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SECRETARY OF
STATE

MOUNTAIN OAKS ASSOCIATES LIMITED PARTNERSHIP
AMENDED AND RESTATED
AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP

Dated as of December 1, 1986

MOUNTAIN OAKS ASSOCIATES LIMITED PARTNERSHIP

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AMENDED AND RESTATED
AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP

Preliminary Statement

Mountain Oaks Associates Limited Partnership (the "Partnership") was formed as an Idaho limited partnership pursuant to a limited partnership agreement (the "Original Agreement"), among Blair Reiley and David J. Cordes as General Partners and Blair Reiley and David J. Cordes as Limited Partners (the "Original Limited Partners"). A Certificate of Limited Partnership with respect thereto (the "Original Certificate") was filed in the Filing Office on August 12, 1985. An Application for Registration as a Foreign Limited Partnership dated August 28, 1985, was filed with the Secretary of State of the State of Colorado on September 3, 1985. Certain capitalized terms used herein shall have the respective meanings specified in Article I.

In consideration of mutual agreements set forth herein, it is agreed and certified, and the Original Agreement and Original Certificate are hereby amended and restated in their entireties, as follows:

ARTICLE I

Defined Terms

The defined terms used in this Agreement shall have the meanings specified below:

Accountants means Resnick, Fedder & Silverman of Bethesda, Maryland, or such other firm of independent certified public accountants as may be engaged by the General Partners with the consent of Greater Boston to prepare the Partnership income tax returns.

Admission Date means the first day of the calendar month in which the Investment Limited Partner is admitted to the Partnership pursuant to Section 4.3.

Affiliate means as to any named Person (or as to every Person, if no Person is specifically named): (i) any such Person or member of his Immediate Family; (ii) the legal representative, successor or assignee of, or any trustee of a trust for the benefit of, any such Person or member of his Immediate Family; (iii) any Entity of which a majority of the voting interests is owned by any one or more of the Persons referred to in the preceding clauses (i) and (ii); (iv) any officer, director, trustee, employee, stockholder (10% or more) or partner of any Person referred to in the preceding clauses (i), (ii) and (iii); and (v) any Person directly or indirectly controlling, or under direct or indirect common control with, any Person referred to in any of the preceding clauses.

Agreement means this Amended and Restated Agreement and Certificate of Limited Partnership, including Schedule A, as amended from time to time.

Annual Partnership Management Fee means the fee payable to the General Partners pursuant to the provisions of Section 6.11(b).

Apartment Complex means the real property located in Durango, La Plata County, Colorado, as more fully described in the Mortgage, together with (i) all buildings and other improvements constructed or to be constructed thereon and (ii) all furnishings, equipment and personal property covered by the Mortgage.

Auditors means Reznick, Fedder & Silverman of Bethesda, Maryland, or such other firm of independent certified public accountants as may be engaged by the General Partners with the consent of Greater Boston for the purposes of auditing the books and records of the Partnership and certifying financial reports of the Partnership.

Breakeven Point means 30 days after the first time at which, as certified by the General Partners, based upon four consecutive full calendar months of operation occurring after the Admission Date, the rental income (including government subsidies) of the Partnership actually received on a cash basis (excluding prepaid rent) shall have exceeded all the Partnership's expenses on an accrual basis, except for depreciation, reserves established pursuant to Section 6.5(e), distributions of Cash Flow and Capital Transaction proceeds to the Partners and the fees payable pursuant to Section 6.11. For purposes of the foregoing, expenses shall (i) include monthly payments of principal and interest in the amount specified in the Mortgage regardless of any forbearance thereof, (ii) include a pro rata portion of the annual amount (as estimated by the General Partners) of those seasonal expenses (such as utilities and maintenance expense) which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, and (iii) be adjusted, if necessary, so that the expenses of real estate taxes and insurance are based on the General Partners' estimate of the full value of the Apartment Complex after completion of construction.

Capital Account shall have the meaning set forth in Section 4.1(b).

Capital Contribution means the total value of cash contributed and agreed to be contributed to the Partnership by each Partner, as shown in Schedule A. Any reference in this Agreement to the Capital Contribution of a then Partner shall include a Capital Contribution previously made by any prior Partner for the Interest of such then Partner.

Capital Transaction means any transaction the proceeds of which are not includable in determining Cash Flow including, without limitation, the sale or other disposition of all or substantially all of the assets of the Partnership.

Cash Flow means the profits or losses of the Partnership from and after the Admission Date subject to any applicable FmHA requirements and to the following adjustments:

(a) Cost recovery deductions of buildings, improvements and personal property and amortization of any financing fees shall not be deducted;

(b) Mortgage amortization shall be deducted;

(c) Payments to reserves under Section 6.5(e) shall be deducted;

(d) Any amounts paid for capital expenditures shall be deducted, unless paid from any replacement reserve or funded through insurance;

(e) The proceeds of any Mortgage refinancing, any sale, exchange, eminent domain taking, damage or destruction (whether insured or uninsured), or other disposition, of all or any part of the Apartment Complex (other than the proceeds of any business or rental interruption insurance) shall not be included;

(f) Any rent or interest subsidy payments shall be included; and

(g) The fees set forth in Section 6.11 (other than the fee payable pursuant to Section 6.11(b)) and any fee payable in connection with any transaction referred to in clause (e) above shall not be deducted.

Certificate or Certificate of Limited Partnership means the Original Certificate as amended from time to time (including any amendment thereto effected by this Agreement).

Class Contribution means the aggregate Capital Contributions of all members of a particular class of Partners.

Code means the Internal Revenue Code of 1986, as amended from time to time. References herein to any Code section shall include any successor provisions.

Completion Date means the date upon which the Apartment Complex has been completed as evidenced by the issuance by FmHA or other governmental agencies having jurisdiction of certificates of substantial completion or occupancy (or local equivalents) with respect to all apartment units in the Apartment Complex.

Consent of the Investment Limited Partner means the prior written consent or approval of the Investment Limited Partner.

Development Loan means the loan or loans that may be or have been obtained by the Partnership and the General Partners in an aggregate amount not to exceed \$151,000 in connection with the development of the Apartment Complex.

Disposition (including the verb form Dispose and the adjectival form Disposing) means as to a Limited Partner, the assignment, sale, transfer, exchange or other disposition of all or any part of his Interest.

Entity means any general partnership, limited partnership, corporation, joint venture, trust, business trust, cooperative or association.

Event of Bankruptcy means with respect to any Person,

(i) the entry of a decree or order for relief by a court having jurisdiction in respect of such Person in a case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of his property, or the issuance of an order for the winding-up or liquidation of his affairs and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days, or

(ii) the commencement by such Person of a proceeding seeking any decree, order or appointment referred to in clause (i), the consent by such Person to any such decree, order or the appointment, or taking of any action by such Person in furtherance of any of the foregoing.

Filing Office means the office Secretary of State of the State.

FmHA means the Farmers Home Administration of the United States Department of Agriculture.

FmHA Loan Agreement means the FmHA Loan Agreement between the Partnership and FmHA, as amended from time to time.

General Partners means the Persons designated as a General Partners in Schedule A and any Persons who become General Partners as provided herein, in their capacities as General Partners of the Partnership. At any and all times where there is only one General Partner, the term "General Partners" shall mean such sole General Partner.

General Operating Account means the account required to be maintained by the Partnership pursuant to Section 5(a) of the FmHA Loan Agreement.

Greater Boston means Greater Boston Development, Inc., a Massachusetts corporation.

Housing Act means the National Housing Act of 1949, as amended.

HUD means the United States Department of Housing and Urban Development.

Immediate Family means with respect to any Person, his spouse, parents, parents-in-law, descendants, nephews, nieces, brothers, sisters, brothers-in-law, sisters-in-law, children-in-law and grandchildren-in-law.

Initial 90% Occupancy Date means the first date upon which not less than 90% of the apartment units in the Apartment Complex have been leased to qualified tenants under executed FmHA-approved leases at rentals not less than the amounts established by FmHA.

Installment means an installment of the Investment Limited Partner's Capital Contribution paid or payable to the Partnership pursuant to Section 5.1.

Interest means the entire interest of a Partner in the Partnership at any particular time, including the right of such Partner to any and all benefits to which a Partner may be entitled hereunder and the obligation of such Partner to comply with the terms of this Agreement.

Investment Limited Partner means American Equities Limited Partnership, a Massachusetts limited partnership, and any Person or Persons who replace it as Substituted Investment Limited Partner, but shall not include any Special Limited Partners.

Investment Partnership Agreement means the Amended and Restated Certificate and Agreement of Limited Partnership of the Investment Limited Partner, as amended from time to time.

Lender means FmHA, in its capacity as maker of the Mortgage loan, or its successors and assigns in such capacity.

Limited Partners means the Investment Limited Partner and any Special Limited Partners.

Management Agent means the management and rental agent for the Apartment Complex.

Management Agreement means the agreement between the Partnership and the Management Agent providing for the management of the Apartment Complex.

Management Fee means the Management Fee referred to in Article XI.

Mortgage means the mortgage indebtedness of the Partnership to the Lender; and where the context admits "Mortgage" shall mean and include the mortgage note, the mortgage or deed of trust and security agreement securing the promissory note, the loan agreement and all other documentation related thereto.

Net Capital Contribution means an amount equal to the Investment Limited Partner's paid-in Capital Contribution (but not including any Capital Contribution of any prior Partner), less the aggregate amount of cash distributions, if any, made to the Investment Limited Partner hereunder.

1986 Act means The Tax Reform Act of 1986.

Original Limited Partners has the meaning specified in the Preliminary Statement.

Partner means any General Partner or Limited Partner.

