

FILED

JAN 21 8 55 AM '82

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

Spencer Buffington  
3705 22nd Street  
Coeur d' Alene, Idaho 83814

Filed and recorded at the request of

at 3:05 o'clock P M., this 2 day of NOV. 1981

By John R. C. Deputy

Fee \$ 30.00

Carol Deitz  
Ex-Officio Auditor-Recorder  
Kootenai County, Idaho  
Return to \_\_\_\_\_

890257

CERTIFICATE AND AGREEMENT OF  
LIMITED PARTNERSHIP OF  
SPOKANE INVESTORS

BK. 116 page 399

By this Limited Partnership Agreement (the "Agreement")  
SPENCER BUFFINGTON, 3705 22nd Street, Coeur d' Alene, Idaho  
83814, as general partner, and JANE BUFFINGTON, 2160 S.E. 17th,  
Fort Lauderdale, Florida 33316, as limited partner, agree  
between themselves to form a limited partnership (the  
"Partnership"), pursuant to the provisions of the Uniform Limited  
Partnership Act of the State of Idaho, for the purpose and on the  
terms, covenants, and conditions following:

1. Name. The name of the Partnership is SPOKANE  
INVESTORS.

2. Place of Business. The principal place of business  
for the Partnership shall be 3705 22nd Street, Coeur d' Alene,  
Idaho 83814, until changed by designation of the general  
partner. Should such a change be made, the general partner shall  
promptly give written notice of the new address to the limited

partner.

3. Purpose.

(a) The purpose of the Partnership is to enter into a partnership with other persons under the name INLAND ENTERPRISES, the purpose of which partnership shall be to acquire, develop, own and sell a hotel known as THE DELFORD INN in Spokane, Washington.

(b) The Partnership's activities shall be limited to accomplishing the purposes described above and shall not be extended by implication or otherwise unless approved in writing by all the partners.

(c) Except for the rights of the partners set forth elsewhere herein, nothing in this Agreement shall be deemed to restrict in any way the freedom of any partner hereto to conduct any other business or activity whatsoever (including the acquisition, development, ownership or sale of other real property), even if such business or activity competes with the business of the Partnership.

4. Certificate of Limited Partnership - Commencement of Term. The term of the Partnership shall commence upon the date of execution of this Agreement, and shall be of the same duration as the term of the partnership of INLAND ENTERPRISES. An executed copy of this Agreement shall be filed for record in the

office of the recorder of every county in which the Partnership shall have a place of business or in which real property it owns shall be situated.

5. Capital Contributions.

(a) General Partner. The general partner shall contribute to the Partnership the cash sum of Two Thousand, Five Hundred Dollars (\$2,500.00), and all the cash requirements of the Partnership in excess of the total initial contribution of \$22,500 made by the general partner and the limited partner, and in excess of loan funds available to the Partnership from third party sources.

(b) Limited Partner. The limited partner shall contribute to the Partnership the cash sum of Twenty Thousand Dollars (\$20,000.00). Except as herein specifically provided, the limited partner shall have no obligation to contribute capital to this Partnership or satisfy any Partnership obligation.

6. General Partner's Authority. Except as provided elsewhere herein, the general partner shall have the sole and complete charge of the affairs of the Partnership, and shall exercise all the rights and powers of a general partner under the laws of the State of Idaho. Without limiting the generality of the above, and by way of example, the general partner shall have authority to:

(a) Employ at the Partnership's expense such agents, employees, independent contractors, attorneys, and accountants as it considers reasonably necessary to carry out the partnership purposes;

(b) Obtain such insurance as it deems necessary for the proper protection of the Partnership and of the partners;

(c) Pay, collect, compromise, arbitrate, or otherwise adjust any and all claims or demands of or against the Partnership; and

(d) Act for the Partnership in all transactions concerning the Partnership's real or personal property or business affairs, including the execution of all contracts, deeds, options, loan obligations, deeds of trust, notes and other documents, and including further the performance of the duties that this Partnership shall have under the partnership agreement of INLAND ENTERPRISES described above.

7. General Partner's Duties. The general partner shall:

(a) Perform the services required by this Partnership pursuant to the terms of the partnership agreement of INLAND ENTERPRISES described above.

(b) Provide for the keeping of the books and records of the Partnership as hereafter provided.

(c) Perform all other duties required of the general partner pursuant to other provisions of this Agreement.

8. Powers of Limited Partner. The limited partner shall contribute no services and take no part in the conduct or control of the Partnership business and shall have no right or authority to act for or bind the Partnership; provided, however, that the approval of the limited partner shall be necessary to effectuate:

- (a) Dissolution of the Partnership;
- (b) Amendment of the Partnership Agreement;
- (c) Any matter affecting the basic structure of the Partnership.

