting and tax return preparation fees. The purchasing partner shall pay for or reimburse the Partnership for such additional costs upon demand. Any amounts remaining unpaid will be deducted (until paid in full) from the next distributions to the purchasing partner, from any source whatsoever.

16.5 By executing or adopting this Agreement, each Limited Partner hereby consents to the admission of additional or substituted Limited Partners by the General Partner and to any Assignee of his Units becoming a substituted Limited Partner, when such is accomplished according to the terms of this agreement.

16.6 Right of First Refusal. A Limited Partner desiring to transfer, sell, assign or otherwise dispose of a Unit or Units in this Limited Partnership shall give the General Partner 30 days' prior written notice thereof setting forth the price therefor, terms thereof and the name and addresses of the prospective purchaser.

(a) Upon the receipt of the notice provided for in subparagraph 16.5 above, the General Partner will immediately notify all of the Limited Partners, in the manner prescribed by this Agreement, of the proposed transfer, sale or assignment, the price to be paid therefor, and all other relevant information pertaining thereto. The remaining Limited Partners and the General Partner shall have the RIGHT OF FIRST REFUSAL to purchase said interest of the said assigning Limited Partner seventy-five percent (75%) by the Limited Partners and twenty-five percent (25%) by the General Partner. Limited Partners between themselves will be entitled to purchase the proportion that their respective Unit ownership bears to the total Unit ownership of all the Limited Partners. This right shall be exercisable within 15 days after their receipt of the notice from the General Partner. If, at the expiration of said 15 day period, none of the remaining Partners have given notice of their intent to exercise their right of first refusal to purchase, the assigning Limited Partner may transfer or assign such interest in this Limited Partnership; provided, he/she has complied with all of the other conditions of this Paragraph 16; and further provided, no such assignment shall be made prior to the expiration of 30 days after the assigning Partner gave to the General Partner the notice described hereinabove. If some, but less than all, of the nonassigning Partners give notice of their intent to purchase the interest of the assigning Limited Partner, the purchasing Partners must purchase the whole of such interest;

(b) If all or a portion of such assigning Limited Partner's interest is not purchased by some or all of the other Partners, the assigning Limited Partner may sell or transfer such interest to the person specified in the notice provided for above and for not less than the price and on the same terms stated in the notice of the election to sell; and

(c) An assignee of a Limited Partner's interest shall be entitled to receive allocations and distributions of income, cash flow, and losses from the Partnership attributable to the interest acquired by reason of such assignment from and after the "effective date" of such assignment. The "effective date" of an assignment of a Limited Partnership interest shall be the first day of the first month following the date set forth in the written instrument of assignment. The allocations and distributions attributable to the Partnership interest acquired by reason of such assignment shall be divided among and allocated between the assignor and Assignee of such interest according to the number of days each party owns the interest; provided, however, that the General Partner shall be entitled to treat the assignor as the absolute owner and shall incur no liability for distributions or allocations of income, cash flow, losses or profits made in good faith to him, until such time as the written assignment has been received by and recorded on the books of the Partnership; provided, further, that an assignment hereunder shall not relieve an assignor of his duties and obligations under this Agreement.

#### 17. CONTINUING AND SUCCESSOR GENERAL PARTNER(S)

17.1 Upon the retirement, death or insanity of the General Partner, unless the Partnership is dissolved as described in subparagraph 17.2 and Paragraph 18 below, the value of the terminated General Partner's Subordinated Interests, if any, shall be determined and shall be payable in accordance with Paragraph 19 below.

The terminated General Partner shall share in the distributions of cash from current operations through the end of the calendar quarter in which the termination occurs.

17.2 Upon the retirement, death or insanity of the General Partner, the Partnership shall be terminated and dissolved unless, within a period of 3 months from the date of such event, a successor General Partner is elected by the vote of 100% of the Limited Partners and the successor General Partner elects to continue the business of the Partnership.

