

APR 8 1984

CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP OF
Carol II Limited Partnership
an Idaho limited partnership

THIS CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP OF Carol II Limited Partnership, an Idaho limited partnership is made and entered into effective as of January 1, 1984, (the "Effective Date") by and between Wilshire Investments Corporation, a California corporation, ("Wilshire"), General Partner, and Western Housing Associates, Ltd., a California limited partnership ("Western") as Limited Partner, with respect to the following:

WITNESSETH:

WHEREAS, the parties hereto desire to form a Limited Partnership under the Laws of the State of Idaho, which limited partnership is hereinafter referred to as the "Partnership".

NOW, THEREFORE, in consideration of the mutual premises and undertakings herein contained and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby swear and agree as follows:

After Recordation Return To:
Management Assistance Group, Inc.
881 Alma Real Drive Suite 205
Pacific Palisades, CA 90272

ARTICLE I

Definitions

As used in this Agreement, the following terms shall have the meaning set forth in this Article I as follows:

1.01 "Act" shall mean the Uniform Limited Partnership Act as enacted in the State of Idaho.

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

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

1.04 "Capital Account" shall mean the bookkeeping account maintained by the Partnership for each Partner, adjusted as provided in Section 5.09.

1.05 "Capital Contribution" shall mean the money or other property invested as equity by a Partner made pursuant to Section 4.02 of this Agreement.

1.06 "Certificate" shall mean this Certificate and Agreement of Limited Partnership as a Certificate of Limited Partnership, as amended from time to time.

1.07 "Code" shall mean the Internal Revenue Code of 1954, as amended from time to time.

1.08 "Co-General Partner" shall mean the Co-General Partner above named or other person or entity elected pursuant to the terms of this Agreement.

1.09 "Disposition of Partnership Property" means any sale, exchange, assignment, abandonment, foreclosure, or disposition in any other manner, whether voluntary or involuntary, of all or substantially all of the Partnership's assets.

1.10 "General Partners" or "General Partner" shall mean the Managing General Partner, the Co-General Partner, and any other individual or corporation elected as an additional or substitute General Partner pursuant to the terms of this Agreement.

1.11 "General Partner Interest" shall mean the interest in profits, losses, capital, and distributions inuring to the General Partners by virtue of the terms of this Agreement.

1.12 "Housing Assistance Payments" shall mean the monthly payments, if any, made to the Partnership by FmHA (or by any public agency with funds furnished by FmHA) to subsidize the rents on all or a portion of the dwelling units in the Project in accordance with applicable FmHA regulations, as authorized by Section 8 of the United States Housing Act of 1937, as amended.

1.26 "Project" shall mean that parcel of land located in the City of Kuna, State of Idaho, more specifically described in Exhibit "A" hereto, together with all improvements constructed thereon, and all personal property owned by the Partnership and used in connection with the operation thereof, identified by FmHA as Project No. 12-20-930746922, all of which is commonly referred to as Carol Manor II.

1.27 "Regulatory Agreement" shall mean any agreements entered into between the Partnership, and FmHA, settling forth certain obligations of the Partnership with respect to its governance and operation of the Project.

1.28 "State" shall mean Idaho.

1.29 "Tax Item" shall mean any item of income, gain, loss, deduction or credit of the Partnership, as determined under the Internal Revenue Code.

1.30 "Transfer" shall mean to lend, pledge, encumber, assign, sell, exchange, give, lease, license, abandon or dispose of in any other manner, voluntarily or involuntarily, of any rights in property, tangible or intangible.

ARTICLE II

Formation and Continuation of the Partnership

2.01 Continuation. The parties have heretofore formed and created a limited partnership under and pursuant to the Act and hereby continue the Partnership as herein set forth.

2.02 Name. The name of the Partnership shall be Carol II Limited Partnership, an Idaho limited partnership. The business of the Partnership may be conducted under any name chosen by the General Partners, who may, in their sole discretion from time to time, change the name of the Partnership.

2.03 Principal Place of Business. The principal place of business of the Partnership shall be at the Project, or at such other locations as may hereafter be determined by the General Partners. The General Partners shall promptly notify the Limited Partners of any change in the principal place of business. The Partnership shall maintain such other offices at any other place or places, within and without the State as the General Partners may from time to time deem advisable. The address of the registered office in the State of Idaho is 300 North Sixth Street, Boise, Idaho 83701. The name of its registered agent at such office is CT Corporation System.

2.04 Relocation. If they deem it to be in the best interests of the Partnership, the General Partners may at any time, and without the consent of the Limited Partners, change the situs of the Partnership to any other state or territory of the United States, provided that in the opinion of counsel to the Partnership such relocation (i) will be accomplished in accordance with the laws of the State and such other state or territory, (ii) will not jeopardize the Partnership's status as a partnership for federal income tax purposes, (iii) will not subject any Partner to any materially greater risk of personal liability for the debts and obligations of the Partnership and (iv) will not cause any Partner to suffer any adverse federal income tax consequences.

2.05 Term. The term of the Partnership commenced on January 1, 1984, and shall continue until January 1, 2025, unless the Partnership is sooner dissolved in accordance with the provisions of this Agreement.

ARTICLE III

Purpose of the Partnership

3.01 Business and Purpose of the Partnership. The principal business and purpose of the Partnership is to acquire, own, maintain and operate the Project as a multifamily housing project for low and moderate income persons pursuant to one or more programs of government assistance administered by FmHA.

3.02 Authority of the Partnership. In order to carry out its business and purpose the Partnership is empowered and authorized to do any and all things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of its business and purpose, and for the protection and benefit of the Partnership, including, but not limited to, the following:

A. Acquire, own, operate, maintain and improve, and to sell, convey, assign, mortgage or lease any real property and interest therein and any personal property necessary for the operation of the Project or any portion thereof, or in the carrying out of the principal business and purpose of the Partnership;

B. Enter into any kind of activity, and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of, the principal business and purpose of the Partnership;

C. Borrow money and issue evidence of indebtedness in furtherance of the Partnership business and secure any such indebtedness by mortgage, pledge, hypothecation or other security provided, however, that the documents evidencing same, if any, shall provide in substance and legal effect that no Limited Partner shall have any personal liability for the payment of such indebtedness. Notwithstanding the foregoing, the Partnership may borrow funds on an unsecured recourse basis to the General Partner for temporary working capital needs;

D. Maintain and operate the Project, including hiring a Managing Agent (who may be a General Partner or Affiliate of a General Partner) and/or enter into any lease or other agreement for or relating to the operation and/or management of the Project with respect to day-to-day operations of the Project;

E. Subject to the other provisions of this Agreement, negotiate for and conclude agreements for the sale, lease, exchange, conversion to cooperative or condominium or other disposition of all, or substantially all or the property of the Partnership, or for the refinancing of any mortgage loan on the Project;

F. Provide safe, decent and sanitary housing for low and moderate income persons and families pursuant to Section 515 of the National Housing Act; apply for and receive from FmHA any loan, loan guarantee, subsidy, mortgage insurance, supplemental loan, assumption of mortgage approval, transfer of physical assets approval, or any other form of housing assistance or FmHA program approval for the Project under any FmHA/FHA program, including but not limited to, the program known as Sec. 8 of either the U.S. Housing Act or the National Housing Act;

G. Execute and deliver to FmHA any documents, instruments or forms, including but not limited to notes, deeds of trust, mortgages, regulatory agreements, assumption agreements, assignments, and housing assistance payments

contracts, which may be necessary in connection with the obtaining of any form of housing assistance for the Project under any FmHA/FHA program, including the assumption of any mortgage, deed of trust or regulatory agreement on any existing FmHA-related project; and

H. Enter into, perform and carry out contracts of any kind necessary to, or in connection with or incidental to, the development of the Project, including, but not by way of limitation, any contract or contracts with FmHA or any lender which may be desirable or necessary to comply with the requirements of the National Housing Act, as amended, and the Administrative Rules and Regulations of FmHA.

ARTICLE IV

Partners' and Partnership Interest

4.01 Partners' Contribution and Percentage Interests in the Partnership.

A. The capital of the Partnership shall be divided into General Partner interests and Limited Partner interests, each having individually, and in the aggregate, the Percentage Interest set forth herein.

B. The Percentage Interest of the General Partners shall be as set forth on Exhibit "B" hereto which may from time to time be hereafter amended.

C. The Percentage Interest of the Limited Partners shall be as set forth on Exhibit "B" hereto which may from time to time be hereafter amended.

D. The other provisions of the Agreement notwithstanding, in all events, the interest of the General Partners in each material item of income, gain, loss, deduction or credit will be equal to no less than 1% of each such item at all times during the existence of the Partnership. This interest shall be determined without taking into account any Limited Partner Interest owned by any General Partner.

4.02 Partners' Capital Contributions.

A. The General Partners shall contribute to the capital of the Partnership the sum set forth in Exhibit "B" hereto which may from time to time be hereafter amended, and all right, title and interest arising by virtue of their agreements with the seller of the Project, if any, and shall have therefor the Percentage Interest set forth in Section 4.01.B. and the interests in profits, losses and distributions set forth in Sections 5.01 through 5.04.

B. The Limited Partners shall each contribute the sum set forth in Exhibit "B" hereto which may from time to time be hereafter amended.

At such time as any additional capital contributions of the Limited Partners are made, the Partnership will file with the County Recorder or other recording official for the agency with which this Agreement is recorded, an amendment to this Agreement reflecting that such capital contributions have been made.

C. The Managing General Partner may accept, subject to the terms and conditions satisfactory to the Managing General Partner, notes, and/or

letters of credit from the Limited Partners as security for, or in payment of, the Limited Partners' capital contributions to the Partnership.

