

AMENDED AND RESTATED
AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP
OF
PHEBE STREET ASSOCIATES L.P.
a Rhode Island limited partnership

THIS AMENDED AND RESTATED AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP (this "Agreement") of PHEBE STREET ASSOCIATES L.P., a Rhode Island limited partnership (the "Partnership") is made as of September 28, 1992 by and among PROPERTY ADVISORY GROUP, INC., a Rhode Island corporation ("General Partner"), BROAD HOUSING FUND LXV, A CALIFORNIA LIMITED PARTNERSHIP (sometimes "BHF" and sometimes the "Limited Partner"), and JOHN B. BENTZ and ROBERT R. GAUDREAU (the "Withdrawing Limited Partners") with reference to the following facts:

A. The General Partner and the Withdrawing Limited Partners entered into a Limited Partnership Agreement and Certificate of the Partnership, dated as of October 10, 1991 (the "Original Agreement"). The Certificate of Limited Partnership ("Certificate") of the Partnership was filed with the Secretary of State of the State of Rhode Island on August 4, 1992.

B. The Withdrawing Limited Partners now wish to withdraw as the limited partners of the Partnership, and the parties wish to admit BHF as a limited partner of the Partnership, pursuant to the terms and conditions stated herein.

C. The parties also desire to amend and restate the Original Agreement in its entirety, pursuant to the terms and conditions stated herein.

NOW, THEREFORE, the parties hereto do hereby agree as follows:

1. CONTINUATION OF LIMITED PARTNERSHIP, AMENDMENT AND RESTATEMENT OF ORIGINAL AGREEMENT AND WITHDRAWAL OF WITHDRAWING LIMITED PARTNERS. The General Partner and the Limited Partner hereby agree to continue the Partnership as a limited partnership pursuant to the provisions of the Rhode Island Revised Uniform Limited Partnership Act, and to amend and restate the Original Agreement in its entirety, as set forth herein. The Withdrawing Limited Partners hereby withdraw from and cease to be limited partners of the Partnership effective upon execution of this Agreement. By executing this Agreement the Withdrawing Limited Partners acknowledge that, other than as set forth in this Agreement, no money is due to them from the Partnership.

2. NAME AND PLACE OF BUSINESS. The business of the Partnership shall be conducted under the name of **Phebe Street Associates L.P.**; provided, however, that the General Partner may,

in its absolute and sole discretion, change the name of the Partnership at any time and from time to time, except that in no event shall the name of the Partnership include the name or initials of the Limited Partner or any name or initials which are substantially similar thereto. The principal office of the Partnership shall be 4 Cathedral Square, Suite 1G, Providence, Rhode Island 02903, unless changed by the General Partner by giving written notice to the Limited Partner not less than ten (10) days preceding any such change.

3. PURPOSES. The principal purpose of the Partnership is to acquire the Property and to construct, rehabilitate, hold, improve, maintain, operate, finance, develop, sell, mortgage, exchange and lease the Project and the Property (as defined herein) and to engage in any and all general business activities related or incidental thereto. The Partnership may also engage in such other activities as may be reasonably incident or appropriate to furthering the activities of the Partnership with respect to the Project and the Property.

4. TERM OF PARTNERSHIP; AGENT FOR SERVICE OF PROCESS.

(a) Term. The Partnership commenced on October 10, 1991 and shall continue until December 31, 2040 unless sooner terminated as herein provided or by operation of law.

(b) Agent for Service of Process. The agent for service of process of the Partnership shall be John B. Bentz. The agent for service of process of the Partnership may be changed from time to time by the General Partner in its sole and absolute discretion, subject to applicable law.

5. DEFINITIONS. When used in this Agreement, the following terms shall have the meanings set forth below:

(a) Actual Credits. "Actual Credits" shall mean, with respect to any Fiscal Year of the Partnership, the total amount of Tax Credits reported and claimed by the Partnership and its Partners on their respective federal information and income tax returns for that Fiscal Year of the Partnership, and allowed to the Partnership and the Partners, taking into account any adjustments thereto by any taxing authority.

(b) Additional Capital Contributions. "Additional Capital Contributions" shall mean the First Additional Capital Contribution, the Second Additional Capital Contribution. The "First Additional Capital Contribution" shall mean the Two Hundred Seventy-Five Thousand Dollar (\$275,000) contribution of capital to be made by the Limited Partner pursuant to Paragraph 6(b)(3). The "Second Additional Capital Contribution" shall mean the Thirty Thousand Dollar (\$30,000) contribution of capital to be made by the Limited Partner pursuant to Paragraph 6(b)(4).

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(c) Authorities and Authority. "Authorities" shall mean all nations or governments, all states or other political subdivisions thereof, and all entities exercising their executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including but not limited to, all federal, state or municipal departments, commissions, boards, bureaus, agencies, courts, tribunals or instrumentalities. "Authority" shall mean any of the Authorities.

(d) Bankruptcy. "Bankruptcy" shall mean:

(1) The filing by a General Partner of a voluntary petition in bankruptcy, insolvency, reorganization or liquidation under the United States Bankruptcy Laws (the "Bankruptcy Laws"), or any other petition under any section or chapter of the Bankruptcy Laws or any similar state, federal, or foreign law;

(2) The filing of any involuntary petition or any other petition against a General Partner under any section or chapter of the Bankruptcy Laws or any similar state, federal or foreign law which is not dismissed within ninety (90) days after such filing; or

(3) The appointment by any court of a receiver, custodian, trustee or similar official to take possession of all or any portion of the assets of a General Partner.