Partnership means the limited partnership continued pursuant to this Agreement.

Permanent Mortgage Commencement means the first date on which all of the following have occurred: (a) the Completion Date has occurred; (b) the principal amount and maturity date of the Mortgage have been finally determined; and (c) amortization of the Mortgage has commenced.

Person means any individual or Entity.

Project Documents means and includes the Mortgage, the FmHA Loan Agreement, the Management Agreement and all other instruments delivered to (or required by) FmHA and all other documents relating to the Apartment Complex and by which the Partnership is bound, as amended or supplemented from time to time.

Sales Preparation Fee means the fee specified in Section 6.11.

Schedule A means Schedule A to this Agreement as amended from time to time.

72-13 Requirements means the requirements set forth in Internal Revenue Procedure 72-13 which are prerequisite to the issuance, assuming that the General Partner in question is a sole corporate general partner, by the Internal Revenue Service of an advance ruling that the Partnership will be taxed as a partnership and not as an association taxable as a corporation for Federal income tax purposes.

Special Limited Partner means the holder of a Partnership Interest designated as a Special Limited Partner pursuant to Section 4.5(b) or 7.4.

State means the State of Idaho.

Subordinated Loan means any loan made by the General Partners to the Partnership pursuant to Section 6.10.

Substituted Limited Partner means any Person who is admitted to the Partnership as Limited Partner under Section 8.2 or acquires the Interest of the Investment Limited Partner pursuant to Section 5.3.

Uniform Act means the Uniform Limited Partnership Act as adopted by the State.

Withdrawal (including the verb form Withdraw and the adjectival form Withdrawing or Withdrawn) means as to a General Partner, the occurrence of death, adjudication of insanity or incompetence, Event of Bankruptcy, dissolution, liquidation, or voluntary or involuntary withdrawal or retirement from the Partnership for any reason, including whenever a General Partner may no longer continue as a General Partner by law or pursuant to any terms of this Agreement.

Working Capital Loan means a loan made by the General Partners to the Partnership pursuant to Section 9.1.

ARTICLE II

Name and Business

2.1 Name; Continuation

The name of the Partnership is Mountain Oaks Associates Limited Partnership. The Partners agree to continue the Partnership which was formed pursuant to the provisions of the Uniform Act.

2.2 Office and Resident Agent

(a) The principal office of the Partnership is P.O. Box 360, Sun Valley, Idaho 83353. The General Partners may at any time change the location of the principal office and shall give due notice thereof to the Limited Partners.

(b) The resident agent in the State for the Partnership for service of process is as follows:

Blair Reiley
191 River Street
Kethum, Idaho 83340

2.3 Purpose

The purpose of the Partnership is to acquire, hold, invest in, construct, develop, improve, maintain, operate, lease and otherwise deal with the Apartment Complex. The Partnership shall operate the Apartment Complex in accordance with any applicable FmHA regulations. The General Partners shall use their best efforts to generate Cash Flow for distribution to the Partners at the maximum realizable level in view of applicable FmHA regulations. The Partnership shall not engage in any other business or activity.

2.4 Term and Dissolution

The Partnership shall continue in full force and effect until December 31, 2047, except that the Partnership shall be dissolved and its assets liquidated prior to such date upon:

(a) The sale or other disposition of all or substantially all of the assets of the Partnership;

(b) The occurrence of any event as a result of which no General Partner remains if the Partnership is not reconstituted pursuant to Section 7.3;

(c) The election to dissolve the Partnership made in writing by the General Partners with the Consent of the Investment Limited Partner and the approval (if required) of FmHA; or

(d) The entry of a final decree of dissolution of the Partnership by a court of competent jurisdiction.

Upon dissolution of the Partnership, the General Partners (or for purposes of this paragraph, their trustees, receivers or successors) shall cause the cancellation of the Certificate, liquidate the Partnership assets and ~~apply and distribute the proceeds thereof in accordance with Section 10.3.~~ Notwithstanding the foregoing, if, during liquidation, the General Partners shall determine that an immediate sale of part or all of the Partnership's assets would be impermissible, impractical or cause undue loss to the Partners, the General Partners may either (i) defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy Partnership debts and obligations (except Development Loans, Working Capital Loans and Subordinated Loans) or (ii) distribute the assets of the Partnership to the Partners in kind.

ARTICLE III

Mortgage, Refinancing and Disposition of Property

A. The Partnership has obtained permanent financing from FmHA and has secured the same by the Mortgage. From and after Permanent Mortgage Commencement, neither the General Partners nor any Affiliates of the General Partners shall at any time become, nor shall the General Partners permit any other Partner to become, personally liable for the payment of any portion of the Mortgage. The General Partners promptly shall cause the Partnership to elect, to the extent permitted and in the manner prescribed by FmHA, that any past and all future debt service payments made by the Partnership to FmHA shall be applied first to interest determined at the stated rate set forth in the promissory note to FmHA, all as provided under FmHA regulations, and then to principal due under the Mortgage.

B. The Partnership may decrease, increase or refinance the Mortgage and may make any required transfer or conveyance of Partnership assets for security or mortgage purposes, provided, however, any such decrease, increase or refinancing of the Mortgage may be made by the General Partners only with the Consent of the Investment Limited Partner unless such decrease, increase or refinancing is required by FmHA.

C. The Partnership may sell, lease, exchange or otherwise transfer or convey all or substantially all the assets of the Partnership with the Consent of the Investment Limited Partner. Notwithstanding the foregoing, no Consent of the Investment Limited Partner shall be required for the leasing of apartments to tenants in the normal course of operations or the leasing of all or substantially all the apartments to a public housing authority at rents satisfactory to FmHA as expressed in writing.

ARTICLE IV

Partners; Capital

4.1 Capital and Capital Accounts

(a) The Capital Contribution of each Partner shall be as set forth on Schedule A. No interest shall be paid on any Capital Contribution. No Partner shall have the right to withdraw his Capital Contribution or to demand and receive property of the Partnership in return for his Capital Contribution, except as may be specifically provided in this Agreement or required by any applicable state securities law.

(b) An individual Capital Account shall be established and maintained on behalf of each Partner, including any additional or substituted Partner who shall hereafter receive an interest in the Partnership. The Capital Account of each Partner shall consist of (a) the amount of cash such Partner has contributed to the Partnership plus (b) the fair market value of any property such Partner has contributed to the Partnership net of any liabilities assumed by the Partnership or to which such property is subject plus (c) the amount of profits or gain allocated to such Partner less (d) the amount of losses and deductions allocated to such Partner less (e) the amount of all cash distributed to such Partner less (f) the fair market value of any property distributed to such Partner net of any liabilities assumed by such Partner or to which such property is subject less (g) such Partner's share of any other expenditures which are not deductible by the Partnership for Federal income tax purposes or which are not allowable as additions to the basis of Partnership property and (h) subject to such other adjustments as may be required under the Code. The Capital Account of a Partner shall not be affected by any adjustments to basis made pursuant to Section 12.6 of this Agreement.

The original Capital Account established for any Substituted Partner (as hereinafter defined) shall be in the same amount as, and shall replace, the Capital Account of the Partner which such Substituted Partner succeeds, and, for the purposes of this Agreement, such Substituted Partner shall be deemed to have made the Capital Contribution, to the extent actually paid in, of the Partner which such Substituted Partner succeeds. The term "Substituted Partner," as used in this paragraph, shall mean a Person who shall become entitled to receive a share of the profits, losses and distributions of the Partnership by reason of such Person succeeding to the interest in the Partnership of a Partner by assignment of all or any part of a Partner's interest in the Partnership. To the extent a Substituted Partner receives less than 100% of the Interest in the Partnership of a Partner he succeeds, the original capital account of such Substituted Partner and his Capital Contribution shall be in proportion to the Interest he receives and the Capital Account of the Partner who retains a partial Interest in the Partnership and his Capital Contribution shall continue, and not be replaced, in proportion to the interest he retains. Nothing in this Section 4.1(b) shall affect the limitations on transferability of Partnership interests set forth in Article VII or Article VIII of this Agreement.

4.2 General Partners

The name, address and Capital Contribution of each General Partner is as set forth on Schedule A. At all times when there is only one General Partner, the term "General Partners" shall refer to such sole General Partner alone. The General Partners shall contribute \$10 to the capital of the Partnership on the Admission Date and additional \$10 on each of the due dates for payment of the Second through Final Installments of the Capital Contributions of the Investment Limited Partner.

4.3 Investment Limited Partner and Original Limited Partner

The Original Limited Partners hereby withdraw as limited partners and acknowledge that they no longer have any interest in, or rights or claims against, the Partnership as limited partners as of the Admission Date. The Investment Limited Partner is hereby admitted as the sole Limited Partner in substitution for the Original Limited Partners as of the Admission Date and agrees to be bound by the terms and provisions of the Project Documents and this Agreement. The General Partners shall have no authority to admit additional Limited Partners without the Consent of the Investment Limited Partner.

4.4 Liability of the Investment Limited Partner

The Investment Limited Partner shall not be liable for any debts, liabilities, contracts or obligations of the Partnership and shall only be liable to pay its Capital Contribution as and when the same is due hereunder and to pay to the Partnership an amount of cash equal to the deficit balance in its Capital Account upon liquidation of the Partnership as provided in Section 10.3, except as otherwise provided in the Uniform Act.