17.3 If the Limited Partners elect a successor General Partner under Subparagraph 17.2 hereinabove, and the new General Partner elects to continue the business of the Partnership, the successor General Partner (as and for his General Partner compensation) from the time of his installation as General Partner shall succeed to all rights and interests of, and be entitled to receive all Partnership interests and compensation formerly allocated or paid to the preceding General Partner, less any amounts allocated or paid to the preceding General Partner under Paragraph 17.1 and 19 herein, and specifically excluding any Limited Partnership Units owned by the preceding General Partner.

**18. LIQUIDATION (TERMINATION) AND DISSOLUTION OF THE PARTNERSHIP AND ALLOCATION OF PROCEEDS FROM SALE OF ASSETS**

18.1 The Partnership shall be dissolved and liquidated upon the happening of any of the following events:

(a) The election of the General Partner at any time to dissolve and liquidate the Partnership in the event that it reasonably is of the opinion that the continuance of the Partnership would be unsuccessful or unprofitable or contrary to the investment objectives of the Partnership as outlined in the Offering Memorandum; this decision of the General Partner shall have priority over any Limited Partner's actions pursuant to subparagraph 12.3(a), except if the Limited Partner's action to expel a General Partner had already been "commenced" by the Limited Partners. "Commenced" is conclusively determined for purposes of this subparagraph when the Limited Partners or any member thereof call a meeting pursuant to paragraph 12.6 for the purpose of expulsion of the General Partner, or the Limited Partners act pursuant to paragraph 12.8 for the same purpose.

(b) The vote of the Limited Partners as set forth in subparagraphs 12.3 and 12.4 above;

(c) Any event described in Paragraph 17.2 above (except where a successor General Partner is elected and decides to continue the business of the Partnership);

(d) Upon the sale of all Partnership assets and completion of collection of all debts to the Partnership or the reasonable determination by the General Partner that all remaining outstanding obligations to the Partnership are uncollectable or not economically collectable (excluding obligations of the General Partner, to which it shall have no such authority); or

(e) Total liquidation of all Partnership Assets.

18.2 In the event of a sale of all or a portion of Partnership assets or upon a dissolution and liquidation of the Partnership, the proceeds from the disposition of any or all of the Partnership's assets or upon liquidation shall be distributed pursuant to the priority set forth in Section 8.5, provided that neither the Partnership nor the General Partner in any way guarantees that there will be distributions in all (or any) of the tiers described therein.

**19. EXPULSION OR OTHER TERMINATION OF THE GENERAL PARTNER**

19.1 Upon the requisite vote to expel a General Partner (the General Partner's Units shall not be counted for the purposes of the voting procedure) with or without cause as described in subparagraph 12.3 above but subject to the limitation of section 18.1(a) in so far as the inability to expel a General Partner after the General Partner elects to dissolve and liquidate the assets of the Partnership, written notice of expulsion shall be served upon the expelled General Partner by certified mail, return receipt requested, or by personal service. Said notice shall set forth the date upon which the expulsion is to become effective, which date shall be not less than 45 days after the service of said notice.

19.2 Upon receipt of the notice, the expelled General Partner shall cease to act as the General Partner unless it is the sole remaining General Partner in which event it shall continue in the management of the Partnership's business until a successor is elected, but it shall enter into no contract during said period except in the ordinary course of the Partnership's business.

19.3 An accounting shall be prepared by the Partnership as of said date, said accounting to be prepared by an independent certified public accountant and shall be completed within 60 days after the date of the expulsion. Limited Partners or the General Partner shall have the right to demand the accounting be audited, but shall be solely responsible for the excess costs thereof upon such demand. The expelled General Partner shall be entitled to receive the payments attributable to its terminated interest as described below.

19.4 Nothing contained in this Paragraph 19 shall prevent the Partnership from proceeding against the expelled General Partner in enforcing, protecting or recovering upon whatever rights the Partnership has against the expelled General Partner and setting off any recovery therefrom against the terminated interest as described below.