D. If a Limited Partner fails to make any Capital Contribution or shall make a Capital Contribution in a sum less than set forth in Section 4.01.B hereof within 15 days after its due date (a "Default"), then the Limited Partners' Percentage Interest, and the obligation of such Limited Partners to make future Capital Contributions for the fiscal year in which the Default occurs and thereafter shall, without further action, be reduced and (to the extent the right of the Limited Partners to receive allocated Profits or Losses or cash distributions of the Partnership is dependent on their Percentage Interest such allocations shall also be reduced) to that percentage, which is equal to the product of the total Percentage Interest of such Limited Partners in the Partnership prior to such Default multiplied by a fraction, the numerator of which is the difference between such Limited Partner's agreed upon Capital Contribution set forth in Section 4.02.B and such Limited Partner's actual Capital Contribution, and the denominator of which is such Limited Partner's agreed upon Capital Contribution set forth in Section 4.02.B. The Limited Partners hereby grant to the General Partners, and each of them, their irrevocable power of attorney (coupled with an interest) to execute any and all documents on behalf of the Partners and the Partnership and to file any such documents as may be required to effectuate the provisions of this Section 4.02.C.

4.03 Additional Capital in Event of Default. In the event the Limited Partners' Percentage Interest is reduced by virtue of the provisions of Section 4.02.C., the Managing General Partner may sell for such consideration as the Managing General Partner shall solely determine, such additional interest in the Partnership and admit such purchasers thereof as Limited Partners. The General and Limited Partners agree that upon such event, to the extent necessary to admit such additional purchasers as Limited Partners without further diluting the Limited Partners' interest, this Agreement may be amended to provide for additional Limited Partners, to create a separate class of Limited Partners, to provide for different allocations of income, gain, loss, deduction or credit and cash distributions, and the Limited Partners grant to the Managing General Partner their irrevocable power of attorney (coupled with an interest) to execute such agreements, certificates, or other documents and instruments necessary to effect such amendments.

4.04 Admission of Additional Limited Partners other than following Default. If at any time, and from time to time, the General Partner determines that the Partnership requires additional Capital to carry on its business (the "Additional Capital Required"), then the Managing General Partner shall notify the Limited Partners of the Additional Capital Required within ten (10) days of said notice, the Limited Partners shall notify the Managing General Partner of their decision whether to contribute to the Partnership the Additional Capital Required in accordance with their Percentage Interests. Any Limited Partner electing to contribute the Additional Capital Required shall promptly do so, and his Percentage Interest shall not change. If one or more Limited Partners ("Declining Limited Partners") decide not to contribute the Additional Capital Required, then the Managing General Partner may, but shall not be required to, admit other Persons to the Partnership as additional Limited Partners on such terms as the General Partner may determine, including reducing the Declining Limited Partners' interest in the Partnership provided that the General Partners shall use their best efforts to assure that no reduction shall be made in any existing Declining Limited Partner's interest in Profits that would cause him to recognize income under Sections 731 and 752(b) of the Code.

4.05 General Partner's Right to Acquire Interests. Any General Partner may acquire a Limited Partner's Interest and be admitted to the Partnership as a Limited Partner, with all the rights and obligations thereof, on the same terms and conditions as other Limited Partners. All reference in this Agreement to Limited Partners shall, if applicable, include General Partners in their capacity as Limited Partners.

4.06 General Partners' Loans. Any other provision in this Agreement notwithstanding, the General Partners may, but shall not be required to, advance funds to the Partnership as set forth in this Section 4.06:

A. The General Partners may, but shall not be required to, advance funds to the Partnership from time to time as it deems necessary or desirable.

B. Any advances made pursuant to this Section 4.06 shall be evidenced by a promissory note of the Partnership to the Managing General Partner not secured by any liens or other charges on the Project or any property and shall bear interest at the lesser of:

(1) 2 percentage points over the prime rate established from time to time by Bank of America National Trust and Savings Association, Los Angeles, California for unsecured loans to its largest and most credit worthy customers, or

(2) the rate which would be charged by an unrelated California lender normally engaged in making loans to similar entities; or

(3) the lower of lawful rate of interest which may be charged under the applicable laws of the State of California, the State and the United States;

and the repayment thereof shall be treated as a debt to a Person not a Partner, payable prior to any distributions to the Partners. Such notes shall be unsecured and shall not provide for any prepayment premium or penalty.

4.07 Nature of Partnership Interest. The interests of the Partners in the Partnership shall be personal property for all purposes. All property owned by the Partnership, whether real or personal, tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually, shall have ownership of such property. The Partners hereby agree that no Partner, nor any successor in interest to any Partner, shall have the right while this Agreement remains in effect, to have any Partnership asset partitioned, or to file a complaint or institute any proceedings at law or in equity to have such asset partitioned, and each Partner, on behalf of himself, his successors, successors-in-title, and assigns, hereby waives any such right.

4.08 Restrictions Relating to Partnership Capital. Except as otherwise specifically provided in this Agreement, no Partner shall have the right to withdraw or reduce his Capital Contributions; no Partner shall be entitled to receive interest on his Capital Contribution; no Partner shall have the right to partition of Partnership Property or to receive property other than cash, if any, in return for his Capital Contribution; no Partner shall be required to make any further contributions to the Capital of the Partnership; no Partner shall be liable to the Partnership or to any other Person to restore any deficit balance in his Capital Account or to reimburse

any other Partner for any portion of such other Partner's investment in the Partnership; no Limited Partner shall have priority over any other Limited Partner, either as to the return of his Capital Contribution or as to Profits, Losses or distributions; and no Partner shall have a right to the return of his Capital Contribution prior to dissolution and termination of the Partnership, and then only to the extent of Net Cash upon Liquidation of the Partnership, if any, distributable as provided in Section 5.04.

ARTICLE V

Capital Accounts, Profits, Losses and Distributions

5.01 Losses. Losses of the Partnership shall be allocated among all General and Limited Partners in accordance with their Percentage Interests.

5.02 Profits. Profits shall be allocated as follows:

A. If, at any time, any Partner has a negative Capital Account balance, Profits (in an amount equal to the sum of the negative Capital Account balances of all Partners with such negative Capital Account balances) shall be allocated to those Partners in proportion to their respective negative Capital Account balances.

B. To the extent any portion of Profits is attributable to a Disposition of Partnership Property and is treated as gain from the sale of property which is not a capital asset by virtue of the application of Section 1245 or Section 1250 of the Code ("Recapture Gain"), such Recapture Gain shall be allocated among all Partners in the same proportion as the sum of depreciation for the year of such disposition and all prior years, allocated to each Partner, bears to the sum of all depreciation deductions allocated to all Partners.

C. Profits in excess of the amounts allocated under subsections 5.02.A. and 5.02.B. shall be allocated to all General and Limited Partners in accordance with their respective Percentage Interests.

D. If an event causes the sum of the Partner's deficit capital account balances to exceed the minimum gain (the minimum taxable gain which would be recognized by the Partnership if the nonrecourse debt were foreclosed upon and the Partnership Property securing such debt were transferred to the creditor in satisfaction thereof), all partnership income, gain, loss, and deduction (or item thereof) must thereafter be allocated in a manner which reduces and eliminates the excess as rapidly as possible.

5.03 Cash Distributions. Distributions from the Partnership shall be made as follows:

A. Net Cash (other than Net Cash upon Liquidation of the Partnership) shall be distributed among individual Partners in proportion to their respective Percentage Interests for the period in respect of which such distributions are made.

B. Net Cash upon Liquidation of the Partnership shall be distributed among all General and Limited Partners in proportion to their respective individual positive Capital Account balances, computed after the allocations specified in Section 5.02.

5.04 Timing of Distributions. Net Cash, if any, shall be distributed to the Partners at such reasonable times as the General Partners may determine but no less often than annually.

5.05 Restrictions on Distributions. All distributions under this Agreement shall be subject to compliance with the restrictions on distributions of surplus cash contained in the Regulatory Agreement.

5.06 Character of Distributions. During the existence of the Partnership, no Partner shall be entitled to receive as distributions from the Partnership any Partnership assets other than money. If upon winding up of the Partnership the General Partners determine that (i) an immediate sale of part or all of the Partnership assets would cause undue loss to the Partners and (ii) Partnership assets are susceptible of division for distribution in kind to Partners, then, to that extent, the General Partners may distribute Partnership assets in kind to the Partners. In such event, each asset distributed in kind shall be valued at its current net fair market value (but not less than zero), and the unrealized gain or loss in value of each such asset shall be allocated to the distributed Partners' Adjusted Capital Account balances as if such assets had been sold for the value assigned to it, and each such asset shall then be distributed to the Partners as provided in 5.03.B.

5.07 Repayment of Creditor Partners. No distributions of Net Cash shall be made prior to the repayment by the Partnership of all loans and advances made by Partners that are currently due and payable.

5.08 Allocations with Respect to Varying Interests. Allocations of Tax Items among, and resulting distributions of Net Cash to, Persons who in any taxable year of the Partnership were Limited Partners for less than the entire taxable year or whose Percentage Interests owned varied during any taxable year shall be made in accordance with whatever reasonable, consistently applied method the General Partners may choose to implement the provisions of Section 706(c) of the Code.

5.09 Contingency Reserves. The General Partners shall have the right to establish such reserves and to set aside Partnership funds therein as the General Partners determine to be reasonable in connection with the operation of the General Partner's business. Any funds set aside in such reserves shall not be available for distribution pursuant to this Article, but the General Partners may elect to make a portion of such funds subsequently available for distribution (and thereby become Net Cash) to the extent that the General Partners reasonably determine that such funds are substantially in excess of the amount reasonably necessary to provide an adequate reserve for the operation of the Partnership's business. In the event the General Partners, at any time, elect to make any portion of such reserves available as Net Cash, they shall notify the Limited Partners thereof in the next regular report to the Limited Partners, specifying therein the sum elected to be made available for distribution and the reasons remaining reserves are adequate for Partnership purposes.

