

AMENDED AND RESTATED

CERTIFICATE OF LIMITED PARTNERSHIP

OCT 25 8 50 AM '84

FOR

SECRETARY OF STATE

MANZANITA GARDEN ASSOCIATES,

a Limited Partnership

The undersigned, desiring to continue a limited partnership formed on February 7, 1984 (certificate filed February 7, 1984 in Idaho and March 31, 1984 in California) and continued as of this 28th day of September, 1984 pursuant to the laws of the State of Idaho, do hereby subscribe, acknowledge and verify, in duplicate, the following restated and amended certificate for that purpose:

1. Name. The name of the limited partnership continues to be Manzanita Garden Associates, a Limited Partnership (herein referred to as the "Partnership").

2. Character of Business. The character of the business to be transacted continues to be construction, acquisition, ownership, operation, management and sale or other disposition of a 36-unit apartment complex, and all other improvements existing or to be constructed thereon, located in San Jacinto, California (hereinafter referred to as the "Project").

3. Principal Place of Business. The location of the principal place of business continues to be 191 River Street, Ketchum, Idaho 83340.

4. Registered Office and Agent. The registered agent for the Partnership continues to be Blair Reiley, and the registered office continues to be at 191 River Street, Ketchum, Idaho 83340. The General Partners, Blair Reiley, Jerry Morris, James Chase and David Cordes, each designate the registered agent of the Partnership and any successor registered agent as their personal registered agent and attorney upon whom any process, notice or demand which arises out of the conduct of the Partnership affairs and which is required or permitted by law to be served upon a general partner, may be served.

5. Names and Addresses of General and Limited Partners.

(a) The names and places of residence of the General Partners are:

Blair Reiley
P.O. Box 360
Sun Valley, Idaho 83353

David Cordes
P.O. Box 666
Sunset Beach, California 90742

James Chase
3430 E. Flamenco Road
Suite 208
Las Vegas, Nevada 89121

Jerry Morris
4973 South Alondra
Las Vegas, Nevada 89118

(b) The names and principal place of business of the Limited Partner is:

MJW/Claybourne Associates Limited Partnership,
an Oregon limited partnership
18323 S.W. Lothlorien Way
Lake Oswego, OR 97034

6. Term. The term of the Partnership shall continue until December 31, 2046, unless the Limited Partnership is earlier dissolved and terminated in accordance with its terms.

7. Limited Partner Contributions. Subject to conditions precedent specified in the Amended and Restated Agreement of Limited Partnership for the Partnership established by this Certificate (herein referred to as the "Agreement"), MJW/Claybourne Associates Limited Partnership has been admitted as a Limited Partner and will make a total capital contribution of \$258,250 in cash, such contribution to be paid in installments (each installment subject to specified conditions precedent) through 1986. The amounts and times of each installment are as follows:

- (a) \$104,000 on or before August 23, 1984;
- (b) \$ 77,125 on or before March 31, 1985; and
- (c) \$ 77,125 on or before March 31, 1986;

The obligation of the Limited Partner to pay the installments listed as (a) through (c) inclusive above is contingent on the Partnership's receipt by October 1, 1984 of (i) an FmHA obligation of funds; (ii) an FmHA loan closing conditions letter and the Limited Partner's written approval of each; and

(iii) approval of all other matters relating to the Partnership and Project within a due diligence review for securities law purposes by MJW/Claybourne Associates Limited Partnership, such approval to be within the sole discretion of MJW/Claybourne Associates Limited Partnership, such review to be completed within 10 days after receipt by MJW/Claybourne Associates Limited Partnership of all documents required for due diligence purposes. The obligation of MJW/Claybourne Associates Limited Partnership to pay the installment listed as (c) above, is contingent upon Completion of Construction of the Project as defined in the Agreement by March 31, 1986 and final permanent loan closing of the Mortgage as defined in the Agreement by March 31, 1986.

The obligation to pay the installments listed as (a) through (c) inclusive above shall be reduced by the amount of any unfunded Operating Deficit (as defined in the Agreement) and such reduction in Capital Contribution obligation shall remain until such time as the Operating Deficit is funded as provided in the Agreement. Any portion of the Capital Contribution installment which is not paid as a result of an unfunded Operating Deficit shall be due and payable within 30 days of receipt of notice that the Operating Deficit has been funded. Such Capital Contribution obligation may also be reduced as provided in Sections 3.2 and 3.3 of the Agreement. The Limited Partner is also entitled to a return of its capital contribution as provided in Sections 1.7 and 3.3 of the Agreement. Any of the foregoing may be waived by the Limited Partner.

