

CARTIE'S HEALTH CENTER
AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
DATED AS OF JULY 15, 1978

Preliminary Statement

CARTIE'S HEALTH CENTER was formed as a limited partnership under the laws of the State of Rhode Island (the "Partnership") pursuant to an Agreement of Limited Partnership dated November 15, 1974, by Forcier Industries, Inc. as General Partner and Lawrence S. Gates as Original Limited Partner, amended by an Amended Limited Partnership Agreement dated December 23, 1974 and by an Amended Limited Partnership Agreement dated December 30, 1974.

Certificates of Limited Partnership were filed with the Secretary of State of Rhode Island on November 15, 1974, December 23, 1974 and December 30, 1974.

The purposes of this Amendment to said Agreement, as amended, are:

- (i) to provide for the withdrawal of James R. Radin, Lawrence S. Gates, Ernest R. Beaulieu, David E. Rubien and Earle Leeder, as General Partners (hereinafter called the "Old Partners");

(ii) to admit the Old Partners as tenants in common, as a substitute Limited Partner in the place of Joseph F. Foley, Jr.;

(iii) to admit C.F. Partners, Inc., a Rhode Island corporation, as a General Partner of the Partnership; and

(iv) to amend and restate the rights, obligations and duties of the General Partners and the Limited Partners.

NOW, THEREFORE, it is hereby agreed as follows:

ARTICLE I

Defined Terms

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

"Agreement" means this Amended Agreement as it may be further amended from time to time.

"Capital Contribution" means the total amount of cash contributed or agreed to be contributed to the Partnership by each Partner as shown in the Schedule. 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 Partnership interest of such then Partner.

"Cash Flow" shall have the meaning provided in Section 10.2.B.

"Class Contribution" means the aggregate Capital Contributions of all the members of a particular class of Partners (e.g., the General Partners or the Limited Partners).

"Commitments" means the Note, the Mortgage, Regulatory Agreement, and any other instrument delivered to, or required by, the Lender or the FHA in connection with the commitment to make the Mortgage Loans.

"Consent of the Limited Partners" means the written consent or approval of Limited Partners whose Capital Contributions represent at least 51% of the Limited Partner Class Contribution (excluding any interest as a Limited Partner held by any General Partner or by any or all of the Old Partners).

"FHA" means the Federal Housing Administration, a division of the Department of Housing and Urban Development, and any successors thereto.

"General Partner" or "General Partners" means any or all of those Persons designated as General Partners in the Schedule or any Person who becomes a General Partner as provided herein, in such Person's capacity as a General Partner of the Partnership.

"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.

"Lender" means BMFC, Inc. (formerly Northeast Mortgage Corp.) and its successors and assigns and the assignees of the Note and Mortgage.

"Limited Partner" or "Limited Partners" means any or all those Persons designated as Limited Partners in the Schedule or any Person who becomes a Substitute Limited Partner.

"Management Agent" means the Person chosen to manage the Property in accordance with Article XI hereof.

"Management Fee" means the amount payable from time to time by the Partnership as set forth in Article XI herein.

"Mortgage" means the mortgage indebtedness of the Partnership evidenced by the note issued to the Lender dated December 23, 1974 (the "Note") and secured by a mortgage on the Property from the Partnership to the Lender, as such indebtedness may be increased or decreased prior to the date hereof. If the Mortgage is replaced by any subsequent Mortgage or Mortgages, such term shall refer to any such subsequent Mortgage or Mortgages.

"Partner" means any General Partner or Limited Partner.

"Partnership" means the limited partnership continued in accordance with this Partnership Agreement by the parties hereto, as said limited partnership may from time to time be constituted.

"Project" means the nursing home built on the real property located in Central Falls, Rhode Island, being the project referred to in FHA Project No. 016-43018-PM and more fully described in Exhibit A to the Mortgage, together with all buildings and other improvements on or to be constructed or made upon such property.

"Regulatory Agreement" means the Regulatory Agreement dated December 23, 1974 between the Partnership and the FHA.

"Retirement" means as to a General Partner, the occurrence of death, adjudication of insanity or incompetence, bankruptcy, dissolution or liquidation or voluntary or involuntary withdrawal for any reason. Involuntary withdrawal shall be deemed to have occurred whenever a General Partner may no longer continue as a General Partner by law or pursuant to any provision of this Agreement. Bankruptcy shall be deemed to have occurred whenever a General Partner shall be adjudicated a bankrupt or shall execute an assignment for the benefit of creditors, or shall become subject to the direction and control of a receiver which receivership proceedings are not dismissed within 90 days of such receiver's appointment or shall file a petition for an arrangement.

"Schedule" means Schedule A annexed hereto as amended from time to time and as so amended at the time of reference thereto.

"State" means the State of Rhode Island.

"Substitute Limited Partner" means any Person who is admitted to the Partnership as a Limited Partner under the provisions of Section 8.3.

"Uniform Act" means the Uniform Limited Partnership Act as embodied in Title 7, Chapter 13 of the General Laws of the State.

ARTICLE II

Formation; Name; and Purpose

Section 2.1 Formation

The parties hereto hereby agree to continue the Limited Partnership known as Cartie's Health Center formed pursuant to the provisions of the Uniform Act.

Section 2.2 Name and Office

The Partnership shall continue to be conducted under the name and style of Cartie's Health Center. The principal office of the Partnership shall be 21 Lincoln Avenue, Central Falls, Rhode Island. The General Partner may at any time change the location of such principal office and shall give due notice of any such change to the Limited Partners.

Section 2.3 Purpose

The purpose of the Partnership is to maintain, manage, operate, lease, and otherwise deal with a 199-bed nursing home constructed at Lincoln Avenue, Central Falls, Rhode Island. The Partnership and the General Partner shall use their best efforts to operate the Project in accordance with any applicable FHA, state and other governmental regulations. The Partnership shall not engage in any other business or activity.

Section 2.4 Authorized Acts

In furtherance of its purposes, but subject to all other provisions of this Agreement including, but not limited to, Article VI, the Partnership is hereby authorized:

(i) To acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(ii) To construct, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease any real estate and any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(iii) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership, and to secure the same by mortgage, pledge or other lien on the Project or any other assets of the Partnership.

(iv) To prepay in whole or in part, refinance, recast, increase, modify or extend the Mortgage or any other mortgages affecting the Project and in connection therewith to execute any extensions, renewals, or modifications of the Mortgage or any such other mortgages on the Project.