5.10 Capital Accounts. A Capital Account shall be established and maintained for each Partner. The Capital Account of each Partner shall be credited with his original Capital Contribution, all additional Capital Contributions, and Profits allocated to him pursuant to Section 5.02 and shall be debited with Distributions made to him under Section 5.03 and Losses allocated to him under Section 5.01. The Capital Account of a Person who is not a Limited Partner shall be that of his transferor Limited Partners.

ARTICLE VI

Syndication of a Limited Partner

6.01 Conditions to Syndication. The Partners recognize that it is the intention of one of the Limited Partners to offer and sell limited partnership interests in such Limited Partner in a transaction not involving a public offering. The Limited Partner may syndicate its limited partnership interest to investors who are, or are not, related to any Partner at any time, provided that all of the following conditions are met:

A. The Limited Partner shall represent and warrant to the Partnership and its General Partners:

(1) That the offer and sale of interest in the syndication comply with applicable federal and state securities laws; and

(2) Such offer and sale will not affect the classification of the Partnership under the applicable federal and state income tax laws as a partnership and not an association taxable as a corporation; and

B. The Limited Partner's present General Partner or Partners shall continue to hold an ownership interest in the Limited Partner and shall retain management responsibility for the Limited Partner.

6.02 Indemnity. The syndicating Limited Partner, and each of its general partners, shall jointly and severally indemnify and hold harmless the Partnership and its General Partner from and against any loss, damage, cost or expense incurred by the Partnership or any of its General Partners as a result of a claim that such syndication violated applicable federal or state securities laws, provided, however, that the Partnership or its General Partner shall not be entitled to any such indemnity if the violation of the securities laws was based on any information supplied or omitted to be supplied (or necessary to be supplied in order to make the information supplied not misleading) for inclusion in the Limited Partner's offering memorandum by the Partnership or its General Partners. The Partnership and its General Partners agree to provide reasonable information regarding themselves for such offering memorandum and to review the offering memorandum relating to the description of matters disclosed or represented by them to determine the accuracy of such information.

ARTICLE VII

Compensation, Fees and Expenses

7.01 Fees to the General Partners. The Partnership is authorized to pay to the Managing General Partners, or their Affiliates, salaries and fees in such amount as the Managing General Partners determine are appropriate provided, however, that such salaries and/or fees shall be paid solely from surplus cash as defined in any Regulatory Agreement and other funds not otherwise restricted by any Regulatory Agreement.

Such compensation shall be paid by the Partnership to the General Partners without regard to Partnership income as a guaranteed payment. Such compensation shall be reported by the General Partners and the Partnership as guaranteed payments under Section 707(a) and (c) respectively, of the Code, and such compensation shall be reported by the General Partners, in the taxable year received, as ordinary income.

The fees payable pursuant to this Section 7.01 shall be added to the costs of the Project for purposes of depreciation and amortization or shall be deducted by the Partnership as an ordinary and necessary expense of Partnership business as appropriate.

7.02 Consulting Fees. The Managing General Partner may require the Partnership to retain and compensate professional consultants which may be Affiliated with, or have a substantial business relationship with, the General Partners to:

A. review, monitor, evaluate and advise with respect to the operations of the Project;

B. maintain relations and communications with FmHA or any other governmental agency;

C. assist in the development and formulation of management policies; and

D. make appropriate recommendations pertaining thereto, provided that the cost and fees of such consultants shall not be paid out of, or charged against, the Project's rental income unless FmHA agrees that such costs and fees may be paid from the Project's rental income, but in all other respects such costs and fees shall be paid from surplus cash as defined in any Regulatory Agreement and other funds not otherwise restricted by any Regulatory Agreement.

7.03 Management Fees. The Partnership intends to enter into a property management agreement with a FmHA approved property manager as Managing Agent which may be an Affiliate of a General Partner, and pursuant to such agreement pay compensation to such Managing Agent at rates which shall be agreed to between the Partnership and the Managing Agent with the approval of FmHA.

7.04 Reimbursement of General Partners for Certain Advances. Funds advanced by the General Partners prior to the admission of the Limited Partner or from time to time as may be necessary shall be promptly repaid to them.

7.05 Expenses. General overhead and administrative expenses of the General Partners will not be charged to the Partnership. However, the Partnership will bear all direct costs and expenses incurred in the conduct of its business, including, without limitation, all costs and expenses for legal, audit, accounting and other technical and professional services, reports and other communications to investors, printing, postage, telephone and telegraph, travel, insurance, interest, messengers, office supplies, data processing, taxes, permits and licenses. All expenses of the Partnership shall be billed directly to it.

ARTICLE VIII

Rights, Obligations and Powers of the General Partners

8.01 Management Power. Subject to Sections 8.04, 8.05 and 8.10, the General Partners shall have the full, exclusive and complete discretion in the management and control of the business of the Partnership and shall, subject only to the restrictions expressly imposed elsewhere in this Agreement, make all decisions to carry out the purposes stated in Article II. All decisions by the General Partners shall be made in the interests of the Partnership and, in cases where the interest of the General Partners and the Limited Partners shall be in conflict, the interest of

the Limited Partners shall in all cases prevail. From and after the date hereof, all materials, supplies, services and other tangible and intangible items purchased for or in connection with the operation of the Partnership's business or maintenance of or improvement to any Property shall be deemed to have been purchased by and on behalf of the Partnership, which shall be entitled to all federal, state and local tax deductions which may be applicable with respect thereto. The General Partners shall have the authority to bind the Partnership, by execution of documents or otherwise, to any obligation not inconsistent with the provisions of this Agreement.

8.02 Acts by One General Partner. The General Partners may exercise the powers granted to them in accordance with the provisions of this Partnership Agreement and may enter into such agreements as are authorized by this Agreement by subscribing the Partnership name as follows:

By: _____
A General Partner

and in so doing shall bind the Partnership in the same manner as had the signatures of all Partners been affixed thereto.

8.03 Authority of the General Partners. In carrying out their powers under Section 8.01, but subject to the limitations in Section 8.04 in every case and further subject to the laws in effect in the State in which such authority is sought to be exercised, the authority of the General Partners shall include, without limitation, the authority to:

- A. Acquire the Project and execute all applicable contracts and instruments, and do all such other acts as may be necessary for the purchase thereof and to perfect the title of the Partnership thereto;
- B. Execute such contracts or agreements which may be desirable or necessary;
- C. Increase or extend any mortgage loan on the Project;
- D. Expend Partnership capital, assets, and income in the exercise of any of their rights or powers hereunder;
- E. Except as may otherwise be expressly provided herein, borrow money on the credit of the Partnership, enter into obligations, recourse or non-recourse, on behalf of the Partnership and give as security therefore Partnership property;
- F. Invest and reinvest such Partnership assets as are not then required for investment in the Project;
- G. Incur obligations and perform, compromise, or discharge such obligations;
- H. Retain other Persons to render services to them or to the Partnership and to compensate such Persons therefor;

I. Subject to their continuing general supervision, delegate to other Persons the performance of any duties they are required to perform or the exercise of any rights they possess;

J. Contract with and compensate themselves or Affiliates for the performance of services or the furnishing of goods to or on behalf of the Partnership;

K. Sell, pledge or otherwise Transfer notes given by Limited Partners evidencing their obligation to make future Capital Contributions; provided, however, that such notes shall not be assigned at a discount to meet financial needs of the Partnership;

L. Execute and deliver leases, sub-leases and easements relating to the Project;

M. Enter into contracts including the Regulatory Agreement and take all other actions necessary to assure the proper operation and maintenance of the Project;

N. Alter or improve the Project;

O. Bring and defend actions at law or in equity;

P. Enter into and carry out contracts and agreements of all kinds related to the principal business and purpose of the Partnership;

Q. Employ a Managing Agent to conduct the day-to-day operation of the Project; including the appointment of an Affiliate of any General Partner or any mortgagee; and

R. Do and perform all such other acts as may be necessary or appropriate to the conduct of the Partnership's business.

8.04 Restrictions on Authority of General Partners. The General Partners shall not have the authority:

A. To perform any act in violation of any applicable law, the regulations thereunder, or to perform any act which is inconsistent with the terms of this Agreement;

B. Without prior written consent of a Majority of the Limited Partners, except as otherwise specifically set forth herein:

(1) to construct any new capital improvements or to replace any existing capital improvements which construction or replacement would substantially alter the character or use of any Project;

(2) to acquire any real property on behalf of the Partnership in addition to the Project; or

(3) negotiate for and conclude agreements for the sale, exchange, conversion to condominium or cooperative or other disposition of all or

substantially all of the property of the Partnership, or for the refinancing of any mortgage loan on the Project;

C. Without the prior written consent of all Partners, to do any act required, by the laws as in effect in the State, to be approved or ratified by all Partners;

D. To cause the Partnership to purchase or lease any real property other than the Project if the General Partners or their Affiliates (or if any limited partnership in which a General Partner or its Affiliates) had, prior to acquisition, any interest in such property or investment (other than an interest acquired solely to facilitate the Partnership's acquisition thereof);

E. To cause the Partnership to make loans to the General Partners or their Affiliates;

F. To cause the Partnership to purchase properties or other investments in exchange for interest in the Partnership;

H. To cause the Partnership to give the General Partners or their Affiliates the exclusive right or employment to sell the Project or other investment;

I. To cause the Partnership to pay to the General Partners or their Affiliates, insurance brokerage fees or to allow them to write any insurance policies covering the Partnership or the Project or other investment of the Partnership;

J. The General Partners, their Affiliates, or salesman, or dealer offering interests in the Partnership shall take no action in violation of Section V.F. of the Statement of Policy Regarding Real Estate Programs adopted by the North American Securities Administrators Association, Inc.;

K. To cause the Partnership to commingle its funds with the funds of others;

L. To cause the Partnership to acquire an interest in any other partnership, joint venture or other entity which does not constitute a controlling or majority interest therein; or

M. To perform any act in violation of the Regulatory Agreement, or any applicable law or regulation.

8.05 Exercise of Powers.

In exercising any of their rights and powers, the General Partners may enter into agreements, incur obligations, and otherwise act in their own names. So long as they do so in good faith and for the benefit of the Partnership, such agreements, obligations, and acts shall constitute agreements, obligations, and acts of the Partnership. Similarly, agreements entered into and obligations incurred by the General Partners in their own names prior to the formation of the Partnership or the admission thereto of the Limited Partners are hereby assumed by the Partnership and shall constitute agreements and obligations of the Partnership.

