

AMENDED AND RESTATED CERTIFICATE OF LIMITED PARTNERSHIP
OF
SITKA III ASSOCIATES,
AN IDAHO LIMITED PARTNERSHIP

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REC'D
SEC. OF STATE

WHEREAS, on the 29th day of January, 1990, Marty Frantz as General Partner and Frantz Construction Co., an Idaho corporation as Limited Partner, formed a Limited Partnership named Sitka III Associates and filed the Certificate and Agreement of Limited Partnership with the Secretary of State of Idaho on February 23, 1990. Subsequent thereto, the Partnership entered into an agreement for the admission to the Partnership of National Tax Credit Investors II, a California Limited Partnership, as a Limited Partner, for National Tax Credit, Inc. II, a California corporation, to be admitted as a Special Limited Partner, and for the withdrawal of Frantz Construction Co. as a Limited Partner; and

WHEREAS, the Partners have agreed to execute an Amended and Restated Agreement of Limited Partnership and to separately execute and file an Amended and Restated Certificate of Limited Partnership,

NOW THEREFORE the undersigned do amend and restate the Certificate of Limited Partnership, pursuant to the Idaho Limited Partnership Act as follows:

I. Name and Continuation of Partnership.

The Partnership is continued as an Idaho Limited Partnership. The name of the Partnership is Sitka III Associates, an Idaho Limited Partnership.

II. Character of Business.

The business of the Partnership shall be to acquire real property and to hold such property and to develop, construct, operate, manage, sell and lease and otherwise deal with and dispose of a low and moderate income FmHA 515 housing project located in Sitka, Alaska financed by the Farmers Home Administration (FmHA) of the United States Department of Agriculture, and to do all other acts which may be necessary, incidental, or convenient to the foregoing.

III. Location of the Registered Agent.

The registered agent for the Partnership shall be Marty D. Frantz at N. 12425 Gem Shore Road, Hayden Lake, Idaho 83835.

IV. Name and Residence of Partners.

General Partner:	Marty D. Frantz N. 1225 Gem Shore Road Hayden Lake, Idaho 83835
Special Limited Partner:	National Tax Credit, Inc. II 9090 Wilshire Blvd, 2nd Floor Beverly Hills, California 90211
Limited Partner:	National Tax Credit Investors II, a California Limited Partnership 9090 Wilshire Blvd, 2nd Floor Beverly Hills, California 90211

V. Partnership Term.

The term of the Partnership shall continue until January 29, 2050, unless sooner terminated by one of the following events: (A) the bankruptcy, resignation, insanity, dissolution, death, incapacity or removal from the Partnership of a sole General Partner, provided the remaining partners do not elect a substitute General Partner to carry on Partnership business within 120 days; (B) the sale of the project or substantially all assets of the Partnership; (C) the written election to dissolve the Partnership by the General Partner and the Special Limited Partner; (D) any event which shall make it unlawful for the Partnership to be continued. Such termination shall be subject to any applicable FmHA rules and regulations.

VI. Initial Contribution.

(A) The General Partner has contributed \$60,248.00 to the capital of the Partnership, \$23,658.00 of which is in the form of a letter of credit.

(B) The Limited Partner has contributed \$100.00 in capital and the Special Limited Partner \$100.00.

(C) The liability of the Limited Partners shall be limited to the amount of capital contribution required to be made under the Article VI, and the Limited Partners shall not have any further personal liability to contribute money to, or in respect to the liabilities or the obligations of, the

Partnership, nor shall they be personally liable for any obligation of the Partnership.

VII. Additional Contribution by the Partners.

There are no contributions agreed to be made by the Partners other than that required by Article VI hereof.