9. Compensation of General Partner. The general partner shall not receive any salary for his services on behalf of the Partnership. The general partner shall be reimbursed for all ordinary and necessary expenditures made in good faith on behalf of the Partnership.

10. Allocation of Profits and Losses.

(a) Determination of Profits and Losses.

The profits and losses of the Partnership shall be determined each year in accordance with the accounting methods followed by the Partnership for federal income tax purposes.

(b) Allocation.

(1) Losses: Up to the first \$20,000.00 of losses shall be allocated to the limited partner. The next

\$2,500.00 of losses shall be allocated to the general partner. All losses in excess of \$22,500.00 shall be borne equally by the general partner and the limited partner.

(2) Profits: Profits shall be first allocated to the partner or partners to the extent that actual losses were previously allocated to such partner or partners. All remaining profits shall be shared equally by the general partner and the limited partner.

11. Distributions.

"Cash Available for Distribution" shall mean the excess of cash receipts from all sources during a given period of time over (i) cash disbursements during the period of time, including payment on debts, and (ii) adequate reserves for future obligations, working capital, and contingencies. The Partnership shall distribute to the partners Cash Available for Distribution, if any, on a semi-annual or more frequent basis, in the following priority:

(a) First, to the limited partner, an amount equal to a Preferred Return accrued on her invested capital cash contribution to the date of such distribution;

(b) Second, to the general partner, an amount equal to a Preferred Return accrued on his invested capital cash contribution to the date of such distribution;

(c) Third, to the limited partner, until the

amount so distributed to her pursuant to this part (b) is equal to the aggregate amount of her invested capital cash contribution to the Partnership made pursuant to Paragraph 5 above;

(d) Fourth, to the general partner, until the amount so distributed to him is equal to the aggregate amount of his invested capital cash contribution to the Partnership made pursuant to Paragraph 5 above; and

(e) Fifth, any amounts remaining shall be distributed to the Partners according to the balances in their capital accounts.

"Preferred return" shall mean and include with respect to invested cash capital contributions to the partnership made by the partners, pursuant to Paragraph 5 hereof, an amount equal to an imputed rate of return thereon calculated from the date of contribution to the capital of the partnership pursuant to the aforesaid section and until distribution, on the basis of twelve percent (12%) per annum, compounded annually. Distribution of any Preferred Return under this Paragraph 11 shall be deemed to be guaranteed payments under Section 707(c) of the Internal Revenue Code of 1954, as amended, related state codes, any any regulations issued under the authority of such statutes; and, in the event such treatment is not applicable, such distribution shall be deemed to be special allocations of gross income notwithstanding any other provisions hereof.

12. Capital and Income Accounts.

(a) An individual capital account shall be maintained for each partner. The capital interest of each partner shall consist of the partner's original contribution, increased by any additional contributions to capital and decreased by distributions to such partner in reduction of its Partnership capital.

(b) Individual income accounts shall be maintained for each partner. The partner's income account shall be increased by the partner's share of the Partnership profits and decreased by the partner's share of the Partnership losses and by distribution the partner of Partnership Property.

(c) It is intended that the capital and income accounts for each partner shall be maintained separately and that balances in the income account shall not be transferred to the partner's capital account except in connection with the dissolution of the Partnership.

13. Accounting.

(a) The books of account of the Partnership shall be kept and maintained at all times at the offices of the general partner. The books of account shall be maintained in accordance



with generally accepted accounting principles for real estate activities of this kind, consistently applied, and shall show all items of income and expense.

(b) The Partnership shall employ an independent certified public accountant to prepare the annual statements and tax returns on an unaudited basis. The accountant shall prepare and furnish to the partners promptly after the close of each fiscal year a balance sheet dated as of the end of the fiscal year, and a statement of income and expense for the fiscal year.

(c) Any partner shall have the right, at all reasonable times during usual business hours, to audit, examine, and make copies of or extracts from the books of account of the Partnership. Such right may be exercised through any agent or employee of such partner designated by him or by an independent certified public accountant designated by such partner. Such partner shall bear all expenses incurred in any examination made for his account.

14. Bank Accounts. The Partnership funds shall be deposited in such bank accounts as the general partner may from time to time select.

15. Transfer of Interest. Except as provided hereafter, neither the interest of the general partner nor of the limited partner shall be assignable in whole or in part except with the

consent of the other partner. Nothing herein, however, shall prevent an heir or legatee of any partner from inheriting an interest in this Partnership.

16. Death or Withdrawal of a Partner. If the general partner is removed, voluntarily withdraws or becomes bankrupt, the Partnership shall dissolve and shall thereafter conduct only activities necessary to wind up its affairs.