8.06 Other Duties.

A. On behalf of the Partnership, and subject to the provisions of Section 8.03 hereof, the General Partners shall promptly take all action which may be necessary or appropriate for the operation of the Project in accordance with the provisions of this Agreement and applicable laws and regulations. The General Partners shall devote to the Partnership such time as may be necessary for the proper performance of their duties.

B. The General Partners shall promptly take any and all action which may be necessary or appropriate to perfect and maintain the Partnership as a limited partnership under State law which will be treated as a partnership for income tax purposes, and to acquire, own, maintain, and operate the Project in accordance with the provisions of this Agreement and applicable federal, state and local laws and regulations. The General Partners agree that they shall do all acts, make all elections, and take whatever steps are required to maximize the federal, state and local income tax advantages available to the Partnership, provided that such acts, elections and steps are not inconsistent with the provisions of this Agreement.

C. The General Partners, at the expense of the Partnership, shall obtain and keep in force during the term of the Partnership, fire and extended risk coverage and workmen's compensation, public liability insurance and such other insurance coverage as appropriate in favor of the Partnership in such companies, covering such risks and in such amounts as shall be customary in like transactions.

8.07 General Partners' Right to Deal with the Partnership. Any General Partner, or any entity controlling, controlled by, under common control with, or otherwise Affiliated with any General Partner, shall have the right to contract and otherwise deal with the Partnership in connection with management services at the Project. Except as may have heretofore been disclosed to the Partners, the General Partners hereby agree that if they or their Affiliate do provide such services, the same will be provided at rates no higher than and upon terms at least as favorable to the Partnership as could be obtainable in an arms-length transaction. Any contract or dealing between the Partnership, the General Partners or their Affiliates shall be fully disclosed to the Limited Partners in the next regular report from the General Partners to the Limited Partners. Except as may have heretofore been disclosed to the Partners, any such contract entered into by the Partnership with the General Partners or their Affiliates (except for a FmHA approved management contract) shall provide by its terms that said contract is terminable without penalty upon 60 days notice by the Partnership. Except as may have heretofore been disclosed to the Partners, notwithstanding any of the foregoing, neither the General Partners nor any of their Affiliates shall be paid any fee, commission or other form of compensation in connection with any sale, exchange, or refinancing of the Project or any part thereof.

8.08 Fiduciary Capacity. The General Partners shall at all times exercise their responsibilities in a fiduciary capacity and in a manner consistent with the objectives of the Partnership. They shall have a fiduciary responsibility for the safekeeping and use of all funds and assets of the Partnership, whether or not in their immediate possession or control, and shall not employ such funds or assets in any manner except for the exclusive benefit of the Partnership.

8.09 Other Activities. The General Partners may engage in or possess interest in other business ventures of every kind and description for their own account, including, without limitation, the syndication, ownership or management of other multi-

family residential real estate and in so doing they shall incur no liability to the Partnership, or to the Limited Partners as a result of engaging in any other business or ventures or to the income or profits derived therefrom.

8.10 Exoneration and Indemnification.

A. The Partnership shall indemnify and hold harmless the General Partners, jointly and severally, from all expense, loss, damage or liability resulting from any act or omission by a General Partner, provided, that such act or omission (i) was done in good faith for the benefit of the Partnership or upon the advice of legal counsel to the Partnership and (ii) did not constitute gross negligence or willful misconduct. The Partnership shall indemnify and hold harmless a General Partner who retires or is removed from the Partnership from all expense, loss, damage or liability resulting from any act or omission occurring after his retirement or withdrawal.

B. Each Limited Partner shall indemnify and hold harmless the Partnership, the General Partners, and every other Limited Partner, jointly and severally, from all expense, loss, damage or liability incurred as a result of the Partnership's being involved, directly or indirectly, in any litigation or dispute between such Limited Partner and a party other than the Partnership and the Partnership may, without prejudice to any other rights it may have, apply any amounts distributable under this Agreement to such Limited Partner to satisfy, wholly or in part, the Limited Partner's obligations under this Section 8.10.

(1) The exoneration and indemnification of the General Partners shall extend to former General Partners during the period they were General Partners and to the General Partners' respective representatives, officers, directors, shareholders, employees, agents, heirs, successors and assigns and each one of them; and all references to "General Partners" in this Section shall include all the foregoing persons.

(2) The indemnification of the General Partners shall include, but not be limited to, payment by the Partnership of all judgments and claims against the General Partners and all costs, including actual attorney's fees, incurred in connection with the prosecution, defense, or compromise of any action, whether judicial, administrative or otherwise, and such costs may be paid as incurred.

(3) If any one of the General Partners (the "First General Partner") is not entitled to exoneration or indemnification for an act or omission under this Section 8.10, every other General Partner shall nonetheless be exonerated and indemnified as provided in that Section unless such other General Partner had knowledge of the act or omission of the First General Partner, knew that the First General Partner would not be entitled to exoneration and indemnification on account thereof, and participated with or assisted the First General Partner in such act or omission.

C. All judgments against the Partnership or against the General Partners as must first be satisfied from Partnership assets before the General Partners or other Persons may be required to satisfy such obligations.

8.11 Limitation on the Liability of the General Partners to the Limited Partners.

A. Except in the case of gross negligence or willful misconduct, the doing of any act or the failure to do any act by the General Partners, the effect

of which may cause or result in loss or damage to the advice of legal counsel or accountants employed by the General Partners on behalf of the Partnership, shall not subject the General Partners or any of their respective officers, directors, employees, designees and nominees to any liability to the Limited Partners or the Partnership.

B. The General Partners and their respective officers, directors, employees, designees and nominees shall not be liable to the Limited Partners for the repayment of its capital contributions to the Partnership (except for acts of willful misconduct, malfeasance or negligence) or for damages arising out of any material misrepresentation, except as otherwise provided in this Agreement.

8.12 Operation and Management of the Project. As between the General Partners and the Limited Partners, the General Partners shall have the sole authority and responsibility with respect to rentals, advertising, tenant selection and all other activities related to the operations of the Project and any other Partnership Properties.

8.13 Direction and Control of Partnership Business. Subject to the provisions of Section 8.02 relating to the execution and delivery of documents by one General Partner being the act of the Partnership, as between the Managing General Partner and the other General Partner, or Co-General Partner, notwithstanding anything that may be to the contrary in this Agreement:

A. The Managing General Partner, subject to its continuing obligation to keep the other General Partners advised and informed, shall have the primary responsibility with respect to the following:

(1) The distribution of dividends and surplus cash in accordance with the Regulatory Agreement and other documents

(2) The solicitation of all service contractors or employees, including, without limitation, the execution of all contracts and agreements relating to the operation of the Project, including all utility contracts, service contracts, supply contracts, construction contracts, employment agreements, brokerage agreements, obtaining the necessary permits for the Project and maintenance;

(3) The employment of attorneys and accountants relating to the operation of the Project, including the maintenance of proper accounting records, including year end financial statements;

(4) Filing, executing and implementing all applications for tax abatements;

(5) Payment with respect to repairs, replacements and improvements, including the decision relating to the amount to be spent for such purposes, out of the reserve fund or Project funds including securing FmHA's approval for the expenditure of such funds, if necessary;

(6) The collection and handling of monies provided, however, that the Managing General Partner shall be the sole signatory on checking and bank accounts relating to the operation of the Project;

(7) Decisions with respect to insurance policies covering the property owned by the Project and indemnifying the Project against losses of all

kinds, including, without limitation, dealing with insurance companies and agencies;

(8) Applying for, preparing and processing applications for rent increases including the execution of any and all documents and making of all decisions relating thereto;

(9) Custody of the Project's books and records, which shall at all times be kept and maintained at the Project office; and

(10) The day to day operations of the Project.

(11) The execution of agreements, documents, certificates, amendments with FmHA, including, without limitation, notes, mortgages, Regulatory Agreements, management agreements and leases;

(12) The negotiation and execution of any and all agreements entered into between the Partnership and FmHA or any other governmental entity, sub-division or agency providing for rent supplement payments, rental assistance payments, interest reduction payments, tax or utility subsidized payments or Housing Assistance Payments;

(13) The negotiation and execution of documents relating to "Workouts", which shall mean any agreement or agreements which may, from time to time, be negotiated with FmHA or any other holder of the FmHA Note, whereby FmHA or such other holder agrees to forbear in the foreclosure of the FmHA Mortgage by reason of any prior or then existing default or defaults in the FmHA Note and/or the FmHA Mortgage, and which agreement sets forth the terms, conditions and amounts of monthly payments, if any, and the manner in which arrearages are to be retired, as well as any other obligations with respect to the maintenance, repair or refurbishing of the Project; and

B. The Co-General Partner's capacity shall be that of an advisor and consultant to the Managing General Partner. As such, the authority and responsibility of the Co-General Partner shall be limited to:

(1) The selection of the Management Agent for the purpose of managing the Project and the negotiation and execution of all documents relating thereto;

(2) The negotiation and execution of leases of tenants of the Project;

(3) Communicating to and advising the Managing General Partner regarding concerns of the Project, the Project's residents, the Project's physical needs and the Project's tenant-owner relationships;

C. The sale, mortgaging, conversion to condominiums or cooperative or leasing of all or substantially all of the Project shall require unanimous consent of all General Partners.