(v) To employ a management company to manage the Project, and to pay reasonable compensation for such services.

(vi) To enter into, perform and carry out, contracts of any kind necessary to, in connection with or incidental to, the accomplishment of the purposes of the Partnership, specifically including, but not limited to, the execution and delivery of the Commitments, and all other agreements, certificates, instruments or documents required by the Lender, the State or FHA in connection with the Commitments and the acquisition of the property and construction, development, improvement, maintenance and operation of the Project or otherwise required by such agencies in connection with the Project.

(vii) To execute contracts with the Lender, FHA, and/or the State or any subdivisions thereof to make facilities and beds available for publicly subsidized nursing home programs.

(viii) To execute leases of some or all of the beds and facilities of the Project to a public housing authority and/or to a nonprofit corporation, cooperative or other nonprofit Entity.

(ix) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Partnership, so long as said activities and contracts may be lawfully carried on or performed by a partnership under the laws of the State.

Section 2.5 Term and Dissolution

The Partnership shall continue in force and effect until December 31, 2025, except that the Partnership shall be dissolved prior to such date upon the happening of any of the following events:

A. The sale or other disposition of all or substantially all the assets of the Partnership, or

B. The Retirement of any General Partner if Limited Partners representing at least 51% of the Limited Partner Class Contribution shall object to the continuance of the Partnership under Section 7.2, or

C. The Retirement of a General Partner if no General Partner remains and the Partnership is not reconstituted with a successor General Partner pursuant to Section 7.3.B, or

D. The election to dissolve the Partnership made in writing by the General Partner with the Consent of the Limited Partners and the approval of the FHA, if required.

Upon dissolution of the Partnership, the General Partner (or his trustee, receiver, successor, or legal representative) shall cause the cancellation of the Partnership's Certificate of Limited Partnership, liquidate the Partnership assets and apply and distribute the proceeds thereof in accordance with the provisions of Section 10.3 hereof. Notwithstanding the foregoing, in the event such liquidating General Partner shall determine that an immediate sale of part or all of the Partnership's assets would cause undue loss to the Partners, the liquidating General Partner may, in order to avoid such loss, either defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy the Partnership debts and obligations or distribute the assets to the Partners in kind.

ARTICLE III

Regulatory Agreement and Other Agreements

Each General Partner shall be bound by the terms of the Mortgage and Regulatory Agreement and any other documents required in connection therewith, but in no event shall the Partnership or any Partner be personally liable under the Mortgage. Any incoming General Partner shall, as a condition of receiving any interest in the Partnership Project, agree to be bound by the Note, the Mortgage and the Regulatory Agreement and any other documents required by the Lender or the FHA in connection therewith to the same extent and on the same terms as any other General Partner. Upon any dissolution of the Partnership or any transfer of the Project, while the Mortgage is still outstanding, no title or right to the possession and control of the Project, and no right to collect rents therefrom shall pass to any person or entity who is not, or does not become bound in a manner satisfactory to the Lender and the FHA by the Note, the Mortgage, the Regulatory Agreement and any other documents required by the Lender and the FHA and the provisions of this Agreement. The Regulatory Agreement and all other documents required by the FHA shall be binding upon and shall govern the rights and obligations of the Partners, their heirs, executors, administrators, successors and assigns so long as the Project is subject to the terms of the Regulatory Agreement.

The Partnership may refinance the Mortgage with FHA approval, including any required transfer or conveyance of Partnership assets for security or mortgage purposes, and sell, lease, exchange, or otherwise transfer or convey all or substantially all the assets of the Partnership; provided, however, it shall have first obtained the Consent of the Limited Partners before any of the foregoing actions shall be binding on the Partnership. Notwithstanding the foregoing, no such consent shall be required for the renting of beds to patients in the normal course of operations of a nursing home.

ARTICLE IV

Partners; Capital

Section 4.1 General Partner

The General Partner of the Partnership is C.F. Partners, Inc., a Rhode Island corporation. The Old Partners, and each of them, hereby withdraw as General Partners.

Section 4.2 Limited Partners

The names and addresses of each Limited Partner are set forth in the Schedule.

Section 4.3 Partnership Capital

The capital of the Partnership shall be the aggregate amount of the cash contributed by the General Partner and by the Limited Partners, as set forth in the Schedule.

The original capital account of each Partner shall be the amount of his Capital Contribution. No interest shall be paid on any Capital Contribution to the Partnership.

Section 4.4 Withdrawal of Capital

No Limited Partner shall have the right to withdraw all or any part of his Capital Contribution. No Limited Partner shall have any right to demand and receive property (other than cash) of the Partnership in return of his Capital Contribution except as may be specifically provided in this Agreement.

Section 4.5 Liability of Limited Partners

No Limited Partner shall be liable for any debts, liabilities, contracts or obligations of the Partnership. A Limited Partner shall only be liable to make payments of his Capital Contribution as and when due hereunder. After his Capital Contribution shall be fully paid, no Limited Partner shall, except as otherwise required by the Uniform Act, be required to make any further capital contributions or lend any funds to the Partnership.

Section 4.6 Additional Limited Partners

A. The General Partner shall have the right to admit additional Limited Partners with the Consent of the Limited Partners.

B. Any such incoming Limited Partner shall, as a condition of receiving any interest in the Partnership

property, agree to be bound by the Note, the Mortgage and Regulatory Agreement and any other documents required in connection therewith to the same extent and on the same terms as each other Limited Partner. Any such incoming Limited Partner shall also agree to be bound by the provisions of this Partnership Agreement and shall also agree to accept such other terms and conditions set forth in writing to them at the time of admission as the General Partner in his sole discretion may determine.

C. Upon the admission of any additional Limited Partners, the Schedule shall be amended to reflect the names, addresses and capital contributions of such additional Limited Partners, and an amendment to the Certificate of Limited Partnership, reflecting such admission, shall be filed with the Secretary of State of the State.

ARTICLE V

Capital Contributions of Partners

The General Partner and the Limited Partners have made Capital Contributions to the Partnership in the amount set forth opposite their names in the Schedule.