19.5 In the event a General Partner terminates its interest or is expelled or terminated for any of the reasons set forth in Paragraph 17.1 above, the value of its Subordinated Interests, if any, but excluding Partnership Units held by it, shall be determined as of the expulsion or other termination. The Property of the Partnership shall be appraised as of the date of expulsion or other termination. Thereafter, the value of the terminated General Partner's Subordinated Interests shall be determined by reference to (a) the Partnership's balance sheet (audited if an expulsion) as of said date and (b) the provisions of this Partnership Agreement subject to the following adjustments:

First: For purposes of determining the value of the terminated General Partner's Subordinated Interests, the appraised value (in lieu of book value) of the assets shall be used;

Second: The gain, if any, in the net book value of the Partnership as a result of the appraisal of assets described in First above shall be deemed income solely for the purposes of determining the then value of the terminated General Partner's Subordinated Interest. Said gain shall be allocated pursuant to the provisions of Section 8 above to determine the then adjusted book value of the terminated General Partner's capital account; and

Third: A sum equal to the value of the terminated General Partner's Subordinated Interest, as adjusted, shall be paid (without interest) by the Partnership to the terminated General Partner, or to its personal representative or assigns by the payment upon liquidation from distributions as provided in subparagraph 8.5 Fifth herein.

19.6 In the event that the terminated General Partner or its personal representative or assigns should disagree with the Partnership's appraisal, it shall so notify the Partnership in writing within 30 days of

the mailing to it of a copy of said appraisal. Thereupon, the terminated General Partner or its personal representative or assigns may designate a substitute appraiser who shall thereupon, within 30 days, prepare a new appraisal on the same basis. All expenses of the second appraisal shall be borne by the terminated General Partner or its estate. In the further event that the Partnership shall disagree with the appraisal submitted by the appraiser employed on behalf of the terminated General Partner or its estate, the Partnership shall notify the terminated General Partner or its estate in writing of such disagreement within 30 days after receipt by the Partnership of the second appraisal. In the absence of such action by the Partnership within said 30 day period, the findings of the second appraiser shall be final and binding upon all Partners.

19.7 In the event of disagreement by the Partnership as described in Paragraph 19.6 above, within 30 days after written notice thereof to the terminated General Partner or its estate, both of the appraisers described above, i.e., the appraisers for the Partnership and the terminated General Partner or its estate, respectively, shall appoint a third appraiser. If such appointment is not made within said 30 day period, either of the two appraisers may petition the presiding judge of the Superior Court of the County where the Partnership offices are located, to act in his official capacity, to appoint the third appraiser.

19.8 Upon the appointment of the three appraisers, the appraisement shall be in the nature of an arbitration and subject to the rules of the American Arbitration Association. The decision of the appraisers shall be final and binding upon all parties, and the award (findings) may be enforced in the Superior Court of the State of Idaho in the County where appropriate.

19.9 Appraisal Standards. In arriving at a valuation figure, the appraisers shall use the going-concern concept, and observe the following bases for valuation, but not be limited to them, in computing the Partnership's value:

- (a) Inventory shall be valued at fair market value.
- (b) Buildings and land shall be valued at fair market value.
- (c) Machinery and equipment shall be valued at replacement cost.
- (d) In determining fair market value, the existence of a willing purchaser shall be assumed.
- (e) A valuation shall be placed on items of substantial value not carried on the Partnership's books.
- (f) Securities owned by the Partnership for which there is an established trading market shall be valued at the market price on the effective date of valuation. For this purpose, market price means (i) for securities listed on any national securities exchange, the last reported sales price on that date (or, if no sales on that date are reported, on the next preceding day for which sales were reported); and (ii) for

securities traded in any over-the-counter market, the mean between the highest bid and lowest asked prices reported for these securities on that date (or, if no such prices are reported on that date, on the next preceding day for which such prices were reported).