D. The Managing General Partner shall have the exclusive and complete control over all Partnership matters not vested in the Co-General Partner, including without limitation, sale of Limited Partnership interests, admission of Limited Partners, representations to Limited Partners, handling all relationships with Limited Partners, finance, tax accounting matters relating to the Partners (e.g. capital

accounts, cash distributions, tax elections and so forth) subject to its continuing obligation to keep the Co-General Partner advised and informed.

E. All Limited Partners whenever admitted and all third parties dealing with this Partnership acknowledge and do hereby agree to be bound by the division and delegation of responsibilities between the Managing General Partner and the Co-General Partner and, accordingly:

(1) The Managing General Partner shall not be responsible or liable for any act or omission by the Co-General Partner in the performance by the Co-General Partner of its designated duties and responsibilities pursuant to this Agreement, and the Co-General Partner and the Partnership shall indemnify and hold harmless the Managing General Partner, jointly and severally, from all expense, loss, damage or liability resulting from any act or omission by the Co-General Partner; and

(2) The Co-General Partner shall not be responsible or liable for any act or omission by the Managing General Partner in the performance by the Managing General Partner of his designated duties and responsibilities pursuant to this Agreement, and the Managing General Partner and the Partnership shall indemnify and hold harmless the Co-General Partner, jointly and severally, from all expense, loss, damage or liability resulting from any act or omission by the Managing General Partner.

ARTICLE IX

Rights and Obligations of the Limited Partners

9.01 Management of Business. The Limited Partners shall not take part in the management or control of the business of the Partnership nor transact any business in the name of the Partnership. The Limited Partners shall not have the power to sign for or bind the Partnership to any agreement or document. The Limited Partners shall not have any liability with respect to the Partnership and the Partners hereof except as stated in Section 9.02, nor any power or authority with respect to the Partnership except as stated elsewhere in the Agreement.

9.02 Limitation on Liability of the Limited Partners. The liability of each Limited Partner shall be limited to its capital contribution. No Limited Partner shall have:

A. Any additional personal liability to contribute money to, or in respect of the liabilities or obligations of the Partnership;

B. Any personal liability for any obligations of the Partnership; provided, however, that a Limited Partner receiving a distribution in return, in whole or in part, of its capital contribution shall be liable to the Partnership for any sum, not in excess of such amount returned, necessary to discharge liabilities of the Partnership to all creditors who extended credit or whose claim arose before such distribution was made; or

C. Any obligation to make advances to the Partnership.

9.03 Other Activities. Each Limited Partner may engage in or possess interests in other business ventures of every kind and description for its own account, including, but not by way of limitation, the ownership or management of apartment

projects, developments or undertakings, and in so doing it shall incur no liability to the Partnership or the General Partners as a result of engaging in any other business venture. Neither the Partnership nor any of the General Partners shall have any rights by virtue of this Agreement in and to such independent business ventures or to the income or profits derived therefrom.

9.04 Power of Attorney.

A. The Limited Partners, each of them, makes, constitutes and appoints the General Partners with full power of substitution and resubstitution his true and lawful attorney for him and in his name, place and stead and for his use and benefit, to sign, execute, certify, acknowledge, file and record this Agreement, and to sign, execute, certify, acknowledge, file and record all instruments amending this Agreement as now or hereafter amended that may be appropriate, including without limitation agreements or other instruments or documents:

(1) To reflect the exercise by the General Partners of any of the powers granted to them under this Agreement;

(2) To reflect any amendments duly made to this Agreement;

(3) To reflect the admission to the Partnership of an additional or substituted General or Limited Partner or the withdrawal of a Partner, in the manner prescribed in the Agreement; and

(4) Which may be required of the Partnership or the Partner by the laws of the State or any other jurisdiction or governmental agency including, but not limited to, Certificates of Fictitious Name.

B. The Limited Partners collectively and individually authorize such attorney-in-fact to take any further action which such attorney-in-fact shall consider necessary or advisable to be done in and about the foregoing, as fully as such Limited Partners might or could do if personally present, and hereby ratifies and confirms all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof.

C. The foregoing power of attorney is a special power of attorney coupled with an interest and is irrevocable; may be exercised by such attorney-in-fact by listing the person or entity executing any agreement, certificate, instruction or documents with the single signature of such attorney-in-fact acting as attorney-in-fact for all of them; and, notwithstanding any provision of this Agreement to the contrary, shall survive the delivery of an assignment by such Limited Partner of the whole or a portion of its interest in the Partnership, until the assignee thereof becomes a substituted Limited Partner.

9.05 Assignment of Limited Partner Interest. No Limited Partner shall have the right to Transfer its interest without the written consent of the General Partners. Any attempt to Transfer a Limited Partner Interest in violation of this Section 9.05 shall be void ab initio.

9.06 Dissolution of a Limited Partner. The death, adjudication of insanity, legal incompetency, general assignment for the benefit of creditors, or adjudication of bankruptcy of a Limited Partner or, of any partner of any Limited Partner which is a partnership shall not dissolve the Partnership. In any such event, or any other

event causing the dissolution of a Limited Partner, unless such Limited Partner is continued in accordance with the terms of its partnership agreement, the Partnership interest of such Limited Partner and all rights and obligations under this Agreement shall descend to and vest in, pro rata, the general and limited partners of the Limited Partner, or their respective heirs, legatees or legal representatives.

The Limited Partners, and each of their general and limited partners, hereby consent to the foregoing and hereby grant to the General Partners and each of them, with full power of substitution, an irrevocable power of attorney (coupled with an interest) to execute such amendments to this Agreement as shall be reasonably necessary in the determination of such General Partners, in order to vest such Limited Partner's interest in this Partnership in the general and limited partners of such Limited Partner, so that said general and limited partners would retain the same economic interest directly in this Partnership that they had indirectly through their ownership of the Limited Partner, and to amend this Agreement to provide for the same rights of substitution and assignment in this Partnership which said general and limited partners had in the Limited Partner.

9.07 Restrictions on Ownership of General Partners. Each Limited Partner and each partner of any Limited Partner (except a General Partner who also owns any partnership interest) hereby agrees that he will not, at any time, either directly or indirectly, own any stock or other interest in any entity which is a General Partner herein, if, in the opinion of the Partnership's counsel, such ownership may cause the Partnership to be taxed as an association taxable as a corporation and not as a partnership.

ARTICLE X

Resignation, Withdrawal and Removal of General Partners; Election of a New General Partner

10.1 Voluntary Resignation or Withdrawal of the General Partners.

A. No General Partner may withdraw his interest in the Partnership, transfer his interest to any person, or admit any person as a substitute General Partner except as follows:

B. Any General Partner may substitute any other individual who has substantial net worth as an individual General Partner, provided, however, that such other individual shall have been approved by all the other General Partners and a Majority of the Limited Partners. In the absence of such substitution, no General Partner may withdraw interest in the Partnership unless the remaining General Partners consent to such withdrawal, any requirement of approval by FmHA contained in the Regulatory Agreement or any other Agreement with FmHA is obtained, and:

(1) The Partnership has a General Partner which is a corporation, which is qualified to act as such and which has sufficient net worth to meet the then applicable net worth requirements for a sole corporate general partner established by the Internal Revenue Service for the purpose of determining that a limited partnership is entitled to be taxed as a partnership and not as an association taxable as a corporation, or

(2) Unless the Partnership has one or more other individual General Partners and that the aggregate net worth of all of the General Partners is substantial.

C. Any withdrawing, selling, transferring or assigning General Partner hereby agrees to indemnify the Partnership for all liabilities and obligations incurred by him, or on account of any actions, or failures to act, in his capacity as a General Partner of the Partnership during the period in which he was a General Partner subject to Section 8.10.

10.02 Substitute and Additional General Partners. To the extent permitted under laws of the State, additional persons may become General Partners on the following terms and conditions:

A. The General Partners or any successors thereto, may, with the consent of a majority-in-interest of the Limited Partners, at any time designate additional persons to be Co-General Partner, whose interest in the Partnership shall be such as agreed upon by the General Partners and such additional General Partners, provided that the interest of the Limited Partners shall not be affected thereby.

B. At any time during which Wilshire Investments Corporation is a General Partner, it may cause the Partnership to admit an individual designated by it, or any corporation wholly owned by it, or it and said individual, or by either of them as additional General Partner. Each General and Limited Partner hereby consents to such admission and herewith grants to the General Partners, and each of them, their irrevocable power or attorney (coupled with an interest) to execute any and all agreements, certificates, amendments thereto, documents or other instructions necessary to carry out the foregoing.

C. The parties hereto agree that the interest of Wilshire Investments Corporation, arising by virtue of Sections 4.01, 4.02, 4.03, 5.01, 5.02, and 5.03 and any fees or salary payable to it or its Affiliates pursuant to Section 7.01 or 7.02 hereof, are personal to them, shall not be diminished, and shall not inure to the benefit of any other person by virtue of the admission or substitution of additional General Partners pursuant to this Section 10.02, Section 10.04, Section 10.05 or Section 11.02 hereof without Wilshire Investments Corporation's consent.

10.03 Interest of Withdrawing, Disabled or Deceased General Partner. In the event any General Partner voluntarily withdraws, resigns, sells, transfers or assigns his entire Partnership interest pursuant to Section 10.01, or upon the bankruptcy, death, dissolution, incapacity or adjudication of incompetence of a General Partner, such portion of his interest as is necessary to meet the requirements of Section 4.01.D, shall inure to the benefit of the remaining General Partner or Partners, and the balance of such interest shall be converted to a limited partnership interest and he shall not thereafter participate in management of the Partnership or be personally liable for its debts arising thereafter, but for all other purposes of this Agreement, including the right to receive distributions, such interest shall be treated as a General Partner interest. None of the foregoing shall have any effect on any Limited Partner Interest held by any General Partner.