ARTICLE VI

Rights, Powers and Duties of the General Partner

Section 6.1 Restrictions on Authority

Notwithstanding any other provisions of this Agreement, the General Partner shall have no authority to perform any act in violation of (i) any applicable law and regulations or (ii) any agreement between the Partnership, the Lender, and the FHA. The General Partner shall not have any authority to do any of the following acts without the Consent of the Limited Partners;

(1) to become personally liable on or in respect of or to guarantee the Note or the Mortgage, or

(2) to do any act required to be approved or ratified by the Limited Partners under the Uniform Act, or

(3) to refinance, sell or convey the Project.

Section 6.2 Personal Services

The General Partner shall receive no compensation for services rendered to the Partnership. Any Partner may engage independently or with others in other business ventures of every nature and description including, without limitation, the ownership, operation, management, syndication and development of real estate and/or nursing homes, and neither the Partnership nor any Partner shall have any rights in and to such independent ventures or the income or profits derived therefrom.

Section 6.3 Business Management and Control

The General Partner shall have the exclusive right to manage the business of the Partnership. No Limited Partner (except one who may also be a General Partner, and then only in his capacity as General Partner) shall participate in or have any control over the Partnership business, except as required by law. The Limited Partners hereby consent to the exercise by the General Partner of the powers conferred on him by this Partnership Agreement. No Limited Partner (except one who may also be a General Partner, and then only in his capacity as a General Partner) shall have any authority or right to act for or bind the Partnership.

Section 6.4 Duties and Obligations

A. The General Partner shall promptly take all action which may be necessary or appropriate for the proper maintenance and operation of the Project in accordance with the provisions of this Agreement and applicable laws and regulations. The General Partner shall devote to the Partnership such time as may be necessary for the proper performance of his duties.

B. The General Partner 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 in such companies and in such amounts as shall be satisfactory to the Lender and FHA.

Section 6.5 Indemnification

The General Partner shall be entitled to indemnity from the Partnership for any act performed by him within the scope of the authority conferred on him by this Agreement, except for acts of wilful misconduct or gross negligence, provided that any indemnity under this Section shall be provided out of and to the extent of Partnership assets only and no Limited Partner shall have any personal liability on account thereof.

Section 6.6 Liability of General Partner to Limited Partners

No General Partner shall be liable, responsible or accountable for damages or otherwise to any Limited Partner for any act performed within the scope of the authority conferred by this Agreement, except for acts of wilful misconduct or gross negligence.

ARTICLE VII

Retirement of a General Partner; New General Partner

Section 7.1 Retirement

A. Except as expressly provided herein, no General Partner shall have the right to voluntarily retire from the Partnership or sell, assign, transfer or encumber his interest as a General Partner without the approval of the Lender or the FHA, if required, and the Consent of the Limited Partners.

Notwithstanding the above, in the event of an act of Retirement as to a General Partner, such General Partner shall automatically be deemed to have withdrawn as a General Partner of the Partnership. In no event shall the sale, exchange or other transfer of shares of capital stock by any shareholder of a General Partner be deemed to be a transfer of the interest of a General Partner.

In the event of the voluntary withdrawal of a General Partner in violation of this Section 7.1 or an involuntary withdrawal due to Bankruptcy or pursuant to the provisions of Section 7.6 herein, the withdrawing General Partner shall forfeit all his interest in the Partnership as provided in Section 7.4 and shall forfeit without otherwise limiting the rights of the Partnership and the Limited Partners to the Partnership his right to be repaid for any sums advanced to the Partnership. Notwithstanding any such forfeiture, such withdrawing General Partner shall remain liable for the performance of all his obligations under this Agreement.

Section 7.2 Notice of Retirement

Upon the Retirement of a General Partner, any remaining General Partner or General Partners, if any, or the last retired General Partner or his heirs, successors or assigns, shall immediately send notice of such Retirement (the "Retirement Notice") to each Limited Partner, and the Partnership shall be (i) dissolved or (ii) continued; provided, however, that the remaining General Partners shall have the right to

continue the business of the Partnership, unless Limited Partners representing at least 51% of the Limited Partner Class Contribution (excluding any interest as Limited Partner held by a General Partner) object to the continuation of the business within 60 days from the date they received the Retirement Notice. The authority of the remaining General Partners to continue the business in the event of the withdrawal of other than a sole remaining General Partner is hereby granted and the General Partners hereby agree to so continue the business of the Partnership in such event.

Section 7.3 Retirement of a Sole General Partner

A. If at any time only one General Partner shall remain as a General Partner in the Partnership, such remaining General Partner may propose for admission an additional General Partner or Partners. Any proposed successor General Partner shall, subject to the provisions of Section 13.1 hereof and with the consent of 66% in interest of the Limited Partners (excluding any interest held by the Old Partners), become an additional General Partner.

B. If, following the Retirement of a General Partner, there is no remaining General Partner of the Partnership, the Limited Partners representing the entire interest of the Limited Partner Class Contribution (excluding the interests of the General Partner or the Old Partners who may also be Limited Partners) may, within 45 days, elect to reconstitute the Partnership and continue the business of the Partnership

for the balance of the term specified in Section 2.5 by selecting a successor General Partner. If the Limited Partners elect to reconstitute the Partnership pursuant to this Section 7.3, and admit a successor General Partner, the relationship among the then Partners shall be governed by this Agreement.

C. No Person shall be admitted as an additional or successor General Partner unless the Partnership shall have received prior to, and with respect to such proposed admission, the approval of the Lender and FHA, if required. In the event that such opinion is not received within 15 days of the date of written request therefor, then no such additional or successor General Partner shall be admitted except with the written approval of all Limited Partners.

Section 7.4 Interest of Retired General Partner

A. Each General Partner hereby covenants and agrees to transfer, at the time of his Retirement, to a successor General Partner selected in accordance with Section 7.3, or to the remaining General Partner or Partners, as the case may be, such portion of his General Partner interest as shall be designated by the remaining General Partner or Partners or the person which has proposed the admission of such successor General Partner, such transfer to be made in consideration of the payment by the remaining General Partner or Partners or the successor General Partner to the transferring General Partner of the fair market value of such interest

as determined by a committee of three qualified real estate appraisers, one selected by the Retired General Partner, one selected by the proposed successor General Partner, and a third selected by the other two. The portion of the General Partner interest designated to be transferred in accordance with the provisions of this Paragraph A shall be sufficient to ensure that the continued treatment of the Partnership as a partnership under the then applicable provisions of the Internal Revenue Code and any applicable regulations, rules and rulings (including published private rulings) thereunder. Notwithstanding the foregoing provisions of this Paragraph A, in the event of a Retirement by a General Partner from the Partnership in violation of the provisions of Section 6.1 hereof, his entire interest in the Partnership shall be forfeited and deemed to be automatically transferred to the successor General Partner or the remaining General Partner or General Partners without the payment of any consideration therefor.