4.5 Special Rights of the Investment Limited Partner

(a) The Investment Limited Partner shall have the right, subject to the prior written consent of FmHA (if such consent is required under FmHA regulations) to:

- (i) remove the General Partners for good cause;
- (ii) amend this Agreement in any particular, other than the extension of the term of the Partnership;
- (iii) dissolve the Partnership;
- (iv) continue the business of the Partnership with substitute General Partner(s); and
- (v) require the sale of all or substantially all of the assets of the Partnership;

provided, however, that no removal of a General Partner or amendment of this Agreement shall affect the vested rights (including, without limitation, the right to receive any fees, allocable share of Cash Flow or other distributions, or profits and losses hereunder) or increase any of the obligations of

any General Partner, without his prior written consent, and that no amendment shall increase the liability of any Limited Partner or in any way alter its allocable share of Cash Flow or other distributions or profits and losses hereunder without its prior written consent.

(b) Any General Partner removed pursuant to this Section 4.5 shall, upon such removal, become a Special Limited Partner with the same interest in the Partnership which he held prior to such removal but subject to the provisions of the last sentence of Section 7.4. The Investment Limited Partner or any successor General Partner proposed by it shall have the option, but not the obligation, of acquiring the Interest of any removed General Partner upon payment of the agreed or fair market value of the Interest. Any dispute as to such value shall be submitted to a committee composed of three qualified real estate appraisers, one chosen by the removed General Partner, one chosen by the successor General Partner or the Investment Limited Partner, as the case may be, and the third chosen by the two so chosen. The proceedings of such committee shall conform to the rules of the American Arbitration Association, as far as appropriate, and its decision shall be promptly rendered and shall be final and binding. The Partnership may offset against any payments to a General Partner so removed, any damages suffered by the Partnership as a result of any material breach of the obligations of such General Partner hereunder. A General Partner so removed will not be liable for any obligations of the Partnership after the effective date of his removal.

ARTICLE V

Capital Contributions of the Investment Limited Partner

5.1 Payments

(a) The Investment Limited Partner's Capital Contribution shall be paid in cash installments (the "Installments"), as follows:

- (1) \$1,524 (the "First Installment") on January 15, 1987;
- (2) \$43,947 (the "Second Installment") on (i) February 15, 1987;
- (3) \$38,947 (the "Third Installment") on the later of (i) March 15, 1988, or (ii) the Initial 90% Occupancy Date;
- (4) \$15,900 (the "Fourth Installment") on the later of (i) March 15, 1989, or (ii) the Breakeven Point;
- (5) \$19,377 (the "Fifth Installment") on March 15, 1990;
- (6) \$12,853 (the "Sixth Installment") on March 15, 1991; and
- (7) \$19,807 (the "Final Installment") on March 15, 1992;

provided, however, that the General Partners shall give the Investment Limited Partner not less than 21 days' written notice of the due date of each Installment subsequent to the First Installment.

(b) The obligation of the Investment Limited Partner to pay the First through Final Installments is conditioned upon delivery by the General Partners to the Investment Limited Partner of a written certificate (the "Payment Certificate") stating that (i) all the conditions to such Installment have been satisfied and (ii) all representations and warranties of the General Partners contained in this Agreement are true and correct.

(c) The Payment Certificate for each Installment shall be dated and delivered not less than 10 nor more than 30 days prior to the due date for such Installment. No Installment subsequent to the Second Installment shall become due and payable less than, and the due date for payment shall be automatically extended until, three months after the prior Installment has become due and payable.

(d) If, as of the date when an Installment which is subject to delivery of a Payment Certificate would otherwise be due, any statement required to be made in the Payment Certificate cannot be truthfully made, the General Partners shall notify the Investment Limited Partner of the reason why such statement would be untrue if made and the Investment Limited Partner shall not be required to pay such Installment; provided, however, that if (i) any such statement can subsequently be truthfully made and (ii) the Investment Limited Partner has not irrevocably lost, in the good faith judgment of its general partner, any material tax or other benefits hereunder, then the Investment Limited Partner shall pay such Installment to the Partnership 30 days after delivery by the General Partners of the Payment Certificate together with an explanation of the manner in which each such statement had become true; and provided further, however, that notwithstanding the foregoing, in the event that the Investment Limited Partner shall have been required to refund from escrow a portion of any installment of capital contribution to its limited partners pursuant to the Investment Partnership Agreement, then the Investment Limited Partner shall not thereafter be required to pay the corresponding Installment to the Partnership.

5.2 Defaults

In the event the Investment Limited Partner fails to pay any Installment when due, it shall be in default hereunder. The General Partners may pursue any and all available legal remedies in order to collect the amount owed, provided that any collection action shall be limited to proceedings against the Investment Limited Partner to collect such amount from the unpaid subscription obligations of its limited partners (subject to any prior claims thereto), and that no such action shall be taken against the other assets of the Investment Limited Partner or against the separate personal estate or assets of the Investment Limited Partner's general partner or the members of said general partner. In furtherance of the foregoing, if the Investment Limited Partner should be in default because one or more of its limited partners have defaulted in their obligation to make capital contributions under the Investment Partnership Agreement, such defaulting limited partners shall become directly liable to the Partnership to pay all costs of collection, including reasonable attorneys' fees, incurred by the Partnership plus the lesser of (i) the unpaid balance of the Installment due under this Agreement

or (ii) the defaulted portion of such Person's subscription obligation to the Investment Limited Partner. In such event the Investment Limited Partner agrees upon request to execute and deliver appropriate documentation to the Partnership to establish and evidence any such direct obligation but shall have no further liability to the Partnership in connection with such default.

5.3 Return of Capital Contributions

(a) FmHA Disapproval. If FmHA shall disapprove the Investment Limited Partner as a Limited Partner hereunder within 180 days of its admission to the Partnership, then the Investment Limited Partner shall, effective as of such time (or such other time as may be specified by the FmHA in its disapproval), cease to be a Limited Partner. The General Partners shall, within 10 days of the effective date of the termination, purchase the Interest of the Investment Limited Partner hereunder and return to the Investment Limited Partner its Net Capital Contribution.

(b) Substitution and Indemnification. Upon such return, the Interest of the Investment Limited Partner shall terminate, and the General Partner shall indemnify and hold harmless the Investment Limited Partner from any losses, damages, and liabilities to which the Investment Limited Partner (as a result of its participation hereunder) may be subject.

5.4 Pledge or Assignment of Proceeds by General Partners.

The General Partners, on behalf of the Partnership, may pledge or assign the proceeds of the installments to (a) any person which lends money to the Partnership as security for such loan, (b) any Partnership creditor as security for any indebtedness of the Partnership to such creditor or (c) the General Partners or their Affiliates as security for any indebtedness of the Partnership to the General Partners or their Affiliates (including without limitation the obligation to pay fees specified in this Agreement). In addition, as security for any debt or obligation incurred by the General Partners on their own behalf, including any Development Loans (the "General Partners' Debts"), the General Partner may reassign or pledge the proceeds which have been pledged or assigned by the Partnership to the General Partners under clause (c) above.

The General Partners agree to comply in all respects with the terms of any General Partners' Debts and to make all payments required thereunder in a timely fashion and take all other actions as may be required to avoid or cure any default thereunder. The General Partners shall, jointly and severally, indemnify and hold harmless the Partnership, the Investment Limited Partner, the Class A Limited Partners of the Investment Limited Partner, and the General Partner of the Investment Limited Partner, and their respective Affiliates from and against any loss, claim, damage, liability or expense (including reasonable attorney's and accountant's fees) incurred by them in connection with any General Partners' Debts.

ARTICLE VI

Rights, Powers and Duties of General Partners

6.I Authorized Acts

Subject to Section 6.2 and all other provisions of this Agreement, the General Partners for, in the name and on behalf of the Partnership are hereby authorized to do the following in furtherance of the purposes of the Partnership:

- (1) To acquire by purchase, lease or otherwise any real or personal property.
- (2) To construct, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease any real estate and any personal property.
- (3) To borrow money and issue evidences of indebtedness and to secure the same by mortgage, pledge or other lien on the Apartment Complex or any other assets of the Partnership.
- (4) To execute the Mortgage, the other Project Documents and all such other documents as the General Partners deem necessary or appropriate in connection with the acquisition, development and financing of the Apartment Complex.
- (5) To prepay in whole or in part, refinance or modify the Mortgage or any other mortgages affecting the Apartment Complex.
- (6) To employ the Management Agent (which may be an Affiliate of the General Partners) and to pay reasonable compensation for its services.
- (7) To execute contracts with FmHA, HUD and/or the State or any subdivisions or agencies thereof to make apartments available for publicly-subsidized rent supplement programs.
- (8) To execute leases of some or all of the apartment units of the Apartment Complex to a public housing authority and/or to a non-profit corporation, cooperative or other non-profit Entity.
- (9) To enter into any kind of activity and to perform and carry out contracts of any kind which may be lawfully carried on or performed by a partnership and to file all certificates and documents which may be required under the laws of the State.
- (10) To obtain the Development Loan and execute any and all documents necessary or appropriate in connection therewith.

6.2 Restrictions on Authority

Notwithstanding any other Section of this Agreement, the General Partners shall have no authority to perform any act in violation of applicable law and FmHA regulations, or any agreement between the Partnership and FmHA. In the event of any conflict between the terms of this Agreement and any applicable regulations of FmHA, the terms of such regulations shall govern. Neither shall the General Partners have any authority to do any of the following acts without the Consent of the Investment Limited Partner:

(1) To borrow in excess of \$10,000 in the aggregate at any one time outstanding on the general credit of the Partnership, except borrowings constituting Subordinated Loans, Development Loans or the Working Capital Loan;

(2) To borrow from the Partnership or commingle Partnership funds with funds of any other Person;

(3) To construct any new or replacement capital improvements on the Apartment Complex which substantially alter the Apartment Complex or its use or which are at a cost in excess of \$10,000 in a single Partnership fiscal year, except (a) replacements and remodeling in the ordinary course of business or under emergency conditions or (b) construction paid for from insurance proceeds;

(4) To acquire any real property in addition to the Apartment Complex;

(5) To refinance the Mortgage;

(6) To sell, exchange or otherwise convey or transfer the Apartment Complex or substantially all the assets of the Partnership; or

(7) To do any act required to be approved or ratified by all limited partners under the Uniform Act.