(g) Securities owned by the Partnership for which there is no established trading market shall be valued at the amounts at which they are carried on the Partnership's books in accordance with generally accepted accounting principles, including the equity method under Opinion 18 of the Accounting Principles Board to the extent applicable.

(h) Contingent items shall not be specifically deducted from the valuation figure, but they shall be considered in assessing the value of the Partnership's goodwill.

(i) Goodwill, including trademarks, trade names, and other intangibles of commercial value, shall be considered in arriving at a valuation figure.

(j) Past, present, and prospective earnings, including the existing and prospective economic condition in the industry, shall be considered in arriving at a valuation figure.

(k) Consideration shall be given to the federal and state income tax contingent liabilities on the differences between recorded book values and the market values used by the appraisers.

19.10 If the General Partner which has been expelled or had its interest as General Partner terminated owns any Limited Partnership Units, such Units shall thereafter be held by it as a Limited Partner and the Certificate of Limited Partnership shall be amended accordingly.

## 20. POWER OF ATTORNEY

20.1 By executing the subscription documents or signature page of this Agreement, each Limited Partner hereby constitutes and appoints the General Partner as the attorney-in-fact for such Limited Partner with power and authority to act in his behalf to execute, acknowledge, swear to, file and/or record documents, which will include, but not be limited to, the following:

(a) The Limited Partnership Agreement in the form set forth in this Agreement or any amendments thereto;

(b) Certificate of Limited Partnership, as well as amendments thereto as required by the laws of the State of Idaho;

(c) Any certificates, instruments and documents, including Fictitious Name Certificates, as may be required, by, or be appropriate under, the laws of the State of Idaho; and

(d) Any documents which may be required to effect the continuation of the Partnership, the admission of an additional or substituted Limited Partner, or the termination and dissolution of the



Partnership, provided such continuation, admission or termination and dissolution are in accordance with the terms of this Agreement.

(e) Any documents, including escrow instructions and amendments, loan documents including promissory notes, guarantees, deeds of trust and other security agreements and mortgages, agreements to purchase, lease, rent and exchange the Property or any interest therein, contract orders, including property management contracts, architectural contracts, construction contracts, and all other contracts and documents necessary to carry out the business of this Partnership and the Partners. In addition, it includes the authority to take any further action which the General Partner shall consider necessary or convenient in connection with any of the powers granted to the General Partner pursuant to Section 11, hereby giving the General Partner full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and about the foregoing as fully as said Limited Partner might or could do if personally present, and hereby ratifying and confirming all that said General Partner shall lawfully do or cause to be done by virtue hereof.

20.2 The foregoing Power of Attorney granted by the Limited Partners to The General Partner constituting their attorney-in-fact:

(a) Is a Special Power of Attorney coupled with an interest and is irrevocable;

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

(c) Shall survive the delivery of an assignment by a Limited Partner of the whole or any portion of the interest, except that where the assignee thereof has been approved by the General Partner for admission to the Partnership as a substituted Limited Partner, the Power of Attorney shall survive the delivery of such assignment for the sole purpose of enabling the attorney-in-fact to execute, acknowledge, swear to, file and/or record any instrument necessary to effect such substitution.

## 21. INDEMNIFICATION OF GENERAL PARTNER

The General Partner (including any of its members, directors, officers, employees) will not be liable for, and, to the extent of its assets, the Partnership will indemnify said firms and persons against, liability arising out of their activities as or for General Partners resulting from errors in judgment or any acts or omissions, whether or not disclosed, unless caused by willful conduct, bad faith, or gross negligence.

IN THE OPINION OF THE SECURITIES AND EXCHANGE COMMISSION, INDEMNIFICATION FOR LIABILITIES ARISING UNDER THE SECURITIES ACT OF 1933 IS AGAINST PUBLIC POLICY AS EXPRESSED IN THAT ACT AND, THEREFORE, IS UNENFORCEABLE.