B. For the purposes of Article X hereof, the effective date of the transfer pursuant to the provisions of Paragraph A of this Section 7.4 of all or any portion of the General Partner interest of a Retired General Partner shall be deemed to be the date of Retirement, but the Partnership shall not make any distributions to the designated transferee until the transfer has been made. Any portion of the General

Partner interest of a Retired General Partner which is not designated to be transferred to a successor General Partner pursuant to the provisions of Paragraph A of this Section 7.4 shall be deemed to be the interest of an assignee of a General Partner with the same interest in the profits, losses and distributions of the Partnership as were allocable to such portion of such interest prior to the Retirement in question.

Section 7.5 Designation of New General Partners

Subject to the provisions of Section 13.1 hereof, the General Partner may, with the Consent of the Limited Partners, at any time designate additional General Partners each with such interest as a General Partner in the Partnership as the General Partners may agree.

Any incoming General Partner shall, as a condition of receiving any interest in the Partnership Property, agree to be bound by the Mortgage, the Regulatory Agreement and any other documents required in connection therewith and by the provisions of this Agreement to the same extent and on the same terms as any other then General Partner.

Section 7.6 Partnership Tax Status

Notwithstanding any provision in this Agreement to the contrary, any General Partner which is a corporation shall immediately cease to be a General Partner (and be deemed to have automatically withdrawn) if its continuance as a General

Partner might (in the reasonable opinion of legal counsel to the Partnership or the independent certified public accountant for the Partnership) adversely affect the status of the Partnership under the then applicable provisions of the Code or any regulation or ruling thereunder.

Section 7.7 Amendment of Certificate

Upon the admission of an additional General Partner, the Schedule shall be amended to reflect such admission and an amendment to the Certificate of Limited Partnership, also reflecting such admission, shall be filed in accordance with the Uniform Act. Each General Partner is hereby constituted and empowered to act alone as the attorney-in-fact of all the other General Partners and all Limited Partners with authority to execute, acknowledge, swear to, and deliver such instruments as may be necessary or appropriate to carry out the foregoing provisions of this Article VII, including amendments to the Schedule, amendments to the Certificate of Limited Partnership required by the Uniform Act, business certificates and the like.

ARTICLE VIII

Transferability of Limited Partner Interests

Section 8.1 Right to Assign

Subject to the provisions of this Article VIII and Section 13.1, the Limited Partners shall have the right to

assign and transfer all or any part of their interest in the Partnership. A Limited Partner may, by written instrument, designate one or more members of his Immediate Family to become the assignee or assignees of all his interest as a Limited Partner immediately upon his death. Such an assignee or assignees shall be entitled to the same rights as would any other assignee of such Limited Partner, and such assignee or assignees, if they shall then be living, shall become such immediately upon the assignor's death, without requirement of any action on the part of the legal representatives of the assignor Limited Partner; and such legal representatives and the estate of such deceased Limited Partner shall have no interest whatsoever in the Partnership. Any such designation must be filed with the General Partner during such Limited Partner's lifetime. Such designation may be revoked from time to time and a new such designation made and so filed with the General Partner. The Partnership need not recognize such designated assignee or assignees until (i) duly notified in writing of the death of the assignor Limited Partner and (ii) furnished with an opinion of counsel acceptable to the General Partner to the effect that such designation is valid under the applicable laws of descent and distribution.

Section 8.2 Restrictions

A. No sale or exchange of any interest as Limited Partner in the Partnership may be made if such sale or exchange would violate Section 13.1.

B. In no event shall all or any part of a Limited Partner interest in the Partnership be assigned or transferred to a minor (other than to a member of a Limited Partner's Immediate Family by reason of death) or to an incompetent.

C. The General Partner may require as a condition of sale, transfer, exchange or other disposition of any interest in the Partnership, 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 sale, transfer, exchange or other disposition complies with applicable Federal and State securities laws.

D. Any sale, exchange, transfer or disposition in contravention of any of the provisions of this Section 8.2 shall be void and ineffectual and shall not bind or be recognized by the Partnership.

Section 8.3 Substitute Limited Partners

Except as provided in Section 8.1 hereof, no Limited Partner shall have the right to substitute an assignee who is not already a Limited Partner as a Limited Partner in his place without the prior written consent of the General

Partner. The General Partner shall have the right in his exclusive discretion to permit such assignees to become Substitute Limited Partners and any such permission by the General Partner shall be binding and conclusive without the consent or approval of any Limited Partner. Any substitute Limited Partner shall, as a condition of receiving any interest in the Partnership assets, agree to be bound by the Note, the Mortgage and Regulatory Agreement and other documents required in connection therewith and by the provisions of this Agreement.

Upon the admission of a substitute Limited Partner, the Schedule shall be amended to reflect the name and address of such substitute Limited Partner and to eliminate the name and address of such substituted Limited Partner, and an amendment to the Certificate of Limited Partnership reflecting such admission shall be filed in accordance with the Uniform Act. Each substitute Limited Partner shall execute such instrument or instruments as shall be required by the General Partner to signify his agreement to be bound by all the provisions of this Agreement.

Each General Partner is hereby constituted and empowered to act alone as the attorney-in-fact of all other General Partners and all Limited Partners with authority to execute, swear to and deliver such instruments as may be necessary or appropriate to carry out the provisions of this Article

VIII, including amendments to the Schedule, amendments to the Certificate of Limited Partnership required by statute, business certificates and the like.

Section 8.4 Assignees

In the event of the decease or incapacity of any Limited Partner who has not filed a valid designation under Section 8.1, his legal representatives shall have the same status as an assignee of the Limited Partner unless and until the General Partner shall permit such legal representative to become a substitute Limited Partner on the same terms and conditions as herein provided for assignees generally. The death of a Limited Partner shall not dissolve the Partnership.

An assignee of a Limited Partner who does not become a substitute Limited Partner in accordance with Section 8.3 shall have the right to receive the same share of profits, losses and distributions of the Partnership to which the assigning Limited Partner would have been entitled if no such assignment had been made by such Limited Partner.