10.04 Admission of a Successor General Partner. Any successor person or entity shall be admitted as a General Partner of the Partnership if the following terms are satisfied:

A. The successor person or entity shall have accepted and assumed all the terms and provisions of this Agreement and the Regulatory Agreement;

B. If the successor entity is a corporation, it shall have provided counsel for the Partnership with a certified copy of a resolution of its Board of Directors authorizing it to become a General Partner under the terms and conditions of this Agreement;

C. The successor person or entity shall have executed the General Partner Agreement, the Certificate of General Partner and such other documents or instruments as may be required or appropriate in order to effect the admission of such person or entity as a General Partner;

D. Counsel for the Partnership shall have rendered an opinion that none of the actions taken in connection with such transfer nor the admission of the successor or entity shall cause the termination or dissolution of the Partnership nor cause it to be taxed as an association and not as a partnership.

10.05 Removal of a General Partner. A General Partner may be removed as a General Partner subject to the following terms and conditions:

A. A General Partner may be removed for "cause". Any one or more of the following shall be grounds for removal of a General Partner for "cause":

(1) Any material breach of the General Partner's duties and responsibilities related to the terms of any agreements with FmHA;

(2) Any material breach of the General Partner's duties and responsibilities as herein contained or undertaken;

(3) Any assignment of the General Partner's interest herein in contravention of this Agreement or for the benefit of creditors;

(4) An event of Default under the Agreement of Sale or other purchase or debt document relating to the acquisition of the Project which is not cured within any time period for cure stated therein and which failure to cure would result in the termination of the Partnership's right and interest in the Project or a substantial portion thereof or would constitute an event or material default under the Project mortgage which is not cured within 30 days from the date of such default; or any foreclosure proceedings which are initiated under the Project mortgage and the mortgage is not thereafter reinstated within 30 days after the initiation of such foreclosure proceedings; or in the event any delivery or attempt to deliver any deed in lieu of foreclosure to the holder of the Project Mortgage.

B. A General Partner may be removed pursuant to Section 10.05.A above by a majority of Limited Partners by written notification to the General Partners 30 days after delivery of said written notice, unless the General Partners have cured the condition which gave rise to the grounds for removal within said 30 day period. Such notification shall set forth the reasons for such removal, and shall bear the acknowledged signatures and percentage ownership of each signing Limited Partner. The statement shall clearly specify that the signatories are requesting removal of the General Partner and may request the substitution of a new General Partner pursuant to this Section (unless cause for removal is cured), with the name and address of the person or entity to be substituted as a General Partner and the

effective date of such substitution. Such effective date may be any date so specified in the notice, but not less than 30 days subsequent to the mailing of the notice to the General Partners.

C. On receipt of the notice described in Section 10.05.B, the General Partner shall cause an accounting to be prepared covering the transactions of the Partnership since the end of the previous fiscal year, and the General Partner shall not sell or dispose of, or allow to be sold or disposed of, any Partnership assets, unless the sale or distribution was the subject of a contract entered into by, and binding upon, the Partnership prior to the date upon which the notice was received by the General Partners. In the event that the General Partners fail to make such an accounting, the remaining General Partner may cause such accounting to be made at the expense of the General Partner being removed. Expulsion of the General Partner shall become effective upon the date set forth in the notice unless the default is cured.

D. Upon the removal of any General Partner for any reason, his General Partner Interest shall thereupon terminate and a valuation of (i) the then value of the General Partner Interest of the removed General Partner arising by virtue of Articles IV and V of this Agreement and (ii) the present value of the unpaid portion of any fees or salary payable to the removed General Partner set forth in Section 7.01 hereof (collectively the "Interests"), shall be made by an appraiser who is a member of the MAI and has been selected by the American Arbitration Association. In making such appraisal, the appraiser shall be bound by the following:

(1) The appraiser shall not consider any restrictions on the transferability of the Interests of the removed General Partner;

(2) If the conditions precedent to any additional Interests have not been met, the present value thereof shall be established as above, so that the Partnership may elect to either immediately pay the removed General Partner for the Interest at the then presently established value thereof, or if the conditions are subsequently met, make distributions to the removed General Partner as if he had not been removed.

The cost of appraisals described in this Section 10.05 shall be borne by the Partnership.

E. Upon completion of the required appraisal, the Partnership must purchase the removed General Partner's Interest for cash on the basis of the said valuation. The Partnership may, as an alternative to paying the removed General Partner cash for his Interest, deliver to the General Partner one or more irrevocable, presently assignable, bank letters of credit issued by a bank acceptable to the removed General Partner. Such letters of credit shall call for presentation and payment of the entire valuation in no more than three equal installments maturing one, two and three years from the date of removal together with interest on the unpaid balance from time to time outstanding at the rate of interest set forth in Section 4.06.

F. A majority-in-interest of the Limited Partners may designate a successor, who, with the consent of such majority-in-interest, shall be admitted to the Partnership as the successor General Partner pursuant to the provisions of Section 10.04, except that Section 10.04.D. shall not be applicable.

G. None of the foregoing shall have any effect on any Limited Partner Interest held by the General Partner.

H. In addition to the foregoing, a General Partner shall be automatically removed upon bankruptcy, which, for the purposes of this Agreement, means the occurrence of an act of bankruptcy as defined in federal bankruptcy law then in effect, the filing of a petition in bankruptcy, the making of a general assignment for the benefit of creditors, voluntarily seeking the protection of any bankruptcy or insolvency laws, or adjudication as a bankrupt. If a petition is filed proposing the adjudication of a General Partner as a bankrupt, bankruptcy means consent to the filing thereof or failure to have such petition discharged or denied within 90 days after the filing thereof.

10.06 Liability of Former General Partners. A person who has ceased for any reason to be a General Partner shall nevertheless remain liable for all debts, obligations, liabilities and commitments of the Partnership incurred while he was a General Partner.

ARTICLE XI

Dissolution and Liquidation

11.01 Dissolution of the Partnership. The Partnership shall be dissolved on the earlier of the expiration of the term of the Partnership, or the happening of any of the following events, subject to the provisions of Section 11.02:

A. Upon the death, dissolution, withdrawal, resignation or adjudication of insanity, legal incompetency, insolvency or bankruptcy or removal pursuant to Section 10.05 hereof of a General Partner;

B. When all or substantially all of the tangible property and assets of the Partnership shall have been disposed of;

C. Upon the election in writing by a majority-in-interest of the Limited Partners to dissolve the Partnership; or

D. Upon the occurrence of any other event causing the termination of the Partnership under the laws of the State.

11.02 Election to Continue. In the event of a dissolution caused by an occurrence specified in Section 11.01.A. or D. the remaining General Partner or General Partners, if any, may elect to continue the Partnership. If such remaining General Partner fails to so elect within 30 days of the event causing dissolution, or if there be no remaining General Partner, by unanimous vote the Limited Partners may elect to continue the Partnership and, if necessary, elect a new General Partner, in accordance with Sections 10.02 and 10.04 hereof, for the express purpose of continuing the Partnership.

11.03 Winding Up and Distribution.

A. Upon the dissolution of the Partnership pursuant to Section 11.01, the winding up of the Partnership business and the distribution of Partnership property and assets shall be carried out with due diligence and in a timely manner and consistent with the provisions of this Section and applicable requirements of law.

B. The General Partners will be responsible for taking all actions relating to the winding up and distribution of assets of the Partnership. The General

Partners or such responsible person or party as may be appointed, shall be referred to hereinafter in this Section as the "Liquidator". The Liquidator shall file all certificates or notices of the dissolution of the Partnership as required by law. Upon the complete liquidation and distribution of the Partnership property and assets, the Partners shall cease to be Partners of the Partnership, and the Liquidator shall execute, acknowledge and cause to be filed all certificates and notices required by law to terminate the Partnership.

C. The Liquidator shall proceed without any unnecessary delay either to elect to dissolve in the manner set forth in Section 11.06 hereof, or to sell and otherwise liquidate the Partnership property; provided, however, that if the Liquidator shall determine that an immediate sale of part or all of the Partnership property would cause undue loss to the Partners, the Liquidator may, in order to avoid such loss, defer the liquidation of the Partnership property for a reasonable time, except for such liquidations as may be necessary to satisfy the debts and liabilities of the Partnership to persons and parties other than the Partners. The proceeds from the sale and liquidation of the Partnership property and assets shall be distributed as provided in Section 11.04.

D. Upon the dissolution of the Partnership pursuant to Section 11.01, the General Partners shall cause the accounts of the Partnership to be prepared within 30 days of such dissolution, and the Liquidator shall immediately thereafter furnish to each Partner, a statement setting forth the assets and liabilities of the Partnership as of the date of its dissolution. Promptly following the complete liquidation and distribution of the Partnership property and assets, the Partnership accountants shall prepare, and the Liquidator shall thereafter furnish to each Partner a statement showing the manner in which the Partnership property and assets were liquidated and distributed.

11.04 Distribution of Proceeds from Sale and Liquidation of Partnership Property.

A. The net proceeds resulting from the sale and liquidation of the Partnership property and assets pursuant to liquidation of the Partnership property and assets pursuant to this Article XI, and from the refinancing of any mortgage loan on the property of the Partnership or from the sale or other disposition of all or substantially all of the property of the Partnership, shall be distributed and applied in the following order of priority:

(1) To the payment of debts and liabilities of the Partnership, other than loans or other debts and liabilities of the Partnership to Partners or former Partners;

(2) To the payment of any other unpaid loans or other debts or liabilities of the Partnership to any Limited Partners or former Limited Partners;

(3) To the payment of any other unpaid loans or other debts or liabilities;

(4) To the setting up of any reserves which the General Partners or the Liquidator deem reasonably necessary for contingent or unforeseen liabilities or obligations of the Partnership arising out of or in connection with the business of the Partnership;

(5) To all of the Partners, in accordance with their respective capital accounts up to the amount of their capital accounts; and

(6) To the Partners in accordance with Section 5.03.