## **22. COMPENSATION OF GENERAL PARTNER**

22.1 In addition to any interest in Partnership profits or income or losses, the General Partner or a professional property manager of the General Partner's designation shall receive the following compensation: For managing the Partnership's property, the General Partner, an affiliate of the General Partner, or a professional property manager of the General Partner's designation shall be entitled to receive a management fee equal to Twelve Thousand Dollars (\$12,000) per calendar year.

22.2 When, according to the terms of the Partnership Agreement, the Partnership intends to sell, lease or exchange the Property or any portion or interest therein, then in said event and in consideration of the General Partner's activities as General Partner, the General Partner or an affiliate of the General Partner's choice shall be given the exclusive right to sell, lease or exchange said Property in whole or part at the price and on the terms as the Partnership, according to its terms, decides, for a period of time as is customarily reasonable in the geographical area of said Property in light of market conditions, but not to be less than one (1) year. Said commission shall equal the rate charged by competent professionals for similar services in the geographical area at the time of sale.

22.3 For managing the Partnership affairs, the General Partner will be reimbursed for actual out-of-pocket expenses incurred in such management including reimbursement for travel expenses in connection with inspection trips to the Property.

22.4 In the event the Partnership's property is sold and the Partnership thereafter or at any time owns any promissory notes and/or trust deeds, then the General Partner has the right to service and collect on such notes for the Partnership and will charge the Partnership a reasonable fee for such work based on the time it takes the General Partner's staff to process such collection work.

## **23. DEATH OF LIMITED PARTNER**

The death of a Limited Partner shall not terminate the Partnership. Upon the death of a Limited Partner, the personal representative of the deceased Limited Partner shall have all the rights of the Limited Partner in the Partnership to the extent of the deceased Limited Partner's interest therein, subject to the terms and conditions of this Agreement, and the estate of the deceased Limited Partner shall be liable for all his or her liabilities as a Limited Partner, as well as the execution of all documents required to effect the appropriate substitution of the decedent's estate or beneficiary as a Limited Partner hereunder.

The decedent's estate or beneficiary (successor in interest) shall be, at such time as said successor in interest is legally recognized as the owner of such decedent's interest, a full substitute partner without the necessity of complying with the provisions of Section 16. However, during probate of the decedent's estate and if such Partnership interest is subject to such probate, then in such event such successor in interest

during probate shall be treated as an "assignee" and not a full substituted Partner only until such time as probate closes by evidence satisfactory to the General Partner.

#### **24. BANKRUPTCY OF LIMITED PARTNERS**

If a Limited Partner should voluntarily file a petition to declare bankruptcy or should voluntarily or involuntarily commit any act of bankruptcy or is adjudged a bankrupt or any chapter proceeding under the Bankruptcy Act is instituted on his/her behalf (in the event of an involuntary petition in bankruptcy against him/her), then during such bankruptcy proceedings, no matter how initiated and until the Limited Partner is adjudicated bankrupt, the Limited Partner shall not have any voting or management rights herein and neither shall the Limited Partner's successor in interest ("Successor") during bankruptcy proceedings, no matter how initiated, have any voting or management rights herein. The interest of said Limited Partner during such times as above described shall be in the nature of an interest held by an "Assignee."

It is the intention of this Limited Partnership and its Partners that only the beneficial interest of the bankrupt Limited Partner will be vested in said Limited Partner or "Successor" and the consequences of any bankruptcy shall not interfere with the operations of the Partnership, except as provided herein.

At such time as bankruptcy is legally terminated to the satisfaction of the General Partner and if the bankrupt Limited Partner after bankruptcy still owns or is revested with the beneficial interest of his/her Units, then said Limited Partner will at said time be vested again with full voting and management rights. If after bankruptcy the Limited Partner's creditors or anyone else is the beneficial owner of the bankrupt Limited Partner's interest in this Partnership, then such "Successor" will not have any voting or management rights hereunder, and such "Successor" shall be treated as an Assignee hereunder until such Successor is approved of as a full substituted Limited Partner pursuant to the terms of Section 16 herein.