Any Limited Partner who shall assign all his interest in the Partnership shall cease to be a Limited Partner of the Partnership and shall no longer have any rights or privileges of a Limited Partner.

In the event any assignment of a Limited Partner's interest as a Limited Partner shall be made, there shall be filed with the Partnership a duly executed and acknowledged

counterpart of the instrument making such assignment; such instrument must evidence the written acceptance of the assignee to all the terms and provisions of this Agreement; and if such an instrument is not so filed, the Partnership need not recognize any such assignment for any purpose.

An assignee of a Limited Partner's interest as a Limited Partner who does not become a substitute Limited Partner as provided aforesaid and who desires to make a further assignment of his interest shall be subject to all the provisions of this Article VIII to the same extent and in the same manner as any Limited Partner desiring to make an assignment of his interest.

Transferability of Investor Limited Partner Interests

Section 8.5 Right of Refusal

No Limited Partner may transfer, sell, alienate, assign or otherwise dispose of all or any part of his interest in the Partnership, whether voluntarily, involuntarily or by operation of law, or a judicial sale or otherwise, without first offering the same to the other Limited Partners, at a price and upon terms no less favorable than those which the selling Limited Partner would receive from such sale, assignment or other disposition. Such price and terms and the name of the proposed transferee shall be set forth in a written offer signed by the selling Limited Partner and

delivered to all the Limited Partners. Within fifteen (15) days after the receipt of such written offer, any Limited Partner may in writing reject or accept such offer and if Limited Partner so accepts, he shall consummate the purchase and sale of such interest at the price and on the terms of said offer with the Investor Limited Partner at the principal office of the Partnership no later than ninety (90) days thereafter. Such offer and notice shall be deemed to constitute a valid and enforceable purchase and sale agreement of such Limited Partner interest. In the event two or more Limited Partners so accept such offer, and they are unable to agree as to the apportionment thereof, each such Limited Partner shall be entitled to purchase that portion of the interest which his Capital Contribution bears to the total Capital Contributions of all the Limited Partners desiring to purchase such interest. If such offer is not accepted by a Limited Partner within said fifteen (15) day period, the General Partner shall have the right, within fifteen (15) days of the expiration of the foregoing Limited Partner offer, to accept the offer on the same terms and conditions as the Limited Partners. If the General Partner does not accept such offer within such second fifteen (15) day period, the selling Limited Partner may at any time within ninety (90) days from the expiration of such second fifteen (15) day period dispose of such interest to such proposed transferee

at a price and on terms no less favorable than those set forth in such offer, and if such interest is not so disposed of within such period, it shall again become subject to the provisions of this paragraph.

The foregoing provisions of this Article shall not apply to the transfer or assignment (in trust or otherwise) by a Limited Partner, whether on death or inter vivos, of all or any part of his interest in the Partnership

- (1) to or for the benefit of himself or his Immediate Family,
- (2) to the legal representatives of a deceased or incapacitated Limited Partner, or
- (3) to a charitable, religious, scientific or educational organization.

ARTICLE IX

Loans

If any Partner shall loan any monies to the Partnership, such loan shall be unsecured and the amount of any such loan shall not be an increase of his Capital Contribution nor affect in any way his share of the profits, losses or distributions of the Partnership.

ARTICLE X

Profits & Losses; Distributions; and Capital Accounts

Section 10.1 Profits and Losses

A. All profits and losses, other than those arising from (i) the sale or other disposition of all or substantially all the assets of the Partnership or (ii) any other transaction, the proceeds of which do not constitute Cash Flow, shall be shared 95% by the Limited Partners and 5% by the General Partners.

B. All profits and losses arising from (i) the sale or other disposition of all or substantially all the assets of the Partnership or (ii) any other transaction, the proceeds of which do not constitute Cash Flow shall be shared by the Partners, as follows:

First, to the Limited Partners, an amount of such profits equal to the amount, if any, by which (1) the aggregate losses and distributions charged prior thereto to their capital accounts, if any, exceed (2) the sum of the aggregate profits credited prior thereto to their capital accounts and the paid-in Limited Partner Class Contribution.

Second, to the General Partner, an amount of such profits equal to the amount, if any, by which (1) the aggregate losses and distributions charged prior thereto to his capital accounts exceed (2) the sum of the aggregate profits credited prior thereto to their capital accounts and the paid-in General Partner Class Contribution.

Third, to the Limited Partners, an amount of such profits equal to the amount distributable to them under Section 10.2.C, Clause Third, from the transaction giving rise to the profits being allocated hereby.

Any remaining profits and losses shall be shared 50% by the Limited Partners and 50% by the General Partner.

C. All profits and losses shared by the Limited Partners shall be shared by each Limited Partner in accordance with the Percentage Interest of each Limited Partner set forth in the Schedule. All profits and losses shared by the General Partners, if more than one, shall be shared by each General Partner in the ratio of his Capital Contribution to the paid-in General Partner Class Contribution.

D. All profits and losses shared by the Partners shall be credited or charged, as the case may be, to their capital accounts.

E. The terms "profits" and "losses" as used in this Agreement shall mean taxable income and losses as determined with the accounting methods followed by the Partnership for Federal income tax purposes.

Section 10.2 Distribution Prior to Dissolution

The first \$42,105 of Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed 95% to the Limited Partners and 5% to the General Partners. All Cash Flow in excess of \$42,105 shall be paid to the General Partner.

Subject to applicable FHA regulations, distributions of Cash Flow to the Partners shall be made at such reasonable intervals during the fiscal year as shall be determined by

the General Partner, and in any event shall be made within 45 days after the close of each fiscal period.

B. Definition of Cash Flow. For all purposes of this Agreement, the term "Cash Flow" shall mean the profits of the Partnership (as determined for purposes of Section 10.1.A) but subject to any applicable FHA requirements, and further subject to the following:

(a) Depreciation of building, improvements and personal property and amortization of any financing fee shall not be considered as a deduction.

(b) Mortgage amortization and payments on account of other indebtedness of the Partnership including payments on account of overdue and unpaid indebtedness shall be considered as a deduction.

(c) If the General Partner shall so determine, a reasonable reserve shall be deducted to provide for working capital needs, funds for improvements or replacements or for any other contingencies of the Partnership.