For the purposes of this section, the bankruptcy of the general partner shall be deemed to have occurred when it is adjudicated as bankrupt under federal bankruptcy law or has executed and delivered an assignment for the benefit of its creditors.

17. Death of the Limited Partner. If the limited partner dies, her personal representative or other successor in interest shall have all the rights and privileges of the limited partner.

18. Donee or Other Assignee of a Limited Partner. The donee or other assignee of all or a part of the interest of the limited partner shall have all the rights and privileges of the limited partner.

19. Right to Dissolve the Partnership. Except as otherwise provided herein, no partner shall have the right to

cause dissolution of the Partnership before the expiration of the term for which it is formed.

20. Winding Up the Partnership. In the event of a voluntary dissolution or the withdrawal or bankruptcy of the general partner, the Partnership shall immediately commence to wind up its affairs. The partners shall continue to share profits or losses during liquidation in the same proportions as before dissolution. The proceeds from liquidation of Partnership assets shall be applied as follows:

(a) Payment to creditors of the Partnership, other than partners, in the order of priority provided by law;

(b) Payment to partners for loans made by them to the Partnership; and

(c) Payment of the remaining Partnership assets to the partners as their capital accounts shall appear after the closing of the income accounts to the capital accounts.

21. Gains or Losses in Process of Liquidation. Any gain or loss on disposition of Partnership properties in the process of liquidation shall be credited or charged to the partners in the proportions of their interests in profits or losses as herein specified. Any property distributed in kind in the liquidation shall be valued and treated as though the property were sold and the cash proceeds were distributed in kind and its book value

shall be treated as a gain or loss on sale of the property and shall be credited or charged to the partners in the proportions of their interests in profits or losses as herein specified.

22. Covenant to Sign Documents.

Each party covenants on behalf of himself and his successors and assigns to execute and and all documets and writings that may be necessary or expedient in the creation of the Partnership, the achievement of its purposes, or the consummation of any matter covered by this agreement, specifically including all amendments to this Agreement, as well as any cancellation of it.

23. Notices.

All notices that any of the parties may desire or that may be required to be given to any of the other parties shall be in writing and shall be delivered personally or be prepaid mail directed to the parties' respective addresses as shown in this Agreement, or as later entered on the book of the Partnership pursuant to written notification to the general partner. Each notice shall be signed by the party or parties giving notice.

24. Recovery of Attorneys' Fees.

If any action between the parties is brought to

enforce any of the terms of this Agreement or of any other contract relating to the Partnership, or an action in any other way pertaining to Partnership affairs of this Agreement, the prevailing party shall be entitled to recover expenses, including reasonable attorneys' fees.

25. Entire-Agreement.

This Agreement constitutes the entire agreement between the parties. No variations, modifications, or changes hereof shall be binding upon the parties hereto unless set forth in a document duly executed by or on behalf of such party.

26. Miscellaneous.

(a) This Agreement shall be deemed to have been executed in the State of Idaho and the parties agree that any legal action pursuant to this Agreement shall be based on the law of the State of Idaho.

(b) Severability. If any provision of this Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

27. Binding Agreement.

Subject to the restriction or transfers and encumbrances set forth herein, this Agreement shall inure to the benefit of and be binding upon the undersigned partners and their respective heirs, executors, legal representatives, successors and assigns. Whenever, in this instrument, a reference to any party or partner is made, such reference shall be deemed to include a reference to the heirs, executors, legal representatives, successors and assigns of such party or partners.

IN WITNESS WHEREOF, the undersigned have executed this Certificate and Agreement of Limited Partnership of SPOKANE INVESTORS this 27 day of October, 1981.

GENERAL PARTNER:

  
SPENCER BUFFINGTON

LIMITED PARTNER:

  
JANE BUFFINGTON

STATE OF IDAHO )

COUNTY OF Blaine )

On August 24, 1981, before me, the undersigned, a Notary Public in and for said State, personally appeared Spencer Buffington, known to me to be one (1) of the partners of the partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

WITNESS my hand and official seal.

Signature T. D. [illegible] - [illegible]

*Notary Public Commission Expires 8/24/85  
Hailey, ID 83333*

STATE OF FLORIDA )

COUNTY OF BROWARD )

On October 7, 1981, before me, the undersigned, a Notary Public in and for said State, personally appeared Jane Buffington, known to me to be one (1) of the partners of the partnership that executed the within instrument, and acknowledged to me that such partnership executed the same.

WITNESS my hand and official seal.

Signature Linda L. Branch

*Notary Public*

*My Commission Expires Aug 13, 1983  
American Pine, County*