6.3 Personal Services

No General Partner or Affiliate thereof shall receive any salary or other compensation except as may be provided in Section 6.11 and Article XI. Any Partner may engage independently or with others in other business ventures of every nature and description including the ownership, operation, management, syndication and development of competing real estate; neither the Partnership nor any other Partner shall have any rights in and to such independent ventures or the income or profits derived therefrom.

6.4 Business Management and Control; Tax Matters Partner

Subject to the provisions of this Agreement, the General Partners shall have the exclusive right to control the business of the Partnership. No provision of this Agreement which makes the Consent of the Investment Limited

Partner a condition for the effectiveness of an action taken by the General Partners is intended, and no such provision shall be construed, to give the Investment Limited Partner any participation in the control of the Partnership business. The Investment Limited Partner hereby consents to the exercise by the General Partners of the powers conferred on them by law and this Agreement, and the General Partners agree to exercise control of the business of the Partnership only in accordance with the provisions of this Agreement. All Partners hereby agree that Blair Reiley shall serve as the "Tax Matters Partner." In the case of litigation, the Tax Matters Partner is required to file suit in the United States Tax Court unless the Consent of the Investment Limited Partner is obtained to file suit in the United States Claims Court or the United States District Court. Nothing herein shall be construed to restrict the Partnership from engaging the Accountants to assist the Tax Matters Partner in discharging his duties hereunder.

6.5 Duties and Obligations

(a) The General Partners shall promptly take all action which may be necessary or appropriate for the proper development, maintenance and operation of the Apartment Complex in accordance with the provisions of this Agreement, the Project Documents 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 use their best efforts to maintain Cash Flow at a level which will permit payment to the Partners of distributions of the maximum amounts permissible under the FmHA Loan Agreement and regulations, and, if necessary, to obtain approvals and implementation of appropriate adjustments in the rental schedule of the Apartment Complex.

(c) The General Partners shall obtain and keep in force, during the term of the Partnership, fire and extended coverage, workmen's compensation and public liability insurance in favor of the Partnership with such companies and in such amounts as shall be satisfactory to FmHA, or, if the Apartment Complex is no longer subject to FmHA regulation, as shall be customary for apartment complexes such as the Apartment Complex.

(d) The obligations of the General Partners hereunder shall be the joint and several obligations of each General Partner. Except as otherwise provided in Section 7.1, such obligations shall survive any Withdrawal of a General Partner from the Partnership.

(e) The General Partners shall establish and maintain reasonable reserves to provide for working capital needs, improvements, replacements and any other contingencies of the Partnership.

(f) Each General Partner shall be bound by the Project Documents and no additional General Partner shall be admitted if he or it has not first agreed to be bound by this Agreement (and assume the obligations of a General Partner hereunder) and by the Project Documents to the same extent and under the same terms as the other General Partners.

6.6 Representations and Warranties

The General Partners represent and warrant to the Investment Limited Partner as follows:

(1) The Partnership is a duly organized limited partnership validly existing under the laws of the State and has complied with all filing requirements necessary for the protection of the Investment Limited Partner.

(2) No event or proceeding is pending or threatened or has occurred which would (a) materially adversely affect the Partnership or its properties, or (b) materially adversely affect the ability of the General Partners or any of their Affiliates to perform their respective obligations hereunder or under any other agreement with respect to the Apartment Complex other than legal proceedings which have been bonded against in such manner as to stay the effect of the proceedings or otherwise have been adequately provided for. This subparagraph shall be deemed to include without limitation the following: (x) legal actions or proceedings before any court, commission, administrative body or other governmental authority having jurisdiction over the zoning applicable to the Apartment Complex; (y) labor disputes; and (z) acts of any governmental authority.

(3) No material default (or event which, with the giving of notice or the passage of time or both, would constitute a material default) has occurred and is continuing under this Agreement or under any of the Project Documents, and the same are in full force and effect.

(4) No Partner has any personal liability with respect to the Mortgage.

(5) The Apartment Complex has been completed in conformity with the Project Documents. There is no material violation by the Partnership or the General Partners of any zoning, environmental or similar regulation applicable to the Apartment Complex which would have a material adverse effect thereon and the Partnership has complied with all applicable municipal and other laws, ordinances and regulations relating to such construction and use of the Apartment Complex.

(6) The Partnership owns the fee simple interest in the Apartment Complex, subject to no material liens, charges or encumbrances other than those which are (a) both permitted by the Project Documents and are noted or excepted in the title insurance policy issued by Title Insurance Company of Minnesota to FmHA and effective as of December 19, 1986, and (b) do not materially interfere with use of the Apartment Complex (or any part thereof) for its intended purpose or have a material adverse effect on the value of the Apartment Complex.

(7) The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken pertaining to the Partnership or the Apartment Complex by each Affiliate which is a corporation have been or will be duly authorized by all necessary corporate or other action and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under, the charter or by-laws of such Affiliate or any agreement by which such Affiliate or any of its properties is bound, nor constitute a violation of any law, administrative regulation or court decree.

(8) Any General Partner which is a corporation (the "Corporation") has been duly organized, is validly existing and in good standing under the laws of its state of incorporation and has all requisite corporate power to be a General Partner and to perform its duties and obligations as contemplated by this Agreement and the Project Documents. Neither the execution and delivery by the Corporation of this Agreement nor the performance of any of the actions of the Corporation contemplated hereby has constituted or will constitute a violation of (a) the articles of organization or by-laws of the Corporation, (b) any agreement by which the Corporation is bound or to which any of its property or assets is subject, or (c) any laws, regulation or court decree.

(9) The land portion of the Apartment Complex was not, on or after June 30, 1976, occupied by a "certified historic structure" and is not located in a "registered historic district," as such terms are defined in the Code.

(10) No Event of Bankruptcy has occurred with respect to any General Partner.

(11) All accounts of the Partnership required to be maintained under the terms of the FmHA Loan Agreement, including, but not necessarily limited to, any account for replacement reserves, are currently funded to the levels required by FmHA.

(12) If the sole General Partner is a corporation then the General Partner has a net worth which satisfies the 72-13 Requirements.

(13) The Apartment Complex was not ready for occupancy and had not been placed in service prior to August 16, 1986.

6.7 Liability on the Mortgage

Neither the General Partners nor any of their Affiliates shall at any time become personally liable for the payment of any portion of the Mortgage, and the General Partner shall not permit any other Partner to become personally liable for the payment of any portion of the Mortgage.

6.8 Indemnification of the General Partners

The General Partners and their Affiliates shall have no liability to the Partnership or to any Partner for any loss suffered by the Partnership which arises out of any action or inaction of the General Partners or their Affiliates if the General Partners or their Affiliates, in good faith, determined that such course of conduct was in the best interest of the Partnership and such course of conduct did not constitute negligence or misconduct of the General Partners or their Affiliates. The General Partners and their Affiliates shall be indemnified by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by them in connection with the Partnership, provided that the same were not the result of negligence or misconduct on the part of the General Partners or their Affiliates.

Notwithstanding the above, the General Partners and their Affiliates and any person acting as a broker-dealer shall not be indemnified for any losses, liabilities or expenses arising from or out of any alleged violation of federal or state securities laws unless (1) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee, or (2) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee or (3) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee.

In any claim for indemnification for federal or state securities law violations, the party seeking indemnification shall place before the court the position of the Securities and Exchange Commission and the Massachusetts Securities Division with respect to the issue of indemnification for securities law violations.

The Partnership shall not incur the cost of that portion of any insurance, other than public liability insurance, which insures any party against any liability the indemnification of which is herein prohibited.

For purposes of this Section 6.8 only, the term "Affiliate" shall mean any person performing services on behalf of the Partnership who (i) directly or indirectly controls, is controlled by or is under common control with a General Partner; (ii) owns or controls 10% or more of the outstanding voting securities of a General Partner; (iii) is an officer, director, partner or trustee of a General Partner; or (iv) if a General Partner is an officer, director, partner or trustee, is any company for which the General Partner acts in any such capacity.

6.9 Indemnification of Partnership and the Limited Partners

The General Partners will indemnify and hold the Partnership and the Limited Partners harmless from and against any and all losses, damages and liabilities which the Partnership or any Limited Partner may incur by reason of the (a) past, present or future actions or omissions of the General Partners or any of their Affiliates, or (b) any liabilities to which either the

Partnership or the Apartment Complex is subject; provided, however, that the foregoing indemnification shall not apply to (i) the Mortgage or (ii) necessary contractual obligations normally incurred pursuant to the Project Documents or in connection with the operation of the Apartment Complex.

If and to the extent that the Partnership is not made whole by the General Partners under the preceding paragraph and a Limited Partner incurs losses, damages and liabilities, then the General Partners will indemnify promptly and hold such Limited Partner harmless from and against the same.

Notwithstanding the foregoing, no General Partner shall be liable to a Limited Partner or the Partnership for any act or omission for which the Partnership is required to indemnify such General Partner under Section 6.8.