(d) Any amounts paid by the Partnership for capital expenditures shall be considered as a deduction, unless paid by cash withdrawal from any replacement reserve for capital expenditures.

(e) Gain or losses from any sale, exchange, eminent domain taking, damage or destruction by fire or other casualty or other disposition, of all or any part of the Project (other than the proceeds of any business or rental interruption insurance) shall not be included in determining Cash Flow.

(f) Payments of Insurance on account of rental interruption shall be included as income in Cash Flow.

Cash Flow shall be determined separately for each fiscal year or portion thereof and shall not be cumulative.

C. Distributions of Other than Cash Flow. Prior to dissolution and subject to any applicable FHA regulations and FHA approval, if the General Partner shall determine from time to time that there is cash available for distribution from sources other than Cash Flow (such as, for example, from a refinancing of the Mortgage or a sale or disposition of any part of or all the Project or from any other transaction the proceeds of which do not constitute Cash Flow), such cash shall be distributed as follows:

First, to the discharge, to the extent required by any Lender or creditor, of debts and obligations of the Partnership;

Second, to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partner and the Accountants;

Third, to the Limited Partners, an amount equal to the sum of paid-in Limited Partner Class Contributions less the sum of prior distributions to the Limited Partners under this Section 10.2.C;

Fourth, to the General Partner, an amount equal to his Capital Contributions less an amount equal to any distributions made pursuant to this Agreement;

Fifth, the balance thereof, 50% to the Limited Partners and 50% to the General Partner.

Notwithstanding the foregoing, in no event shall the General Partner receive as an aggregate distribution under this Section 10.2.C less than one percent of the aggregate of the amounts distributed to the Limited Partners under this Section 10.2.C. In order to carry out the immediately

preceding sentence into effect, in the event that the amount distributable to the General Partner shall not equal 1% of the aggregate amount distributable to the Limited Partners, the amount distributable to the Limited Partners shall be reduced in order to assure the General Partner of his 1% share.

D. All distributions to the Limited Partners shall be shared by each Limited Partner in accordance with the Percentage Interest of each Limited Partner shown in the Schedule. All distributions to the General Partners, if more than one, shall be shared by each General Partner in the ratio of his Capital Contribution to the General Partner Class Contribution. The capital account of each Partner shall be charged with his allocable share of each distribution.

Section 10.3 Distributions Upon Dissolution

Upon dissolution, 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 or Partner) shall be distributed to the Partners in the priority set forth in Section 10.2.C, Second through Fifth.

All distributions to the Partners under this Section 10.3 shall be shared by the Partners according to the provi-

sions of Section 10.2.D hereof. If any assets of the Partnership are to be distributed in kind, such assets shall be distributed on the basis of the fair market value thereof and any Partner entitled to any interest in such assets shall receive such interest therein as a tenant-in-common with all other Partners so entitled. The fair market value of such assets shall be determined by an appraiser to be selected by the General Partners with the Consent of the Limited Partners.

ARTICLE XI

Management Agent

The General Partner may cause the Partnership to enter into a management agreement with such party, including the General Partner, as Management Agent, as the General Partner may deem appropriate under the circumstances. The Management Agent shall receive an annual fee equal to \$50,000 less the amount by which Cash Flow actually distributed to the Partners in the year immediately preceding the year in which the fee is to be paid was less than \$42,105.

ARTICLE XII

Books and Records, Accounting, Tax Elections, Etc.

Section 12.1 Books and Records

The General Partner shall keep or cause to be kept

complete and accurate books and records of the Partnership which shall be maintained in accordance with sound accounting practices and shall be maintained and be available at the principal office of the Partnership for examination by any Partner, or his duly authorized representatives, at any and all reasonable times. The Partnership may maintain such books and records and may provide such financial or other statements, including those required from time to time by the Lender, FHA or any other appropriate administrative agency, as the General Partner deems advisable.

Section 12.2 Bank Accounts

The bank accounts of the Partnership shall be maintained in such banking institutions permitted by FHA as the General Partner shall determine, and withdrawals shall be made only in the regular course of business on such signature or signatures as the General Partner shall determine. All deposits (including security deposits and other funds required to be escrowed by the Lender or the FHA and other funds not needed in the operation of the business) shall be deposited, to the extent permitted by applicable FHA and Mortgage requirements, in interest-bearing accounts or invested in short-term United States Government or municipal obligations maturing within one year.

Section 12.3 Accountants

The independent certified public accountant for the Partnership shall be Laventhol & Horwath, or such other certified public accountant or firm or certified public accountants as shall be engaged by the General Partner. Such firm shall prepare for execution by the General Partner all tax returns of the Partnership and shall audit and certify all annual financial reports to the Partners in accordance with generally accepted accounting principles.

Section 12.4 Reports to Limited Partners

The General Partner shall cause to be prepared and sent to each Limited Partner on or before July 31 in each year a report which shall state (i) the occupancy level of the Project as of the last day of the immediately preceding semi-annual period and the average occupancy level for such period, (ii) if there are any operating deficits or anticipated operating deficits and, if so, the manner in which such deficits will be funded, and (iii) such other matters as shall be material to the operations of the Partnership.

B. Within 75 days after the end of each fiscal year, the General Partner shall deliver to all Persons who were Limited Partners at any time during the fiscal year, an (i) audited financial report of the Partnership including a balance sheet, a profit and loss statement and all necessary tax information, together with a certification report of the

accountant for the Partnership covering the results of their audit of the books of the Partnership; and (ii) a descriptive statement of all material transactions of the Partnership during the fiscal year. Upon the written request of any Limited Partner for further information with respect to such matters, the General Partner shall furnish such information within 15 days of receipt of such request.

D. Prior to November 1 of each year, the General Partner shall send to each Limited Partner an estimate of each Limited Partner's share of the profits or losses of the Partnership for Federal income tax purposes for the current fiscal year and a projection of such profits or losses for the next fiscal year.

Section 12.5 Depreciation and Elections

With respect to all depreciable assets the Partnership shall elect to use, so far as permitted by the provisions of the Internal Revenue Code, accelerated depreciation methods. However, on the advice of the accountants then serving the Partnership pursuant to Section 12.3, the Partnership shall elect or change to some other method of depreciation so long as such other method is, in the opinion of such account, most advantageous to the Limited Partners.

Subject to the provisions of Section 12.7, all other elections required or permitted to be made by the Partnership under the Internal Revenue Code shall be made by the General

Partner in such manner as will, in the opinion of such accountant, be most advantageous to the Limited Partners.