11.05 Limitation of Liability of Partners. Upon the dissolution of the Partnership and the distribution of the net proceeds pursuant to Section 11.04, each Limited Partner shall look solely to the property and assets of the Partnership for the return of his Capital Contribution, and if the Partnership property and assets remaining after the payment or discharge of the debts and liabilities of the Partnership (in the priority described in Section 11.04) are insufficient to return the full amount of the Capital Contribution of each Limited Partner, such Limited Partner shall have no recourse or claim against the General Partners or against any other Limited Partner.

11.06 Winding Up. In the event of dissolution, the Limited Partners may, as an alternative to the election to continue set forth in Section 11.02 or the liquidation of the Partnership as set forth in Section 11.03.C., elect and instruct the General Partners or other Liquidator to value the General Partners' interest in accordance with Section 10.05 and pay to the General Partners their interest in accordance with Section 10.05, and then distribute all remaining assets and liabilities to the Partners. In such event, the Limited Partners shall be required to indemnify the General Partners against any liability arising by virtue of such liquidation and any liabilities with respect to the Project or the business of the Limited Partners arising after the date of such liquidation.

ARTICLE XII

Books and Records, Accounting, Tax Elections, Etc.

12.01 Books and Records.

A. The Partnership shall maintain such books and records as may provide such financial or other statements as the General Partners deem advisable. All such records shall be available for examination by any Partner or his duly authorized representative, at any reasonable time at the principal offices of the Partnership.

12.02 Accountants' Determination. All determinations of accounting matters hereunder, including but not limited to, determinations of Net Cash, Profits and Losses, shall be made by the then regularly retained accountants of the Partnership in accordance with sound and generally accepted tax principles applied on a consistent basis.

12.03 Bank Accounts. Except as hereinabove provided, the bank accounts of the Partnership shall be maintained in such banking institutions as the General Partners shall determine, and withdrawals shall be made only in the regular course of Partnership business on such signature or signatures as the General Partners may determine. All deposits may be deposited, to the extent permitted by mortgage requirements, in interest bearing accounts or invested in short term United States government or municipal obligations maturing within one year.

12.04 Accounting. The accountants for the Partnership shall be such independent firm of certified public accountants as shall be selected by the General Partners. The accountants shall prepare, for execution by the General Partners, all necessary federal, state and local tax returns of the Partnership.

12.05 Partnership Tax Returns. For each fiscal year, the Managing General Partner shall cause to be prepared and filed on behalf of the Partnership a Partnership federal income tax return within the time prescribed by law (including extensions) for such filing. The General Partners shall also file, on behalf of the Partnership such state and/or local income tax returns as may be required by the Partnership by law.

12.06 Reports to Limited Partners. In addition to any reports required elsewhere in this Agreement, the General Partners shall provide the Limited Partners with following information and assistance:

A. All information necessary for each partner to prepare its own tax returns, not later than 75 days from the close of the Partnership's fiscal year.

B. Within 120 days after the end of each of the Partnership's fiscal years an annual report containing:

(1) A balance sheet as of the end of the fiscal year and a statement of income, partners' equity and changes in the financial position and a cash flow statement for the year then ended; all of which, except for the cash flow statement, shall be prepared in accordance with generally accepted accounting principles which shall be accompanied by an auditor's report containing an opinion of an independent certified public accountant or independent accountant;

(2) A report of the activities of the Partnership during the period covered by the report; and

All reports and other information required by this Article XII and all other reports which the General Partners deem necessary or desirable to transmit to the Limited Partner shall be prepared and transmitted at the expense of the Partnership. The Managing General Partner is hereby authorized to employ other persons or entitled to assist it in the preparation of such reports, all at the expense of the Partnership.

12.07 Depreciation, Expense and Tax Election

A. With respect to all depreciable assets, so far as permitted by the provisions of the Internal Revenue Code, and on the advice of the accountants then serving the Partnership pursuant to Section 12.04, the Partnership shall elect that method of depreciation which is, in the opinion of the accountants, most advantageous to the Partners.

B. The Partnership shall treat as an expense for federal income tax purposes all amounts incurred by it, or by any General Partners on its behalf as its agent, for real estate taxes, sales taxes, payroll taxes, interest and other carrying charges during or relating to the operation of the Project which may, for federal income tax purposes, be considered as expenses.

C. Subject to the other provisions of this Section 12.07, all other elections required or permitted to be made by the Partnership under the Code shall

be made by the Co-General Partners in such manner as will, in the opinion of the accountants, be most advantageous to the Partners.

12.08 Section 754 Elections. In the event of a transfer of all or any part of the interest of a General Partner or of a Limited Partner the Partnership may, but shall not be required to, elect, pursuant to Section 754 of the Code, to adjust the basis of the Partnership property.

12.09 Fiscal Year. Initially, the fiscal year of the Partnership shall be the the calendar year, but may be changed in subsequent years if agreed to by the Limited Partner as permitted by law.

12.10 Tax Matters Partner. The Tax Matters Partner as defined in the Code shall be the Co-General Partner.

ARTICLE XIII

Amendments

13.01 Amendments. Amendments to this Agreement may be proposed by the General Partners or by any Limited Partner or Partners. Following such proposal, the General Partners shall submit to the Limited Partners within 30 days of receipt of such a request a verbatim statement of any proposed amendment and shall include in any such submission their recommendation as to the proposed amendment. The General Partners shall seek the written vote of the Limited Partners on the proposed amendment or shall call a meeting of the Limited Partners to vote thereon and to transact any other business that they may deem appropriate. For purposes of obtaining a written vote, the General Partners may require response within a specified time, but not less than 30 days, and failure to respond in such time period shall constitute a "no" vote. A proposed amendment shall be adopted and effective as an amendment hereto if it receives the affirmative vote of a Majority of Limited Partners. The General Partners may, without the consent of any Limited Partner, or the Co-General Partner, amend this Agreement or any of the documents or agreements executed in connection therewith, but only for the purposes of (i) correcting an error or omission or (ii) satisfying the requirements of the conditions imposed by any federal or state governmental agency with jurisdiction over the Partnership including without limitation, federal tax laws, rules and regulations.

13.02 Limitations on Amendments. Except as provided in Article X hereof, no amendment to this Agreement which reduces or diminishes any rights or interest of any General Partner (including the rights to capital, profits, losses and distributions and fees set forth in Articles IV, V and VII hereof) or which tends to increase the obligations of the General Partners shall be effective unless such amendment is signed by all of the Partners, General and Limited.

13.03 Meeting and Means of Voting. Meetings of the Partners may be called by the General Partners or by any Limited Partner. The call shall state the reason for calling the meeting. Notice of any such meeting shall be delivered to all Partners in the manner prescribed in Section 13.01 hereof and any such meeting shall be scheduled not less than 15 days nor more than 60 days after receipt of said request. Partners may vote in person or by proxy at any such meeting. Whenever the vote or consent of Partners is permitted or required under this Agreement, such vote or consent may be given at a meeting of Partners or may be given in writing in accordance with the procedure for obtaining written votes prescribed in Section 13.01 of the Agreement.

ARTICLE XIV

General Provisions

14.01 Notices. Except as otherwise provided herein, any notice which shall be given in connection with the business of the Partnership shall be duly given if reduced to writing and delivered personally to the person to whom it is authorized to be given, or if sent by certified or registered mail or telegraph to the last address furnished by him for such purpose.

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

14.03 Applicable Law. All questions with respect to the validity, construction or enforceability of this Agreement shall be governed exclusively by its terms and by the laws of the State.

14.04 Binding Agreement. This Agreement shall be binding upon the parties hereto, their successors, heirs, devisees, assigns, legal representatives, executors and administrators.

14.05 Article Heading. All article and section headings in this agreement are for convenience of reference only and are not intended to qualify the meaning of any article or section.

14.06 Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one Agreement, binding on all of the parties hereto, notwithstanding that all the parties are not signatory to the original or the same counterpart.

14.07 Nonrecourse Creditors. A creditor who makes a non-recourse loan to the Partnership must not have or acquire at any time as a result of making the loan, any direct or indirect interest in the profits, capital, or property of the Partnership, other than as a secured creditor.

14.08 Severability. Every provision of this agreement is intended to be severable. If any term or provision hereof is illegal, invalid or in conflict with any existing or future law or the purpose of this Agreement, for any reason whatsoever, such term or provision shall be ineffectual and void, and the validity of the remainder of this agreement shall not be affected thereby.

14.09 Information. Upon reasonable request, and upon the consent of the other Limited Partners, the Partnership will supply promptly any Limited Partner or his representative, at his cost, with the names and addresses of all the Limited Partners as such information is at the time of request reflected in the records of the Partnership.

14.10 Litigation. The General Partners shall prosecute and defend such actions at law or in equity as may be necessary to enforce or protect the interests of the Partnership. The Partnership and the General Partners shall respond to any final decree, judgment or decision in any court, board or authority having jurisdiction in the matter. The General Partners shall satisfy any such judgment, decree or

decision first out of any insurance proceeds available therefor, next out of the assets of the Partnership, and finally out of the assets of the General Partners.