6.10 Operating Deficits

Subject to the prior written consent of FmHA (if such consent shall be required under applicable FmHA regulations), the General Partners shall be obligated for a period of 3 years from the Admission Date to advance funds up to a maximum amount equal to \$28,858 per year, and may in their sole discretion at any time advance additional funds to meet deficits in operating income. Any such advance shall be a Subordinated Loan repayable without interest in accordance with the provisions of Article X. The form and provisions of all Subordinated Loans shall conform to FmHA rules and regulations.

6.11 Certain Payments to the General Partners

(a) For their services to the Partnership from the Admission Date through December 31, 1987, in connection with the administration of Partnership affairs and coordination of communications between Partners, the General Partners shall receive a fee of \$50,278 (the "Partnership Management Fee"). The Partnership Management Fee shall be due and earned by the General Partners in the amount of \$3,867 in 1986 and \$46,410 in 1987 and shall be payable by the Partnership as follows:

<u>Fiscal Year</u>	
1987	\$ 5,150
1988	10,250
1989	700
1990	6,127
1991	8,244
1992	<u>19,808</u>

TOTAL \$50,278
=====

(b) The Partnership shall pay to the General Partners a fee (the "Annual Partnership Management Fee") in the amount of \$2,110 per annum commencing in 1988 for their continuing services in connection with the administration of

the day to day business of the Partnership. The Annual Partnership Management Fee shall be payable from cash receipts of the Partnership after payment of all other obligations of the Partnership, provided, however, that if in any fiscal year commencing with 1988, cash receipts of the Partnership (before deduction of such fee) is insufficient to pay the full amount of the Annual Partnership Management Fee, such fee shall accrue and be payable on a cumulative basis in the first year in which there is sufficient Cash Flow or from the proceeds from a Capital Transaction as provided in Article X.

(c) In consideration of their operating deficit obligation under Section 6.10, the Partnership shall pay to the General Partners a fee of \$34,978 (the "Operating Deficit Guarantee Fee"). The Operating Deficit Guarantee Fee shall be payable by the Partnership as follows:

Fiscal Year

1987	\$15,114
1988	11,049
1989	3,712
1990	<u>5,103</u>

TOTAL \$34,978
=====

(d) In consideration of their consultation, advice and other services in developing the Apartment Complex, and bringing construction of it to completion, the Partnership shall pay to the General Partners or their Affiliates a Development Fee in the amount of \$57,800, which fee shall be deemed earned in full as of January 1, 1987 and shall be evidenced by and paid in accordance with the terms of the Development Fee Note, a copy of which is attached hereto as Exhibit A.

(e) Upon any sale of the Apartment Complex, the General Partners (or their designee) shall receive a fee for preparing the Apartment Complex for sale (the "Sales Preparation Fee") equal to 3% of the gross sale price of the Apartment Complex.

(f) All payments provided under this Section 6.11(a) through (c) shall be payable without regard to the income of the Partnership.

6.12 Delegation of General Partner Authority

If there shall be more than one General Partner serving hereunder, each General Partner may from time to time, by an instrument in writing, delegate all or any of his powers or duties hereunder to another General Partner or Partners.

Every contract, deed, mortgage, lease and other instrument executed by any General Partner shall be conclusive evidence in favor of every Person relying thereon or claiming thereunder that at the time of the delivery thereof (a) the Partnership was in existence, (b) this Agreement had not been amended in any manner so as to restrict the delegation of authority among obtaining all professional services, personal property, ancillary requirements such as laundry equipment and facilities

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General Partners (except as shown in certificates or other instruments duly filed in the Filing Office) and (c) the execution and delivery of such instrument was duly authorized by the General Partners. Any Person may always rely on a certificate addressed to him and signed by any General Partner hereunder:

(1) As to who are the General Partners or Limited Partners hereunder;

(2) As to the existence or nonexistence of any fact which constitutes a condition precedent to acts by the General Partners or in any other manner germane to the affairs of this Partnership;

(3) As to who is authorized to execute and deliver any instrument or document of the Partnership;

(4) As to the authenticity of any copy of this Agreement and amendments thereto; or

(5) As to any act or failure to act by the Partnership or as to any other matter whatsoever involving the Partnership or any Partner.

6.13 Right of General Partners and Affiliates to Develop Adjacent Property

The Partners acknowledge that the land on which the Apartment Complex is situated is adjacent to an undeveloped parcel (the "Adjacent Land") which is owned or may be acquired by Affiliates of the General Partners.

The General Partners or their Affiliates may develop the Adjacent Land as an apartment or housing complex or otherwise; provided, however, that the General Partners shall not develop nor permit any other Person or Affiliate to develop such Adjacent Land (or portion thereof) if such development would materially adversely affect the operation of the Apartment Complex.

The Partnership shall also be authorized to grant whatever easements may reasonably be necessary for the General Partners or their Affiliates to develop the Adjacent Land, including but not limited to easements for right-of-way, ingress and egress, sanitary sewers, storm drains and utilities; provided, however, that the grant or use of such easements shall not in any way diminish the fair market value of the Apartment Complex or disrupt the operations of the Partnership, unless the General Partners have obtained the Consent of the Limited Partner. All costs with respect to such easements, including without limitation, legal, filing and construction costs, shall be borne solely by the General Partners or their Affiliates.

ARTICLE VII

Withdrawal of a General Partner; New General Partners

7.1 Withdrawal

A. No General Partner shall Withdraw from the Partnership (other than by reason of death or adjudication of incompetence or insanity) or sell,

assign or encumber his Interest without the Consent of the Investment Limited Partner and all the other General Partners. In the event of any Withdrawal by a General Partner in violation of this Section 7.1, such General Partner, in addition to being subject to any and all other legal remedies which may be pursued by the Partners, shall forfeit to the remaining General Partners or, if there are none, to the Investment Limited Partner, his Interest and all unpaid fees from the Partnership and shall remain liable for all his obligations under this Agreement. Such transfer shall occur automatically upon such Withdrawal without further action by such Withdrawing General Partner.

B. If at any time a corporation becomes the sole General Partner of the Partnership, it shall be obligated to meet the 72-13 Requirements. If a sole corporate General Partner shall at any time fail to meet the requirements of this Section 7.1.B, then it shall be deemed to have withdrawn from the Partnership in violation of the provisions of this Section 7.1 and shall be subject to the provisions of Section 7.1.A.

7.2 Obligation to Continue

Upon the Withdrawal of a General Partner, the remaining General Partner(s) shall have the right and obligation to continue the business of the Partnership employing its assets and name, all as contemplated by the Uniform Act. Within 30 days after they obtain knowledge of the Withdrawal of a General Partner, the remaining General Partner(s) shall notify the Investment Limited Partner of such Withdrawal.

7.3 Withdrawal of All General Partners

If, following the Withdrawal of a General Partner, there is no remaining General Partner, the Investment Limited Partner may elect to reconstitute the Partnership and continue the business of the Partnership for the balance of the term specified in Section 2.4 by selecting a successor General Partner. If the Investment Limited Partner elects to reconstitute the Partnership pursuant to this Section 7.3, and admit the designated successor General Partner, the relationship among the then Partners shall be governed by this Agreement.

7.4 Interest of General Partner After Permitted Withdrawal

In the event of the Withdrawal of a General Partner not in violation of Section 7.1, the Withdrawing General Partner hereby covenants and agrees to transfer to the remaining General Partner(s) or to a successor General Partner selected in accordance with Section 7.3, as the case may be, such portion of the Withdrawing General Partner's Interest as such remaining or successor General Partner(s) may designate, such transfer to be made in consideration of the payment by the transferee of either the agreed value of such Interest or if such value is not agreed to, the fair market value of such Interest as determined by a committee of three qualified real estate appraisers, one selected by the Withdrawing General Partner, one selected by the transferee and a third selected by the other two. The portion of the Withdrawing General

Partner's Interest designated to be transferred in accordance with the provisions of this Section 7.4 shall be sufficient to ensure the continued treatment of the Partnership as a partnership under the Code, and, for the purposes of Article X shall be deemed to be effective as of the date of Withdrawal, but the Partnership shall not make any distributions to the designated transferee until the transfer has been made. Any holder of any portion of the Interest of a Withdrawing General Partner which is not designated to be transferred to the remaining or successor General Partner(s) pursuant to the provisions of this Section 7.4 shall become a Special Limited Partner but (i) with the same share of the profits and losses, Cash Flow and other distributions to which such Interest was entitled when held as a General Partner Interest, and (ii) shall not participate in the votes or consents of the Investment Limited Partner hereunder. The admission of any successor or additional General Partner shall be subject to the Consent of FmHA (if required) and the approval of the Investment Limited Partner.

ARTICLE VIII

Transferability of Limited Partner Interests

8.1 Consent of General Partners Required for Assignment

Except by operation of law (including the laws of descent and distribution), no Limited Partner may assign all or any part of its Interest without the written consent of the General Partners, the giving or withholding of which is exclusively within their discretion.

8.2 Substituted Limited Partner

No Limited Partner shall have the right to substitute an assignee as Limited Partner in his place. Subject to Section 8.3, the General Partners may, however, in their sole discretion, permit an assignee to become a Substituted Limited Partner. The consent of the General Partners to an assignment of a Limited Partner Interest under Section 8.1 shall not, in and of itself, constitute permission under this Section 8.2.

Any Substituted Limited Partner shall execute such instrument or instruments as shall be required by the General Partners to signify his agreement to be bound by all the provisions of this Agreement and shall pay the Partnership's reasonable legal fees and filing costs in connection with his substitution as a Limited Partner.

8.3 Restrictions

(a) No Disposition may be made if such Disposition would violate Section 13.1.

(b) In no event shall all or any part of a Limited Partner Interest be Disposed of to a minor (other than to a descendant by reason of death) or to an incompetent.