Section 12.6 Other Expenses

The Partnership shall treat as an expense for Federal income tax purposes all amounts incurred by it for real estate taxes, interest and other charges during or relating to the construction of improvements which may, for Federal income tax purposes, be considered as expenses.

Section 12.7 Special Basis Adjustments

In the event of a transfer of all or any part of the interest of any Partner, the Partnership shall elect, pursuant to Section 754 of the Internal Revenue Code of 1954 (or corresponding provisions of succeeding law), to adjust the basis of the Partnership Property. However, the determination of profits, losses, distributions and capital accounts, for purposes of Article X of this Agreement, shall be made without taking into account any such special basis adjustments. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

Section 12.8 Fiscal Year and Accounting Method

The fiscal year of the Partnership shall be the calendar year. The books of the Partnership shall be kept on a cash basis.

ARTICLE XIII

General Provisions

Section 13.1 Restrictions

A. Notwithstanding any other provision of this Agreement, except as otherwise provided in this paragraph, no sale or exchange of any Partner's interest in the Partnership may be made if the interest sought to be sold or exchanged, when added to the total of all other interests in the Partnership sold or exchanged within the period of twelve consecutive months prior to the proposed date of sale or exchange, would result in the termination of the Partnership under Section 708 of the Internal Revenue Code (or any successor statute).

B. No sale, transfer, exchange or other disposition of any interest in the Partnership may be made except in compliance with the then applicable rules and regulations of the FHA or any other governmental authority with jurisdiction over such disposition, and the General Partner may require as a condition of any transfer of such interest that the transferor furnish an opinion of counsel satisfactory to the Partnership both as to counsel and opinion, that the proposed transfer complies with applicable Federal and state securities laws.

C. Any sale, exchange or other transfer in contravention of any of the provisions of this Section 13.1 shall be void and ineffectual, and shall not bind or be recognized by the Partnership.

Section 13.2 Appointment of General Partner as Attorney-
In-Fact

Without limiting the effect of provisions elsewhere in this Agreement appointing each General Partner as attorney-in-fact for the other General Partners, if any, and all those who become Limited Partners (including substitute or additional Limited Partners) under this Agreement in connection with the doing of certain acts and the filing of certain papers, each General Partner hereby irrevocably constitutes, and empowers to act alone, each other General Partner, if any, and each Limited Partner (including a substitute or additional Limited Partner) hereby irrevocably constitutes and empowers to act alone, each General Partner, and the President and any Vice President acting from time to time of any General Partner which is a corporation, as his attorney-in-fact with authority to execute, acknowledge and swear to all instruments and file all documents requisite to carrying out the intention and purpose of this Agreement, including, without limitation, the filing of all business certificates and necessary Certificates of Limited Partnership and amendments thereto from time to time in accordance with all applicable laws and the filing and execution of appropriate documents with the Lender or the FHA.

The foregoing appointment shall be deemed to be a power coupled with an interest in recognition of the fact that

each of the Partners under this Agreement will be relying upon the power of the General Partner to act as contemplated by this Agreement in such filing and other action by them on behalf of the Partnership. The foregoing power of attorney shall survive the assignment by any Limited Partner of the whole or any part of his interest hereunder or the Retirement of any appointing General Partner.

Section 13.3 Notices

Any and all notices called for under this Agreement shall be deemed adequately given only if in writing and sent by registered or certified mail, postage prepaid, to the party or parties for whom such notices are intended.

All such notices in order to be effective shall be addressed to the last address of record on the Partnership books when given by the General Partner and intended for the other Partners; and to the address of the Partnership when given by the Limited Partners and intended for the General Partners.

Section 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.

Section 13.5 Binding Provisions

The covenants and agreement contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assigns of the respective parties hereto.

Section 13.6 Applicable Law

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

Section 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 the General Partner.

Section 13.8 Internal Revenue Service Requirement

The General Partner agrees to take all action (including, without limitation, such action with regard to net worth as may be required by the Internal Revenue Service Procedure 72-13) as shall be required from time to time by the Internal Revenue Service (the "Service") as a prerequisite to a ruling by the Service to the effect that the Partnership will not be treated as an association taxable as a corporation for Federal income tax purposes, which may be evidenced by (i) any amendment to the Internal Revenue Code of 1954, as

amended (the "Code"), enacted after the date hereof, (ii) any regulation promulgated by the Service under the Code as it may be amended, or (iii) any revenue ruling or revenue procedure published by the Service.

Section 13.9 Separability of Provisions

Each provision of this Agreement shall be considered separable and (a) if for any reason any provision or provisions herein are determined to be invalid and contrary to any existing or future law, 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 or provisions herein would cause the Limited Partners to be bound by the obligations of the Partnership (other than the rules and regulations of the FHA), under the laws of the State as the same may now or hereafter exist, such provision or provisions shall be deemed void and of no effect.

Section 13.10 Investment Representation

Each Limited Partner hereby represents and warrants by the signing of a counterpart of this Agreement that (a) the interest acquired by him was acquired for investment and not for resale or distribution, (b) he is qualified by his personal experience to analyze the risks and the advantages and disadvantages of an investment in such interest or has relied upon the advice of a Person so qualified, and (c) he has not relied on the advice of the General Partner in making his investment decision.

Section 13.11 Paragraph Titles

Paragraph titles are for descriptive purposes only and shall not control or alter the meaning of this Agreement as set forth in the text.

Section 13.12 Amendments and Other Actions

A. This Agreement may not be amended or modified except by the General Partner with the Consent of the Limited Partners; provided, however, that all the Limited Partners must give their consent in writing to any amendment which would (i) extend the term of the Partnership as set forth in Section 2.5 hereof, (ii) amend this Section 13.12, (iii) increase the amount of Capital Contributions payable by the Limited Partners, or (iv) otherwise increase the liability of the Limited Partners.

B. Notwithstanding any other provision of this Agreement, no action may be taken under the Agreement unless such action is taken in compliance with the provisions of the Uniform Act.