14.11 Right to Rely Upon the Authority of General Partners. No person dealing with the General Partners shall be required to determine their authority to make any commitment or undertaking on behalf of the Partnership, nor to determine any fact or circumstance bearing upon the existence of their authority. In addition, no purchaser of any asset owned by the Partnership shall be required to determine the sole and exclusive authority of the General Partners to sign and deliver on behalf of the Partnership any such instrument or transfer, or to see the application or distribution of revenue or proceeds paid or credited in connection therewith, unless such purchasers shall have received written notice from the Partnership affecting the same.

14.12 Right to Rely Upon the Authority of Person Signing Agreement. In the event that a Limited Partner is a trust (with or without disclosed beneficiaries), partnership, limited partnership, joint venture, corporation, or any other entity other than a natural person, the Partnership and the General Partners shall:

A. Not be required to determine the authority of the person signing the Agreement or any amendment hereof, to make any commitment or undertaking on behalf of such entity, nor to determine any fact or circumstance bearing upon the existence of his authority;

B. Not be required to see to the application or distribution of revenues or proceeds paid or credited to the person signing the Agreement or any amendment hereto on behalf of such entity;

C. Be entitled to rely on the authority of the person signing the Agreement or any amendment hereto with respect to the voting of the interest of such entity and with respect to the giving of consent on behalf of such entity in connection with any matter for which consent is permissible or required hereunder; and

D. Be entitled to rely upon the authority of any general partner, joint venturer, co- or successor trustee, or president or vice president (as the case may be) of any such entity the same as though such person were the person originally signing this Agreement or any amendment hereto on behalf of such entity.

14.13 Integrated Agreement. This Agreement constitutes the entire understanding and agreement among the parties hereto with respect to the subject matter hereof, and there are no agreements, understandings, restrictions, representations or warranties among the parties other than those set forth herein or herein provided for.

14.14 Number and Gender. 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 associations.

14.15 Conflict with Regulatory Agreement. Upon execution, the Regulatory Agreement shall be binding upon the Partnership and all of the Partners, whether they become Partners before or after the execution of said Regulatory Agreement. As long as the Project is encumbered by any mortgage or deed of trust (the "Mortgage") held by FmHA and during such time as FmHA shall be the owner or holder of any such

mortgage loan (the "Mortgage Loan") or is obligated to reinsure any such Mortgage Loan:

A. Such Regulatory Agreement shall remain binding upon the Partnership; its successors and assigns, and the Partners;

B. Any incoming General Partners or Limited Partner shall, as a condition of receiving an interest in the Partnership or its property, agree to be bound by the Mortgage, the Regulatory Agreement and any other documents required by FmHA in connection with the FmHA Mortgage on the Project to the same extent and on the same terms as the other General Partners or Limited Partners, as the case may be;

C. The Partnership shall not be voluntarily dissolved without the prior written approval of FmHA;

D. Upon any dissolution of the Partnership (whether voluntary or involuntary), no title or right to collect the rents therefor shall pass to any person who is not bound by such Regulatory Agreement in a manner satisfactory to FmHA;

E. In the event that any provision of this Agreement in any way tends to contradict, or in any way change the terms of such Regulatory Agreement, the terms of the Regulatory Agreement shall prevail and govern;

F. No distribution (as defined in such Regulatory Agreement) shall be made except in accordance with the requirements of such Regulatory Agreement;

G. So long as any property of the Partnership is encumbered by a mortgage insured, owned or held by FmHA, the Partnership shall not be voluntarily dissolved without the prior written approval of FmHA and no distribution (as defined in the Regulatory Agreement) shall be made except in accordance with the requirements of the Regulatory Agreement;

H. As long as the Partnership property is encumbered by any mortgage or deed of trust insured or held by the Farmers Home Administration or other contract of FmHA regulating the operation of the Project under any FmHA program, if any provisions of this Agreement are inconsistent with any provisions of that Regulatory Agreement or other contract of FmHA, such Regulatory Agreement or other contract shall control;

I. The Partnership shall also assume all obligations of any residual receipts notes due to FmHA, as well as comply with all terms and provisions under a use agreement for any loans under FmHA's flexible subsidy program. Notwithstanding anything in this Agreement to the contrary, there shall be no distributions of surplus cash as defined in the Regulatory Agreement until all flexible subsidy loans to which the Project is subject have been paid in full. It is specifically understood and agreed that no Partner shall assume personal liability for the repayment of the residual receipts notes or flexible subsidy loan, and the sole recourse for payment thereof shall be against the Partnership and its assets.

J. So long as the Farmers Home Administration, or its successors or assigns, is the insurer or holder of the mortgage on the Project, no amendment to this Agreement which results in any of the following shall be of

force or effect without the prior written consent of FmHA: (i) any amendment which modifies the duration of the Partnership Agreement; (ii) any amendment which results in the requirement that a FmHA prior participation certification be obtained for any additional party; and (iii) any amendment which in any way impacts on or affects the FmHA Mortgage or Regulatory Agreement.

14.16 Obligations with Respect to Capital Accounts. All payments by the Partnership pursuant to Section 7.01, 7.02, 11.04A.(2), as well as repayments of any advances made pursuant to 4.04.B. and payment for the cost of any reports required by Section 12.05.C. hereof, shall be made only from Capital Contributions or surplus cash as permitted under the Regulatory Agreement and other funds not otherwise restricted by a Regulatory Agreement. Any note, contract, evidence of indebtedness or other obligation which is payable only from contributed capital shall recite on the face of such obligation that the obligation, including interest thereon, shall be payable only from contributed capital and will not otherwise be an obligation of the Partnership or of the Project. All accounts of the Partnership shall specifically identify such limited source of funds for payment of these obligations in such manner that financial statements and reports, and audit reports, will reflect the limited source of payment thereof. Nothing contained herein shall permit the distribution of surplus cash to the Partnership in violation of the Regulatory Agreement, FmHA rules or regulations.

IN WITNESS WHEREOF, the undersigned have executed this Agreement of Limited Partnership as of the date first above written.

Address

881 Alma Real Drive, Suite 205
Pacific Palisades, CA 90272

Attest:


Suzanne Magnuson, Assistant Secretary

GENERAL PARTNER:

Wilshire Investments Corporation, a
California corporation

By 

Deane Earl Ross,

President

Address

881 Alma Real Drive, Suite 205
Pacific Palisades, CA 90272

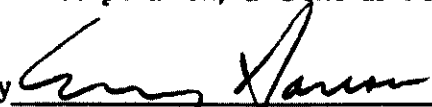
Attest:


Suzanne Magnuson, Secretary

LIMITED PARTNER:

Western Housing Associates, Ltd., a
California limited partnership

By: Jasper Corporation, a Delaware
corporation, a General Partner

By 

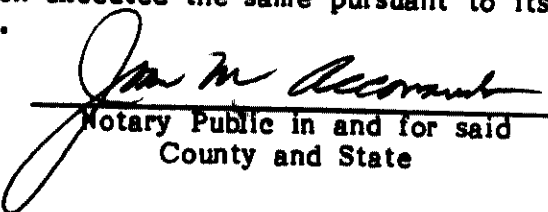
Edward Saslow,

Vice President

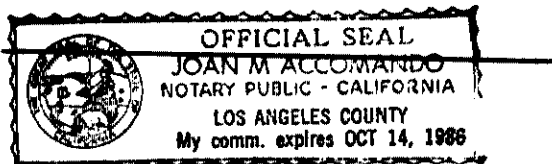
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

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)ss.
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On March 12, 1984, before me, the undersigned, a Notary Public in and for said State, personally appeared Deane Earl Ross, personally known to me to be the President, and Suzanne Magnuson, personally known to me to be the Assistant Secretary of Wilshire Investments Corporation, a California corporation, the corporation that executed the within instrument, personally known to me to be the persons who executed the within instrument, on behalf of such corporation, who swore to the contents thereof and acknowledged to me that such corporation executed the same pursuant to its by-laws or a resolution of its board of director.


Notary Public in and for said
County and State

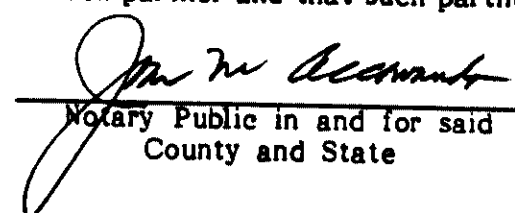
My Commission Expires:



STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

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)ss.
)

On March 12, 1984, before me, the undersigned, a Notary Public in and for said State, personally appeared Edward Saslow, personally known to me to be the Vice President, and Suzanne Magnuson, personally known to me to be the Secretary of Jasper Corporation, a Delaware corporation, the corporation that executed the within instrument, personally known to me to be the persons who executed the within instrument, on behalf of such corporation, said corporation being known to me to be the General Partner of Western Housing Associates, Ltd., a California limited partnership, the partnership that executed the within instrument, who swore to the contents thereof and acknowledged to me that such corporation executed the same as such partner and that such partnership executed the same.


Notary Public in and for said
County and State

My Commission Expires:



List of Exhibits

Exhibit "A":

Legal Description

Exhibit "B":

**Percentage Interests and Capital Contributions
of Partners**

EXHIBIT A

CAROL II

Lots 1 through 8 inclusive; 17 through 24 inclusive in Block 5 of Avalon addition to Kuna, according to the official plat thereof, filed in Book 5 of Plats at Page 239, Records of Ada County, Idaho.

Together with the west half of New York Avenue adjacent and contiguous to said Lots 1 and 24.

Also together with that portion of the vacated alley adjoining and contiguous to Lots 5 and 8 inclusive and Lots 17 through 20 inclusive in Block 5 of said Avalon addition to Kuna.

EXHIBIT "B"

PARTNERS' CAPITAL CONTRIBUTIONS & PERCENTAGE INTERESTS

	Capital Contribution	% Interest
<u>General Partner</u>		
Wilshire Investments Corporation	\$100.00	1.5%
<u>Limited Partner</u>		
Western Housing Associates, Ltd.	\$100.00	98.5%