(c) The General Partners may, in addition to any other requirement they may impose, require as a condition of any Disposition, that the transferor (i) assume all costs incurred by the Partnership in connection therewith and (ii) furnish them with an opinion of counsel satisfactory to counsel to the Partnership that such Disposition complies with applicable Federal and state securities laws.

(d) Any sale, exchange, transfer or other disposition in contravention of any of the provisions of this Section 8.3 shall be void and ineffectual and shall not bind or be recognized by the Partnership.

8.4 Assignees

An assignee of a Limited Partner who does not become a Substituted Limited Partner shall have the right to receive the share of profits, losses and distributions of the Partnership to which such Limited Partner would have been entitled with respect to the Interest (or portion thereof) so assigned if no such assignment had been made by such Limited Partner.

In the event of any assignment of a Limited Partner Interest (or portion thereof), there shall be filed with the Partnership an executed and acknowledged assignment and the written acceptance by the assignee of all the terms and provisions of this Agreement; if such assignment and acceptance are not so filed, the Partnership need not recognize such assignment for any purpose.

Every assignee of a Limited Partner Interest (or any portion thereof) who desires to make a further assignment of his Interest shall be subject to all the provisions of this Article VIII.

ARTICLE IX

Working Capital Loan; Borrowings

9.1 Working Capital Loan

In order to comply with Paragraph 5(a) of the FmHA Loan Agreement, the General Partners have advanced to the Partnership \$21,102, which amount has been deposited by the Partnership in the General Operating Account (the "Working Capital Loan"). The Working Capital Loan shall not bear interest and shall be repaid (i) to the extent permitted by FmHA, out of Partnership funds not required for other Partnership purposes, (ii) out of any funds which FmHA designates as a return to the Partnership of such deposit to the General Operating Account or (iii) as set forth in Article X.

9.2 Borrowings

All Partnership borrowings shall be subject to the terms of this Agreement including, but not limited to, the restrictions of Section 6.2, and may be made from any source including Partners and their Affiliates. Any Partnership borrowings from any Partner shall be subject to the prior written consent

of FmHA (if required under applicable FmHA regulations). If any Partner shall lend any monies to the Partnership, the amount of any such loan shall not be an increase of his Capital Contribution or increase his percentage share of the profits, losses or distributions of the Partnership. If any Partner shall lend monies, such loans shall be an obligation of the Partnership and (except for loans required by Sections 6.10 and 9.1), shall be repayable to such Partner on the same basis and with the same rate of interest as would be applicable to a comparable loan to the Partnership from a third party. Any interest payable on any Partnership borrowing from any partner shall be included within, and subject to, the permitted 8% return allowed to the Partners on their "initial investment" under applicable FmHA regulations.

ARTICLE X

Profits, Losses, Tax Credits, Distributions and Capital Accounts

10.1 Profits, Losses and Tax Credits

(a) Subject to Section 10.4 hereof, all profits, losses and tax credits incurred or accrued on or after the Admission Date, other than those arising a Capital Transaction, shall be allocated 95% to the Investment Limited Partner and 5% to the General Partners.

(b) All profits and losses arising from a Capital Transaction shall be allocated to the Partners as follows:

As to profits:

First, an amount of profit equal to the aggregate negative balances (if any) in the Capital Accounts of all Partners having negative balance Capital Accounts (prior to the Capital Transaction event) shall be allocated to such Partners in proportion to their negative Capital Account balances until all such Capital Accounts shall have a zero balance;

Second, an amount of profits shall be allocated to each of the Partners until the positive Capital Account balance of each Partner equals the amount of cash such Partner would receive under Clause Sixth of Section 10.2(b) if all available cash from the Capital Transaction were distributed; and

Third, the balance, if any, of such profits shall be allocated 70% to the Investment Limited Partner and 30% to the General Partners.

As to losses:

First, an amount of losses equal to the aggregate positive balances (if any) in the Capital Accounts of all Partners having positive balance Capital Accounts shall be allocated to such

Partners in proportion to their positive Capital Account balances until all such Capital Accounts shall have a zero balance; and

Second, the balance of any such losses shall be allocated to the General Partners.

10.2 Cash Distributions Prior to Dissolution

(a) Cash Flow

Subject to FmHA approval, Cash Flow for each fiscal year or portion thereof shall be applied first, to the repayment of Subordinated Loans, second, to payment of any accrued but unpaid Annual Partnership Management fees and the balance thereof, if any, shall be distributed annually, within 75 days after the end of the fiscal year, 95% to the Investment Limited Partner and 5% to the General Partners; provided, however, that during such time as FmHA regulations are applicable to the Apartment Complex the total amount of Cash Flow which may be so distributed to the Partners in respect to any fiscal year shall not exceed such amounts as FmHA regulations permit to be distributed.

(b) Distributions of other than Cash Flow

Prior to dissolution, if the General Partners shall determine from time to time that cash is available for distribution from a Capital Transaction such cash shall be applied or distributed as follows:

(1) First, to discharge the debts and obligations of the Partnership (other than those specifically referred to in the following subparagraphs);

(2) Second, to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partners and the Accountants;

(3) Third, to the repayment of outstanding Subordinated Loans;

(4) Fourth, to the payment of any accrued and unpaid Annual Partnership Management Fee;

(5) Fifth, in the event of sale of the Apartment Complex, to the payment of the Sales Preparation Fee;

(6) Sixth, to repay all Partners, Limited and General, their paid-in Capital Contributions minus any prior distributions made to them under this Clause Sixth but never less than zero (such repayment shall be allocated to each Partner in accordance with each Partner's pro rata share of the total paid-in Capital Contributions of all Partners);

(7) Seventh, to the repayment of the Working Capital Loan;

(8) Eighth, any balance to each class of Partners in the percentage shares set forth in Section 10.1(b) Clause Third as to profits.

(c) All distributions to a class of Partners shall be shared by each Partner in such class in the ratio of his paid-in Capital Contribution to the paid-in Partner Class Contribution.

10.3 Distributions Upon Dissolution

(a) Upon dissolution and termination, after payment of, or adequate provision for, the debts and obligations of the Partnership, the remaining assets of the Partnership (or the proceeds of sales or other dispositions in liquidation of the Partnership assets, as may be determined by the remaining or surviving General Partners) shall be distributed to the Partners in accordance with the positive balances in their Capital Accounts after taking into account all Capital Account adjustments for the Partnership taxable year, including adjustments to Capital Accounts pursuant to Section 10.1(b) and under 10.3(b). In the event that a Partner has a deficit balance in his Capital Account following the liquidation of the Partnership or his interest in the Partnership, as determined after taking into account all Capital Account adjustments for the Partnership taxable year in which such liquidation occurs, such Partner shall pay to the Partnership in cash an amount equal to the deficit balance in his Capital Account by the end of such taxable year (or, if later, within 90 days after the date of such liquidation) which amount shall, upon liquidation of the Partnership, be paid to recourse creditors of the Partnership or distributed to other Partners in accordance with their positive Capital Account balances.

(b) With respect to assets distributed in kind to the Partners in liquidation or otherwise, (i) any unrealized appreciation or unrealized depreciation in the values of such assets shall be deemed to be profits and losses realized by the Partnership immediately prior to the liquidation or other distribution event; and (ii) such profits and losses shall be allocated to the Partners in accordance with Section 10.1(b) hereof, and any property so distributed shall be treated as a distribution of an amount in cash equal to the excess of such fair market value of the outstanding principal balance of and accrued interest on any debt by which the property is encumbered. For the purposes of this Section 10.3(b), "unrealized appreciation" or "unrealized depreciation" shall mean the difference between the fair market value of such assets, taking into account the fair market value of the associated financing but subject to Section 7701(g) of the Code, and the Partnership's adjusted tax basis for such assets provided, however, that in the case of assets contributed to the Partnership the difference between the fair market value and the adjusted tax basis of such assets at the time they were contributed to the Partnership shall not be taken into account for purposes of computing "unrealized appreciation" or "unrealized depreciation". This Section 10.3(b) is merely intended to provide a rule for allocating unrealized gains and losses upon liquidation or other distribution event, and nothing contained in this Section 10.3(b) or elsewhere in this Agreement is intended to treat or cause such distributions to be treated as sales for value. The fair market value of such assets shall be determined by an appraiser to be selected by the General Partners with the prior approval of the Investment Limited Partner.

10.4 Special Provisions

Notwithstanding the foregoing provisions in this Article X:

(a) Except as otherwise provided in this Article X, where profits, losses, or cash distributions are allocated according to Capital Account balances, all profits, losses, tax credits, or cash distributions shared by a class of Partners shall be shared by each such Partner in the ratio of his paid-in Capital Contribution to the paid-in Partner Class Contribution.

(b) If the General Partners make Subordinated Loans to the Partnership or if the Partnership otherwise incurs recourse obligations to fund payment of deductible items which are not anticipated to be paid in the ordinary course of business or (b) the Partnership incurs losses from extraordinary events which are not recovered from insurance or otherwise and which are not anticipated to be paid in the ordinary course of business (collectively, "Excess Expenses") in respect of any calendar year, then the calculation and allocation of losses under Section 10.1(a) for such calendar year shall be adjusted as follows: first, an amount of losses equal to such Excess Expenses for the year in question shall be allocated to the General Partners; and second, the balance of such losses shall be allocated as provided in Section 10.1(a). For purposes of this section, extraordinary events includes casualty losses, losses resulting from liability to third parties for tortious injury, losses resulting from a breach of a legal duty by the Partnership or by the General Partners, and losses resulting from other liabilities which are not incurred in the ordinary course of business. Nothing in this section shall prevent the Partnership from recovering an extraordinary loss from a General Partner who is liable therefor by law or under this Agreement.