#### **25. INSANITY OF A LIMITED PARTNER**

In the event of the Insanity (determined by the proper authority or court of law having jurisdiction over such matters) of a Limited Partner the Partnership interest of the insane Limited Partner shall, from the date insanity is determined or decreed, not carry or be entitled to any voting rights or powers hereunder, even if such Limited Partner has a legal guardian or conservator or any other legal representative appointed over that Partner's affairs. At such time as that Partner is determined to be legally sane by the proper authority or court of law having jurisdiction over such matters, irrespective of the place of residency, then the voting rights and powers of that Limited Partner's Partnership interest shall thereafter be fully vested in such Limited Partner.

## 26. MARITAL DISSOLUTION OF LIMITED PARTNERS

If a Unit Holder or the spouse of a registered Unit Holder should become involved in legal proceedings for dissolution, separation, or divorce from their spouse, then during such proceedings no matter how or when initiated and until the Unit ownership of this Partnership or defined percentages thereof are confirmed (by the Court with jurisdiction over such ownership) as the separate property of one spouse, the Unit Holders shall not have any voting or management rights herein. The interests of said Unit Holders shall be in the nature of an interest held by an "Assignee."

It is the intention of this Limited Partnership and its Partners that only the beneficial interest of the involved Unit Holders will remain with said Unit Holders, and the consequences of such legal proceedings shall not interfere with the operation of this Partnership.

At such time as the ownership of the Units is confirmed or decided by the Court in proportions or in total, then said party(ies) shall be vested again with full voting and management rights, singly or jointly in whatever proportions determined by said Court.

## 27. MISCELLANEOUS

27.1 Notices. All notices under this Agreement shall be in writing and shall be given to the Partner entitled thereto by personal service or by certified or registered mail, return receipt requested, except that the notice of any meeting or the furnishing of any financial statement to the Partners may be done by regular mail. Any notice hereunder shall be deemed received after 24 hours from the date of time of postmark if it is deposited with the U.S. Mail pursuant to the above (if mailed) or when personally received if the mail service is not used.

27.2 Number. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders and the word "person" shall include corporation, firm, partnership or other form of association.

27.3 Counterparts. This Agreement and Certificate may be executed in several counterparts, and all 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. The signature page of this Agreement may be made a part of a Subscription Agreement document and the original of that document shall remain in the custody of the General Partner.

27.4 Attorneys' Fees. In the event suit is brought to enforce or interpret any part of this agreement, the prevailing party shall be entitled to recover as an element of his costs of suit, and not as damages, a reasonable attorneys' fee to be fixed by the court. The "prevailing party" shall be the party who is entitled to recover his costs of suit, whether or not the suit proceeds to final judgment. A party not

entitled to recover his costs shall not recover attorneys' fees. No sum for attorneys' fees shall be counted in calculating the amount of a judgment for purposes of determining whether a party is entitled to recover his costs or attorneys' fees.

27.5 Tax Audit. In the event this Partnership is audited by the Internal Revenue Service, then the costs and expenses incurred to defend and comply with such audit shall be an expense of the Partnership. Any audit of any individual Partner (limited or general) shall not be deemed to be an audit of this Partnership.

27.6 Choice of Law. This Agreement and Certificate and all amendments hereto shall be governed by the laws of the State of Idaho.

27.7 Succession. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective Partner.

27.8 Severability. In the event any sentence or paragraph of this Agreement is declared by a court of competent jurisdiction to be void, said sentence or paragraph shall be deemed severed from the remainder of the Agreement, and the balance of the Agreement shall remain in effect.