Section 13.13 Release by Old Partners

The Old Partners, and each of them, hereby release the Partnership and each Partner from any liability, claim or demand of any kind whatsoever which they or any of them may now or hereafter have against the Partnership or any other Partner for any reason whatsoever, except the rights of the Old Partners, as Limited Partners under this Agreement, and

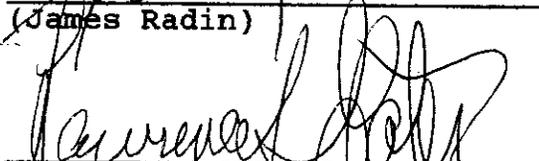
except rights of the Old Partners under a certain Agreement of even date herewith among the Old Partners, the Partnership, the Limited Partners and Joseph F. Foley, Jr.

WITNESS the execution hereof as of the 15th day of July, 1978.

WITHDRAWING GENERAL PARTNERS



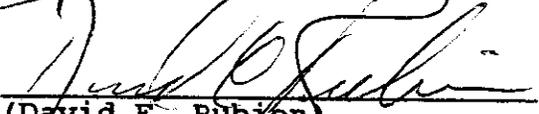
(James Radin)



(Lawrence S. Gates)



(Ernest R. Beaulieu)



(David E. Rubien)



(Earle Leeder)

GENERAL PARTNER

C.F. PARTNERS, INC.

By 

President

LIMITED PARTNERS

(Curt A. Bennett)

(John L. McHenry, Jr.)

(Robert R. Forcier)

(Felix M. Balasco)

(Lloyd J. Teran)

LIMITED PARTNERS
continued

(Vincent A. Coady)

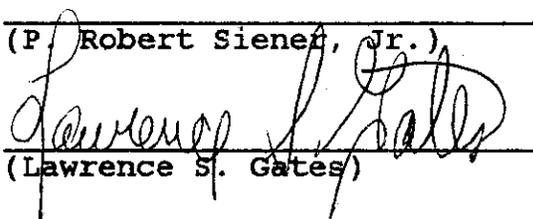
(Henry S. Urbaniak)

(John C. Halliwell)

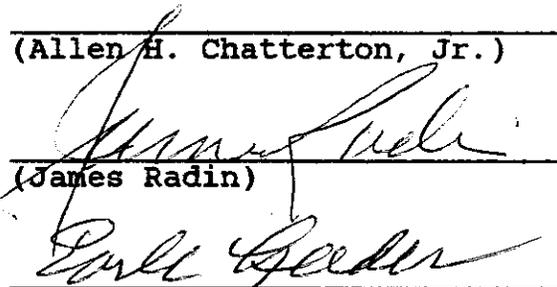
(Allen H. Chatterton, Jr.)

(P. Robert Siener, Jr.)

(James Radin)



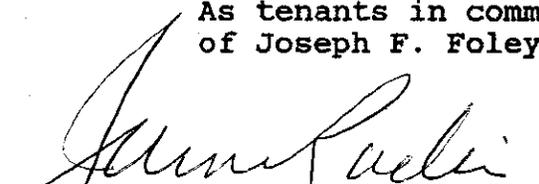
(Lawrence S. Gates)



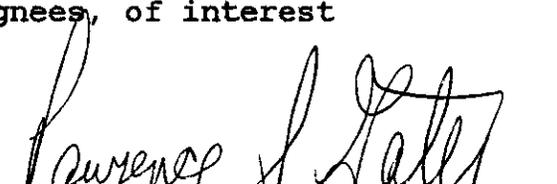
(Earle Leeder)

(John H. Cussen)

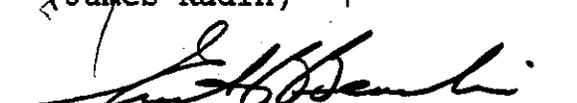
As tenants in common, as assignees, of interest
of Joseph F. Foley, Jr.



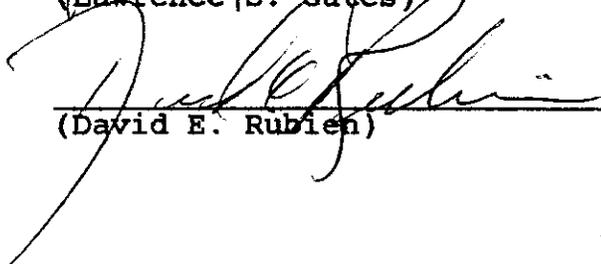
(James Radin)



(Lawrence S. Gates)



(Ernest R. Beaulieu)



(David E. Rubien)



(Earle Leeder)

SCHEDULE A

LIMITED PARTNERS

		<u>Capital Contribution</u>	<u>Percentage Interest fo Purposes of Article X</u>
Curt A. Bennett	5200 Northside Drive Atlanta, Georgia 30327	\$20,000.00	5.0
John L. McHenry, Jr.	14 Rose Court Providence, R. I.	\$40,000.00	10
Robert R. Forcier	Forcier Industries, Inc. 505 Tiogue Avenue Coventry, R. I.	\$40,000.00	10
Felix M. Balasco	1199 Reservoir Avenue Cranston, R. I. 02910	\$40,000.00	10
Lloyd J. Teran	12 Woodfall Road Medfield, Mass.	\$10,000.00	2.5
Vincent A. Coady	87 Foley Avenue Somerset, Mass. 02726	\$40,000.00	10
Henry S. Urbaniak	6 Spindrift Way Barrington, R. I. 02806	\$20,000.00	5.0
John C. Halliwell	Halliwell Engineering Associates, Inc. 589 Warren Avenue East Providence, R. I.	\$40,000.00	10
Allen H. Chatterton, Jr.	161 Taber Avenue Providence, R. I. 02906	\$10,000.00	2.5
P. Robert Siener, Jr.	Narrow Lane Greene, R.I. 02838	\$20,000.00	5.0
James Radin	131 Wayland Avenue Providence, R.I. 02906	\$13,333.34	3.34
Lawrence S. Gates	131 Wayland Avenue Providence, R. I. 02906	\$13,333.33	3.33
Earle Leeder	P. O. Box 110 Wellesley Hills, Mass.	\$13,333.33	3.33
John H. Cussen	30 Echo Plaza Springfield, N. J. 07081	\$40,000.00	10

James Radin, Lawrence S. Gates, Ernest R. Beaulieu, David E. Rubien and Earle Leeder, as tenants in common, as assignees, of interest of Joseph F. Foley, Jr.	\$40,000.00	10
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GENERAL PARTNER

C.F. Partners, Inc.	c/o Robert E. Gaudreau Suite 2401 One Hospital Trust Plaza Providence, RI 02903
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