Blair Reiley, Jerry Morris, James Chase and David Cordes have withdrawn as initial limited partners and are relieved of any obligation to make their initial capital contributions, except as required by law to repay creditors of the Partnership. Except for any amounts distributed them as outlined in the Agreement, they waive any right to any further distributions from the Partnership or any right to allocation of losses or profits for tax purposes.

8. Limited Partner's Shares of Profits. The Limited Partner is to receive 95% of all net cash revenues from operation of the Limited Partnership. After provision for payment of liabilities of the Limited Partnership, the Limited Partner is to receive from any net cash proceeds of a sale or refinancing of property of the Limited Partnership repayment of its Capital Contribution (less amounts previously distributed to it) plus 65% of any remaining balance of such net cash proceeds. The Limited Partner has no right to demand and receive property other than cash as return of Capital Contribution.

9. Limited Partner's Right to Substitute an Assignee.
The Units of the Limited Partner may not be transferred unless, in addition to the satisfaction of the requirements of applicable securities laws, the following terms and conditions are satisfied:

(a) The transferee at the request of the General Partner, assumes the obligations of the transferor to the Partnership and adopts and approves all the terms and provisions of the Agreement as then in effect.

10. Continuation of Partnership on Death, Etc. of a General Partner. The remaining General Partner(s) is(are) to continue the business of the Partnership on the death, withdrawal, insanity or other Event of Dissolution (as defined in the Agreement) of a General Partner. Upon the death, insanity or other Event of Dissolution with respect to a sole General Partner, the Partnership is to terminate unless within 120 days thereafter Limited Partners holding a majority of the Partnership Units elect to continue the business of the Partnership and select a successor General Partner.

11. Limited Partners' Voting Rights.

(a) Voting rights among the Limited Partners are determined by reference to the number of "Units" held by each Limited Partner. MJW/Claybourne Associates Limited Partnership holds all 100 Units.

(b) Limited Partners holding at least 50% of the outstanding Partnership Units must consent to the following transactions for such transactions to be effective:

(i) Sale of all, or substantially all, of the assets of the Partnership or Partnership property other than in the ordinary course of Partnership business;

(ii) Voluntary termination of the status of the Project as an "FmHA Section 515 Rural Rental Housing Project";

(iii) Borrowing of money, whether on a secured or unsecured basis, or refinancing, recasting, modifying or extending any loan to the Partnership or which affects or is secured by the assets of the Partnership, except that the General Partners have the right and power without such consent to borrow additional funds on behalf of the Partnership to meet current cash needs of the Partnership, provided such amounts of additional funds so borrowed and outstanding shall not, at any time, exceed \$25,000;

- (iv) Any act in contravention of the Agreement;
 - (v) Any act which would make it impossible to carry on the ordinary business of the Partnership;
 - (vi) Confessions of a judgment against the Partnership;
 - (vii) Possession of the Partnership property by a General Partner, or assignment of the Partnership's rights in specific Partnership property, for other than a Partnership purpose; or
 - (viii) Admission of a person as a General Partner, except as provided in Sections 8.4 or 7.2 of the Agreement.
- (c) Limited Partners holding more than 50% of the outstanding Units must consent to dissolution of the Partnership.
- (d) Limited Partners holding twenty-five percent (25%) of the outstanding Units have the right to remove a General Partner for cause.
- (e) Limited Partners holding a majority of the outstanding Units have the right to elect to continue the Partnership upon the happening of an Event of Dissolution (as defined in the Partnership Agreement of the Partnership) with respect to a sole General Partner.

12. Power of Attorney. The Limited Partner has not given the General Partners a power of attorney.

The undersigned declare under penalties of perjury that each has examined this Restated and Amended Certificate of Limited Partnership and to the best of his or its knowledge and belief it is true, correct and complete.

LIMITED PARTNER:

MJW/CLAYBOURNE ASSOCIATES LIMITED
PARTNERSHIP

By _____
Its General Partner

GENERAL PARTNERS:


Blair Reiley

Jerry Morris

- (iv) Any act in contravention of the Agreement;
- (v) Any act which would make it impossible to carry on the ordinary business of the Partnership;
- (vi) Confessions of a judgment against the Partnership;
- (vii) Possession of the Partnership property by a General Partner, or assignment of the Partnership's rights in specific Partnership property, for other than a Partnership purpose; or
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LIMITED PARTNER:

MJW/CLAYBOURNE ASSOCIATES LIMITED
PARTNERSHIP

By


Its General Partner

GENERAL PARTNERS:

Blair Reiley


Jerry Morris

James Chase

David Cordes

**WITHDRAWING INITIAL
LIMITED PARTNERS:**

Blair Reiley
Blair Reiley

Jerry Morris

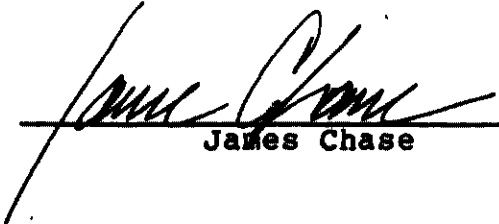
James Chase

David Cordes

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this
8th day of October, 1984, by R.M. ARCAND, general partner,
on behalf of MJW/Claybourne Associates Limited Partnership, an
Oregon limited partnership.


Marcianne Perle
NOTARY PUBLIC for Oregon
My Commission Expires: 10/12/87


James Chase

David Cordes

WITHDRAWING INITIAL
LIMITED PARTNERS:

Blair Reiley


Jerry Morris


James Chase

David Cordes

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this
____ day of _____, 1984, by R.M. ARCAND, general partner,
on behalf of MJW/Claybourne Associates Limited Partnership, an
Oregon limited partnership.

NOTARY PUBLIC for Oregon
My Commission Expires: _____

James Chase

David Cordes
David Cordes

**WITHDRAWING INITIAL
LIMITED PARTNERS:**

Blair Reiley

Jerry Morris

James Chase

David Cordes
David Cordes

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this
____ day of _____, 1984, by R.M. ARCAND, general partner,
on behalf of MJW/Claybourne Associates Limited Partnership, an
Oregon limited partnership.

CAT. NO. NN00627
TO 1944 CA (1-83)

TICOR TITLE INSURANCE

(Individual)

STATE OF CALIFORNIA
COUNTY OF Los Angeles } ss.

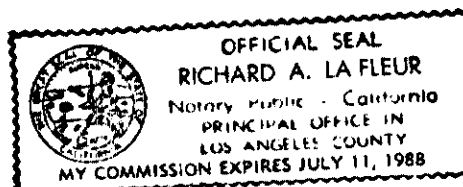
On September 28, 1984 before me, the undersigned, a Notary Public in and for
said State, personally appeared DAVID CORDES

_____, personally known to me or
proved to me on the basis of satisfactory evidence to be
the person whose name IS subscribed to the
within instrument and acknowledged that he ex-
ecuted the same.

WITNESS my hand and official seal.

Signature

Richard A. LaFleur



(This area for official notarial seal)

STATE OF OREGON)
) ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this
____ day of _____, 1984, by BLAIR REILEY, General
Partner and Withdrawing Initial Limited Partner.

NOTARY PUBLIC in and for the
State of _____
Residing at _____
My Commission Expires: _____

NEVADA
STATE OF ~~OREGON~~)
) ss.
County of ~~Multnomah~~ CLARK)

3rd The foregoing instrument was acknowledged before me this
3rd day of October, 1984, by JERRY MORRIS, General
Partner and Withdrawing Initial Limited Partner.



Lorraine K. Schmedes
Notary Public - State of Nevada
Clark County
MY APPOINTMENT EXPIRES OCT. 23, 1986

Lorraine K. Schmedes
NOTARY PUBLIC in and for the
State of Nevada
Residing at 158 Las Vegas
My Commission Expires: Oct. 23, 1986

STATE OF ~~OREGON~~ ^{NEVADA})
County of ~~Multnomah~~ ^{CLARK}) ss.

3rd The foregoing instrument was acknowledged before me this
day of October, 1984, by JAMES CHASE, General
Partner and Withdrawing Initial Limited Partner.



Lorraine K. Schmedes
Notary Public - State of Nevada
Clark County
MY APPOINTMENT EXPIRES OCT. 23, 1986

Lorraine K. Schmedes
NOTARY PUBLIC in and for the
State of Nevada
Residing at NSB, Las Vegas
My Commission Expires: Oct 23, 1986

STATE OF OREGON)
County of Multnomah) ss.

The foregoing instrument was acknowledged before me this
day of _____, 1984, by DAVID CORDES, General
Partner and Withdrawing Initial Limited Partner.

NOTARY PUBLIC in and for the
State of _____
Residing at _____
My Commission Expires: _____

STATE OF IDAHO }
COUNTY OF BLAINE } ss.

The foregoing instrument was acknowledged before me this 28th day
of September, 1984, by BLAIR REILEY, General Partner and Withdrawing
Initial Limited Partner.

Gerardine P. Dyson
Notary Public in and for the State
of Idaho.
Commission Expires: 5-1-85