27.9 Not for Benefit of Creditors. The provisions of this Agreement are intended only for the regulation of relations among Partners and between Partners and putative Partners and the Partnership. This Agreement is not intended for the benefit of non-Partner creditors and no rights are granted to non-Partner creditors under this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

GENERAL PARTNER:

TREASURE VALLEY ESTATES, INC.,  
an Idaho corporation

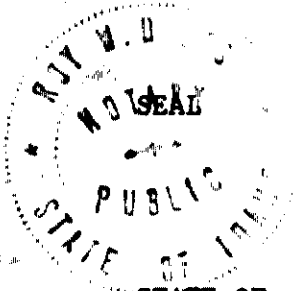
MEL M. PALMQUIST

By: MEL M. PALMQUIST, President

STATE OF )  
COUNTY OF ) ss.

On June 29, 1983, before me, the undersigned, a Notary Public in and for said County and State, personally appeared MEL M. PALMQUIST, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument as the general partner of WILDER FARMS I, LTD., an Idaho limited partnership, and acknowledged that he executed it.

WITNESS my hand and official seal.



Ray W. Beets  
Notary Public

STATE OF )  
COUNTY OF ) ss.

On June 29, 1983, before me, the undersigned, a Notary Public in and for said County and State, personally appeared MEL M. PALMQUIST, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as president or on behalf of the corporation therein named as the general partner of WILDER FARMS I, LTD., an Idaho limited partnership, and acknowledged to me that the corporation executed it.

WITNESS my hand and official seal.



Ray W. Beets  
Notary Public

LIMITED PARTNERS:

NAME: William E. Ewing By: \_\_\_\_\_  
I.D. or \_\_\_\_\_  
S.S.N.: 463-64-5354

Beverley G. Ewing By: \_\_\_\_\_  
I.D. or \_\_\_\_\_  
S.S.N.: 465-72-9373

ADDRESS: 3648-113th Avenue NE, Bellevue, WN 98004

NAME: Michael R. Farro By: \_\_\_\_\_  
I.D. or \_\_\_\_\_  
S.S.N.: 003-32-6009

Debbie Farro By: \_\_\_\_\_  
I.D. or \_\_\_\_\_  
S.S.N.: 560-82-3101

ADDRESS: 8045 La Riviera Drive, Sacramento, CA 95826

NAME: H. Ross McDowell By: \_\_\_\_\_  
I.D. or \_\_\_\_\_  
S.S.N.: 540-20-5408

Dorothy L. McDowell By: \_\_\_\_\_  
I.D. or \_\_\_\_\_  
S.S.N.: 544-14-3801

ADDRESS: 10250 NW 110th, Portland, OR 97208

NAME: Robert L. Osborne By: \_\_\_\_\_  
I.D. or \_\_\_\_\_  
S.S.N.: 566-26-0713

Darlene L. Osborne By: \_\_\_\_\_  
I.D. or \_\_\_\_\_  
S.S.N.: 557-50-5513

ADDRESS: 6435 Meadow Valley Lane, Reno, NV 89509

NAME: John Wilbur Ricketts

By: \_\_\_\_\_

I.D. or \_\_\_\_\_

S.S.N.: 536-28-8265

By: \_\_\_\_\_

I.D. or \_\_\_\_\_

S.S.N.: \_\_\_\_\_

ADDRESS: 8001 Sand Point Way NE C-47, Seattle, WN 98115

NAME: \_\_\_\_\_

By: \_\_\_\_\_

I.D. or \_\_\_\_\_

S.S.N.: \_\_\_\_\_

By: \_\_\_\_\_

I.D. or \_\_\_\_\_

S.S.N.: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

NAME: \_\_\_\_\_

By: \_\_\_\_\_

I.D. or \_\_\_\_\_

S.S.N.: \_\_\_\_\_

By: \_\_\_\_\_

I.D. or \_\_\_\_\_

S.S.N.: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

NAME: \_\_\_\_\_

By: \_\_\_\_\_

I.D. or \_\_\_\_\_

S.S.N.: \_\_\_\_\_

By: \_\_\_\_\_

I.D. or \_\_\_\_\_

S.S.N.: \_\_\_\_\_

ADDRESS: \_\_\_\_\_



NAME: \_\_\_\_\_ By: \_\_\_\_\_  
I.D. or  
S.S.N.: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
I.D. or  
S.S.N.: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