(c) If any Excess Expenses shall be repaid from Cash Flow generated in respect of any calendar year, then the allocation of profits and losses under Section 10.1(a) for such calendar year shall be adjusted as follows: first, the General Partners shall be allocated an amount of the gross income of the Partnership equal to the amount of the Excess Expenses repaid in such year; and second, the balance of such gross income and all expenses shall be allocated as provided in Section 10.1(a).

(d) If any profit arises from the sale or other disposition of any Partnership asset which shall be treated as ordinary income under the depreciation recapture provisions of the Code, then the full amount of such gain shall be allocated among the Partners in the proportions that the Partnership deductions from the depreciation giving rise to such recapture were actually allocated. In the event that subsequently enacted provisions of the Code result in other recapture income, no allocation of such recapture income shall be made to any Partner who has not received the benefit of those items giving rise to such other recapture income.

(e) If the Partnership shall receive any purchase money indebtedness in partial payment of the purchase price of the Apartment Complex and such indebtedness is distributed to the Partners pursuant to the provisions of Section 10.2(b) or Section 10.3, the distributions of the cash portion of such

purchase price and the principal amount of such purchase money indebtedness hereunder shall be allocated among the Partners in the following manner. On the basis of the sum of the principal amount of the purchase money indebtedness and cash payments received on the sale (net of amounts required to pay Partnership obligations and fund reasonable reserves), there shall be calculated the percentage of the total net proceeds distributable to each class of Partners based on Section 10.2(b) or under Section 10.3, treating cash payments and purchase money indebtedness principal fungibly for this purpose, and the respective classes shall receive such respective percentages of the net cash purchase price and purchase money principal. Payments on such purchase money indebtedness retained by the Partnership shall be distributed in accordance with the respective portions of principal allocated to the respective classes of Partner in accordance with the preceding sentence, and if any such purchase money indebtedness shall be sold, the sale proceeds shall be allocated in the same proportion.

(f) To the extent that interest on loans made by the General Partners or their Affiliates is determined to be deductible by the Partnership in excess of the amount of interest actually paid, such additional interest deduction shall be allocated solely to the General Partners.

(g) Income, gain, loss and deduction with respect to property contributed to the Partnership by a Partner shall be shared among Partners so as to take account of the variation between the basis of the property to the Partnership and its fair market value at the time of contribution.

(h) The terms "profits" and "losses" used in this Agreement shall mean taxable income and losses, and each item of income, gain, loss, deduction or credit entering into the computation thereof, as determined in accordance with the accounting methods followed by the Partnership for Federal income tax purposes (but not including the adjustments made under Section 12.6) so as to insure that the benefits or detriments attributable to an adjustment of basis under Section 754 of the Code inure to the benefit or detriment of those Partners as to whom the election under Section 754 of the Code was made.

(i) If any Partnership expenditure treated as a deduction on its federal income tax return is disallowed and treated as a distribution pursuant to Section 731(a) of the Code, there shall be a special allocation of gross income to the Partner deemed to have received such distribution equal to the amount of such distribution.

ARTICLE XI

Management Agent

The General Partners shall engage the Management Agent to manage the Apartment Complex pursuant to the Management Agreement. The Management Agent shall receive a Management Fee of those amounts payable from time to time by the Partnership to the Management Agent for management services in accordance with a management contract approved by FmHA, or when the Apartment Complex is

not subject to FmHA regulation, in accordance with a reasonable and competitive fee arrangement.

If the Management Agent is an Affiliate of the General Partners, then if (i) the Apartment Complex shall be subject to a substantial building code violation which shall not have been cured within six months after notice from the applicable governmental agency or department, or (ii) the Partnership shall not have distributed to the Partners Cash Flow of at least \$500 during any years after 1987, then, upon request by the Investment Limited Partner and subject to FmHA approval if required, the General Partners shall promptly terminate the management agreement with the Management Agent and appoint a new Management Agent which is not an Affiliate of the General Partner. Subject to FmHA approval, the Partnership shall not enter into any future management arrangement unless such arrangement is terminable upon the occurrence of the events described in this Article XI.

The General Partners shall have the duty to manage the Apartment Complex during any period when there is no Management Agent.

ARTICLE XII

Books and Records, Accounting, Tax Elections, Etc.

12.1 Books and Records

The Partnership shall maintain all books and records which are required under the Uniform Act or by any governmental agencies having jurisdiction and may maintain such other books and records as the General Partners in their discretion deem advisable. The Partnership will also maintain a list of the names and addresses of all Partners. The books and records and list of Partners shall be available for examination by any Partner, or his duly authorized representatives, at the principal office of the Partnership at any and all reasonable times.

12.2 Bank Accounts

The bank accounts of the Partnership shall be maintained with such financial institutions as the General Partners shall determine. 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 (including security deposits and other funds required to be escrowed by FmHA) and other funds not needed in the operation of the business shall be deposited, if required by applicable law and to the extent permitted by applicable FmHA and Mortgage requirements, in interest bearing accounts or invested in United States Government obligations maturing within one year.

12.3 Accountants and Auditors

The Accountants shall prepare, for execution by the General Partners, all tax returns of the Partnership. The Auditors (who may also be the Accountants) shall audit and certify all annual financial reports to the Partners in accordance with generally accepted accounting principles.

12.4 Certain Expenses

The Partnership shall elect under Section 266 of the Code to capitalize all amounts incurred by it for real estate taxes, interest and other charges during or relating to the construction of improvements which may, under the Federal income tax law, be capitalized.

12.5 Cost Recovery and Elections

With respect to all depreciable assets for which cost recovery deductions are permitted, the Partnership shall elect to use, so far as permitted by the provisions of the Code, accelerated cost recovery methods. However, the Partnership may change to another method of cost recovery if such other method is, in the opinion of the Accountants, more advantageous to the Investment Limited Partner and the limited partners thereof.

Subject to the provisions of Section 12.6, all other elections required or permitted to be made by the Partnership under the Code shall be made by the General Partners in such manner as will, in the opinion of the Accountants, be most advantageous to the Investment Limited Partner and the limited partners thereof.

12.6 Special Basis Adjustments

In the event of a transfer of all or any part of the Interest of the Investment Limited Partner for a consideration in excess of the adjusted basis for such Interest for Federal income tax purposes, the Partnership shall elect, pursuant to Section 754 of the Code (or corresponding provisions of succeeding law), to adjust the basis of the Partnership property; provided, however, that in the event of the death of a Partner, such adjustment shall be made only if the General Partners determine such election to be advantageous to the successor in interest to the deceased Partner. Notwithstanding anything contained in Article X, any adjustments made pursuant to said Section 754 shall affect only the successor in interest to the transferring Partner. Each Partner will furnish the Partnership all information necessary to give effect to such election.

12.7 Fiscal Year

The fiscal and tax year of the Partnership shall be the calendar year. The books of the Partnership shall be kept on an accrual basis.

12.8 Information to Partners

(a) The Partnership shall deliver to all persons who were Partners at any time during the fiscal year all necessary tax information within seventy-five (75) days after the end of each fiscal year and, within 120 days after the end of each fiscal year, (i) a financial report of the Partnership for the prior fiscal year including a balance sheet, a profit and loss statement, a statement of Partner's equity, and a statement of changes in financial position, all prepared in accordance with generally accepted accounting principles and certified by the Auditors; (ii) a certification by the General Partners that (A) all Mortgage payments and taxes and insurance payments with respect to the Apartment Complex are current as of the date of the year-end report, (B) there is no default under the Project Documents or this Agreement, or if there be any default, a description thereof, and (C) there is no building, health or fire code violation or similar violation of a governmental law, ordinance or regulation against the Apartment Complex or, if there be any violation, a description thereof; (iii) that information specified in Section 12.8(c); (iv) a descriptive statement of all transactions during the fiscal year between the Partnership and any Affiliate, including the nature of the transaction and the payments involved (including accrued cash or other payments); and (v) a Cash Flow statement. With respect to any distribution to the Investment Limited Partner, the descriptive statement called for in item (iv) above shall separately identify distributions from (A) Cash Flow from operations during the period, (B) Cash Flow from operations during a prior period which had been held as reserves, (C) proceeds from disposition of property and investments, (D) lease payments on net leases with builders and sellers, (E) reserves from the gross proceeds of the offering originally obtained from the Investment Limited Partner, (F) borrowed monies, (G) loans or contributions from the Investment Limited Partner, and (H) transactions outside of the ordinary course of business with a description thereof. Upon the written request of the Investment Limited Partner for further information with respect to any matter covered in items (i), (ii), (iii) or (iv) above, the General Partners shall furnish such information within 30 days of receipt of such request.

(b) The Partnership shall send to the Investment Limited Partner, on or before July 31 in each year, a report which shall state (i) the then occupancy level of the Apartment Complex (ii) if there are any operating deficits or anticipated operating deficits, the manner in which such deficits will be funded and (iii) such other matters as shall be material to the operation of the Partnership, including, without limitation, any building, health or fire code violation or similar violation of a governmental law, ordinance or regulation by the Apartment Complex of which the General Partners are aware.

(c) Prior to October 1 of each year, the Partnership shall send to the Investment Limited Partner an estimate of the Investment Limited Partner's share of the profits or losses of the Partnership for Federal income tax purposes for the current fiscal year. Such estimate shall be prepared by the General Partners and the Auditors.