VIII. Return of Partners' Capital Contribution.

The General Partner shall be entitled to the return of his letter of credit upon approval of FmHA. Distributions of cash flow from operations shall be distributed, after payment of certain liabilities and expenses, 50% to the Limited Partner, 0.1% to the Special Limited Partner and 49.9% to the General Partner. Upon sale or refinancing of the Partnership assets, or other capital event and after provision for payment of all obligations of the Partnership, the remaining proceeds shall be allocated 99% to the Limited Partner, 0.1% to the Special Limited Partner and 0.9% to the General Partner until the Limited Partner has received an amount equal to an aggregate of 135% of the Limited Partner's capital contribution less all prior capital previously returned. Thereafter cash proceeds shall be allocated 50% to the Limited Partner, 0.1% to the Special Limited Partner and 49.9% to the General Partner.

IX. The Right of the Limited Partner to Substitute an Assignee in its Place.

The Limited Partner and the Special Limited Partner shall have the right at any time to make an assignment of their interest without the consent or approval of the Operating General Partner or of any other Partners.

X. The Right of the Partners to Terminate Membership in the Partnership.

(A) Any assignee of the Limited Partner or Special Limited Partner shall automatically be admitted to the Partnership as a substitute Partner without General Partner approval provided, however, such substituted Limited Partner shall execute such instrument or instruments as shall be required by the General Partner to signify substituted Partner's agreement to be bound by all provisions of the Partnership Agreement, all FmHA and Project-related documents and the requirement that the incoming Limited Partner shall pay all applicable legal fees and filing costs in connection with the substitution.

(B) The General Partner may not voluntarily withdraw from the Partnership or assign any part of its Partnership interest without the consent of the Special Limited Partner and FmHA, if required.

(C) Any partner who shall assign all of his interests or voluntarily withdraw shall cease to be a partner and shall no longer have any rights or privileges of a Partner except that, unless and until an assignee is admitted to the Partnership as a substituted Partner, such assignor shall retain all rights and be subject to all obligations of Partners under the Idaho Uniform Limited Partnership Act.

(D) In the event a General Partner shall withdraw as a result of death, the adjudication of insanity or incompetence, such General Partner shall become a Class B Limited Partner, shall not be entitled to participate in the Management of the Partnership business but and shall retain all its other rights and interest in the Partnership except to the extent necessary to compensate the remaining General Partners or any successor General Partner for assuming the obligations of the General Partner who involuntarily withdrew.

XI. The Right of the General Partners to Admit Additional Limited Partners.

The General Partner shall have no right to admit additional Partners without the written consent of all Partners and FmHA, if applicable.

XII. The Right of Partners to Receive Distribution of Property.

No Partner shall have the right to demand a return of its capital contribution except as otherwise provided herein. No Partner shall have the right to demand or receive property other than cash for its interest.

XIII. The Right of the Remaining General Partner or Partners to Continue the Partnership on the Death, Retirement, Bankruptcy, Removal, Dissolution, or Insanity of a General Partner

In the event of the withdrawal, death, dissolution, insanity, incapacity, resignation, removal, assignment for the benefit of creditors, filing of a petition for the reorganization, or adjudication of bankruptcy, of any General Partner, the Partnership shall be dissolved unless all remaining partners agree in writing within one hundred twenty (120) days to continue the

Partnership. Such action shall be subject to any rules and regulations of FmHA, if applicable.

IN WITNESS WHEREOF, the Agreement has been duly executed by the parties on this _____ day of January, 1991.

GENERAL PARTNER:

W A D Z T 1/25/91
Marty D. Frantz

SPECIAL LIMITED PARTNER:
National Tax Credit, Inc. II,
a California corporation

Robert G. Rodden 1/31/91
By:
Its: V.P.

LIMITED PARTNER:
National Tax Credit Investors II,
a California Limited Partnership

By: National Partnership
Investments Corp., a
California corporation,
General Partner

Robert G. Rodden 1/31/91
By:
Its: V.P.

WITHDRAWING LIMITED PARTNER:
Frantz Construction Co.,
an Idaho corporation

W A D Z T 1/25/91
By: Marty D. Frantz,
President