NAME: \_\_\_\_\_ By: \_\_\_\_\_  
I.D. or  
S.S.N.: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
I.D. or  
S.S.N.: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

NAME: \_\_\_\_\_ By: \_\_\_\_\_  
I.D. or  
S.S.N.: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
I.D. or  
S.S.N.: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

By each Limited Partner's Attorney-in-fact

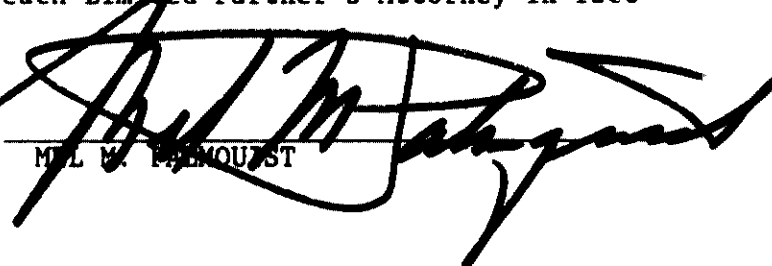
By:   
MEL W. PALMQUIST

EXHIBIT A

LEGAL DESCRIPTION(S)

PARCEL I:

The Northwest Quarter (NW $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) in Section 12, Township 4 North, Range 6 West, Boise Meridian, Canyon County, Idaho.

PARCEL II:

Lot 3 of Section 7, Township 4 North, Range 5 West, Boise Meridian;  
AND

the Northeast Quarter (NE $\frac{1}{4}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) and the Southeast Quarter (SE $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) of Section 12, Township 4 North, Range 6 West, Boise Meridian; AND

all that portion of the Northeast Quarter (NE $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) of Section 12, Township 4 North, Range 6 West, Boise Meridian, lying South of the following described line, to-wit:

BEGINNING at a point 1140 feet South of the Northwest corner of the Northeast Quarter (NE $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) of said Section 12; thence Northeast erly 202.5 feet, along the South and East side of a raised ditch along the toe of slope of same, to a point which is 1032.5 feet South of the North line and 150.5 feet East of the West line of said Northeast Quarter (NE $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ); thence East 1169.5 feet, more or less, to a point in the East line of said Northeast Quarter (NE $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ), 1032.5 feet South from the Northeast corner thereof;

EXCEPTING THEREFROM a right-of-way for road along the North side of said Lot 3 above described;

ALSO EXCEPTING THEREFROM a right-of-way for road along the North side of the North Half (N $\frac{1}{2}$ ) of the Southeast Quarter (SE $\frac{1}{4}$ ) and along the South side of the Southeast Quarter (SE $\frac{1}{4}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) of said Section 12, above described.

024270

004205

State of )  
County of ) ss.

On this 29 day of June, in the year 1983, before me, a notary public for the above state and county, personally appeared MEL M. PALMQUIST, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument as the attorney in fact of each of the Limited Partners, and acknowledged to me that he subscribed the name of each of the limited partners thereto as principal, and his own name as attorney in fact.

WITNESS my hand and official seal.

Ray W. Beets  
Notary Public



REGISTERED AGENT: Mel M. Palmquist  
ADDRESS: 921-7th Street, South  
Nampa, ID 83651

979490

FILED

JUN 30 2 03 PM '83

BILL A. STASER  
CANYON CNTY. RECORDER

BY C. Beets

REQUEST Sandy Peterson  
TYPE 644 10.00