(d) Within 15 days after the end of any calendar quarter during which

(i) there is a material default by the Partnership under the Project Documents or in payment of any mortgage, taxes, interest or other obligation on secured or unsecured debt,

(ii) any reserve has been reduced or terminated by application of funds therein for purposes materially different from those for which such reserve was established,

(iii) the General Partners have received any notice of a material fact which may substantially affect further distributions, or

(iv) any Partner has pledged or collateralized his Interest in the Partnership,

the General Partners shall send the Investment Limited Partner a detailed report of such event.

(e) The Partnership shall within 60 days after the end of the first six month period following the Admission Date send to the Investment Limited Partner a balance sheet, income statement and Cash Flow statement covering such six-month period, each of which may be unaudited.

(f) After the Admission Date, the Partnership shall send to the Investment Limited Partner, on or before the tenth day of each month, a copy of the Monthly Report, FmHA Form 1930-6 covering the status of project operations from the previous month.

ARTICLE XIII

General Provisions

13.1 Restrictions by Reason of Section 708 of the Code

Notwithstanding any other provisions of this Agreement, no Disposition may be made if the Interest sought to be Disposed of, when added to the total of all other Interests Disposed of within the period of twelve consecutive months prior to the proposed date of the Disposition, could, in the opinion of tax counsel to the Partnership, result in the termination of the Partnership under Section 708 of the Code. This Section 13.1 shall have no application to any required repurchase of the Investment Limited Partner's Interest. Any Disposition in contravention of any of the provisions of this Section 13.1 shall be void ab initio and ineffectual, and shall not bind or be recognized by the Partnership.

13.2 Amendments to Schedule A and Certificate

Within 120 days after the end of any fiscal year in which the Investment Limited Partner shall have received any distributions under Article X, the

General Partners shall file an amendment to the Certificate reducing by the amount of its allocable share of such distribution the amount of Capital Contribution of the Investment Limited Partner as stated in the last previous amendment to the Certificate. However, Schedule A shall not be amended on account of any such distribution.

Upon any change in the composition of the Partnership, Schedule A and the Certificate shall be amended by the Partners to reflect the then current composition of the Partnership.

13.3 Notices

Any notice called for under this Agreement shall be in writing and shall be deemed adequately given if sent by registered or certified mail, postage prepaid, to the party for whom such notice is intended at his last address of record on the Partnership books.

13.4 Word Meanings

The words such as "herein," "hereinafter," "hereof" and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires.

13.5 Binding Effect

The covenants and agreements contained herein shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

13.6 Applicable Law

This Agreement shall be construed and enforced in accordance with the laws of the State.

13.7 Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart, except that no counterpart shall be binding unless signed by a General Partner.

13.8 Financing Regulations

So long as any of the FmHA commitments are in effect, (a) each of the provisions of this Agreement shall be subject to, and the General Partners covenant to act in accordance with, the Project Documents; (b) the Project Documents shall govern the rights and obligations of the Partners, their

heirs, executors, administrators, successors and assigns to the extent expressly provided therein; (c) upon any dissolution of the Partnership or any transfer of the Apartment Complex, no title or right to the possession and control of the Apartment Complex and no right to collect the rent therefrom shall pass to any Person who is not, or does not become, bound by the Project Documents and other FmHA documents in a manner satisfactory to FmHA (d) no amendment to any provision of the Project Documents shall become effective without the prior written consent of FmHA and (e) the affairs of the Partnership shall be subject to FmHA regulation and no action shall be taken which would require the consent or approval of the FmHA unless the same is first obtained. No new Partner shall be admitted to the Partnership, and no Partner shall withdraw from the Partnership or be substituted for without the consent of FmHA (if such consent is then required). The General Partners shall at all times hold and maintain a financial interest of not less than 5% in the Partnership. No amendment to this Agreement relating to matters governed by FmHA regulations shall become effective until the prior written consent of FmHA to such amendment has been obtained.

Any conveyance or transfer of title to all or any portion of the Apartment Complex required or permitted under this Agreement shall in all respects be subject to all conditions, approvals and other requirements of FmHA rules and regulations applicable thereto.

13.9 Separability of Provisions

Each provision of this Agreement shall be considered separable and (a) if for any reason any provision is determined to be invalid, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (b) if for any reason any provision would cause the Investment Limited Partner to be bound by the obligations of the Partnership (other than the rules and regulations of FmHA) such provision or provisions shall be deemed void and of no effect.

13.10 Paragraph Titles

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.

13.11 Amendment Procedure

This Agreement may be amended by the General Partners with the Consent of the Investment Limited Partner.

13.12 Time of Admission

The Investment Limited Partner shall be deemed to have been admitted to the Partnership as of the Admission Date for all purposes of this Agreement, including Article X hereof; provided, however, that if Regulations are issued or an amendment to the Code is adopted which would require, in the opinion of

the Accountants, that a Limited Partner be deemed admitted on a date other than as of the first day of such month, then the General Partner shall select a permitted admission date which is most favorable to the Investment Limited Partner.

WITNESS the execution hereof under seal as of the 1st day of December, 1986.

ORIGINAL (WITHDRAWING)
LIMITED PARTNERS

Blair Reiley POA David J. Cordes
Blair Reiley
David J. Cordes
David J. Cordes

GENERAL PARTNERS

Blair Reiley POA David J. Cordes
Blair Reiley
David J. Cordes
David J. Cordes

INVESTMENT LIMITED PARTNER:

AMERICAN EQUITIES LIMITED PARTNERSHIP,
a Massachusetts limited partnership

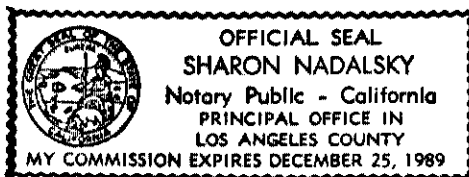
By: C & M ASSOCIATES,
its general partner

By: _____, a General Partner

STATE OF California)
COUNTY OF Los Angeles) SS.

BEFORE ME, the undersigned Notary Public in and for said County and State, personally appeared the above-named David J. Cordes individually and as attorney-in-fact for Blair Reiley known to me to be person who executed the foregoing instrument and, being duly sworn, acknowledged that he did sign the same as his free act and deed.

WITNESS my hand and official seal this 30th day of December, 1986.



Sharon Nadalsky
Notary Public

Sharon Nadalsky
Name (Printed)

My Commission Expires: 12-25-89

My County of Residence Los Angeles

COMMONWEALTH OF MASSACHUSETTS)
COUNTY OF SUFFOLK) SS.

BEFORE ME, the undersigned Notary Public in and for said County and State, personally appeared the above-named John P. Manning known to me to be a General Partner of C & M Associates, which is the general partner of AMERICAN EQUITIES LIMITED PARTNERSHIP, who, being duly sworn, acknowledged that he did sign the foregoing instrument and that the same is the duly authorized free act and deed of C & M Associates and AMERICAN EQUITIES LIMITED PARTNERSHIP.

WITNESS my hand and official seal this 26 day of December, 1986.

Cheryl M. Northrup
Notary Public

Cheryl M. Northrup
Name (Printed)

My Commission Expires: 5/22/92

My County of Residence Suffolk

Mountain Oaks Associates Limited Partnership

Schedule A

December 1, 1986

<u>General Partners</u>	<u>Total Agreed-to Capital Contribution</u>	<u>Paid-in Capital Contribution</u>
David J. Cordes 16421 25th Street Sunset Beach, CA 90742	\$35	\$5
Blair Reiley P.O. Box 360 Sun Valley, Idaho 83353	\$35	\$5
 <u>Investment Limited Partner</u>		<u>Total Agreed-to Capital Contribution</u>
American Equities Limited Partnership c/o Greater Boston Development, Inc. 313 Congress Street Boston, Massachusetts 02210		\$152,355

Exhibit A

MOUNTAIN OAKS ASSOCIATES LIMITED PARTNERSHIP

Development Fee Note
(Non-Negotiable)

For value received, the undersigned (the "Partnership") promises to pay to _____ (the "Payee") the principal sum of Fifty-Seven Thousand Eight Hundred and 00/100 Dollars (\$57,800), with interest calculated at the rate of 10.5% per annum on the unpaid principal balance, payable as follows:

1. Principal in the amount of \$800 plus all accrued interest on outstanding principal, shall be payable on January 15, 1987;
2. Principal in the amount of \$20,800 plus all accrued interest on outstanding principal, shall be payable on February 15, 1987;
3. Principal in the amount of \$15,000 plus all accrued interest on outstanding principal, shall be payable on March 15, 1988;
4. Principal in the amount of \$10,000 plus all accrued interest on outstanding principal, shall be payable on March 15, 1989;
5. Principal in the amount of \$7,500 plus all accrued interest on outstanding principal, shall be payable on March 15, 1990; and
6. Principal in the amount of \$4,500 plus all accrued interest on outstanding principal, shall be payable on March 15, 1991.

Capitalized terms used herein but not defined herein, shall have the meanings set forth in the Amended and Restated Agreement and Certificate of Limited Partnership (the "Partnership Agreement") of the Partnership dated as of December 1, 1986.

Notwithstanding anything to the contrary set forth herein, interest payable pursuant to this Note shall not exceed \$9,299.

This Note evidences the obligation of the Partnership to pay the Payee for providing certain services and incurring certain obligations as described in the Partnership Agreement in connection with the Apartment Complex, shall be subject to any applicable provisions of the Partnership Agreement and shall not be assignable or negotiable.

Notwithstanding anything contained herein to the contrary, no Limited Partner assumes any personal liability for the payment of principal or interest due under this Note.

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The Payee agrees that neither principal nor interest due under this Note may be prepaid in whole or in part.

Signed and delivered as of the first day of January, 1987:---

MOUNTAIN OAKS ASSOCIATES LIMITED
PARTNERSHIP

By: _____
David J. Cordes, a general
partner