(e) Capital Account. "Capital Account" shall mean each Partner's initial Capital Contribution. In addition, each Partner's Capital Account shall be:

(1) Increased by:

(i) The amount of any additional Capital Contributions by such Partner, including the amount of Partnership liabilities assumed by such Partner or secured by any Partnership property distributed by the Partnership to such Partner (other than liabilities described in Paragraph 5(e)(2)(ii) hereof);

(ii) The fair market value of any property contributed by such Partner to the Partnership (net of liabilities secured by such property which are considered to be assumed or taken "subject to" by the Partnership); and

(iii) Items of book income and gain which are allocated to such Partner; and

(2) Decreased by:

(i) The amount of cash distributed to such Partner by the Partnership, including the amount of

liabilities of such Partner assumed by the Partnership or secured by any property contributed by such Partner to the Partnership (other than liabilities described in Paragraph 5(e)(1)(ii) hereof);

(ii) The fair market value of any property distributed by the Partnership to such Partner (net of liabilities secured by such property which are considered to be assumed or taken "subject to" by such Partner);

(iii) Items of expense described in Section 705(a)(2)(B) of the Code allocated to such Partner; and

(iv) Items of book loss and deduction which are allocated to such Partner.

The foregoing provisions are intended to comply with the Regulations promulgated under Section 704(b) of the Code and shall be applied and interpreted accordingly. The Capital Accounts shall be adjusted in order to reflect allocations of depreciation, amortization, and gain and loss as computed for book purposes. Upon the Transfer of any Partner's interest in the Partnership, the Capital Account of the transferor Partner shall carry over to the transferee Partner.

(f) Capital Contribution. "Capital Contribution" shall mean any money or property, or a promissory note, letter of credit or other binding obligation to contribute money or property, or to render services as permitted by law, which a Partner contributes to the Partnership as capital in that Partner's capacity as a Partner pursuant to an agreement between the Partners, including an agreement as to value.

(g) Capital Event. "Capital Event" shall mean a sale, refinance, exchange, transfer, assignment or other disposition (including a condemnation or foreclosure) of all or any portion of the Property.

(h) Cash From Capital Event. "Cash From Capital Event" shall mean the net proceeds of a Capital Event after (i) payment of all expenses associated with the Capital Event, (ii) repayment of all secured Partnership debts and all Limited Partner's Advances (if any), and (iii) an allowance is made for Cash Reserves. Cash From Capital Event shall not include Cash From Operations.

(i) Cash From Operations. "Cash From Operations" shall mean for each Fiscal Year of the Partnership such portion of the cash of the Partnership resulting from the operations of the Project for such Fiscal Year of the Partnership that, in the reasonable exercise of discretion by the General Partner, is available for distribution to the Partners after (i) Limited Partner's Advances (if any), are repaid, and (ii) an allowance is

made for Cash Reserves. Cash From Operations shall not include Cash From Capital Event.

(j) Cash Reserves. "Cash Reserves" shall mean such amounts as may be reasonably estimated by the General Partner for payment of capital costs, and expenses of replacement of structural components and equipment of the Project. In no event shall the amount added to Cash Reserves during each Fiscal Year of the Partnership be less than the greater of (i) the amount of the annual addition to cash reserves required by any entity (other than a Partner) which has loaned monies to the Partnership and secured such loan with a deed of trust or mortgage on the Property; or (ii) One Hundred Fifty Dollars (\$150) for each unit of the Project.

(k) City Loan Note. "City Loan Note" shall mean the note dated September 29, 1992, in the principal amount of Two Hundred Fifteen Thousand Dollars (\$215,000) made in the favor of the City of Providence, Rhode Island, and a note to be executed by the Partnership in the amount of \$215,990 on the terms of the commitment letter from the City of Providence, dated September 29, 1992, to pay off said note, dated September 29, 1992. Both notes shall be secured by a second mortgage on the Property.

(l) Code. "Code" shall mean the Internal Revenue Code of 1986, as amended.

(m) Developer's Fee. "Developer's Fee" shall mean a fee in an amount equal to Three Hundred Twenty-Six Thousand Eight Hundred Seventeen Dollars (\$326,817). The Developer's Fee shall be paid pursuant to the provisions of Paragraph 9(b) and Paragraph 6(b)(3).

(n) Developer's Note. "Developer's Note" shall mean a note payable to Property Advisory Group, Inc., a Rhode Island corporation, in the form attached hereto as Exhibit "A," in the original principal amount of Forty-One Thousand Four Hundred Fifty Dollars (\$41,450). In connection with the execution of the Developer's Note, the Partners and the Partnership shall also execute an Offset Payment Agreement in the form of Exhibit "A-1" attached hereto (the "Offset Payment Agreement"), and an Assumption Agreement in the form of Exhibit "A-2" attached hereto (the "Assumption Agreement"), evidencing the Partnership's and the Partners' obligations with respect to payments due under the Developer's Note.

(o) Fiscal Year of the Partnership. "Fiscal Year of the Partnership" shall mean the fiscal year of the Limited Partner.

(p) Gain From Capital Event. "Gain From Capital Event" shall mean the gain resulting from a Capital Event determined at the close of the Fiscal Year of the Partnership by the Partnership's accountants, in accordance with the principles of Paragraph 5(y) hereof.

(q) General Partner. "General Partner" shall mean Property Advisory Group, Inc., a Rhode Island corporation.

(r) General Partner's Advances. "General Partner's Advances" shall mean the amounts loaned by a General Partner to the Partnership from time to time prior to the date of the First Additional Capital Contribution, plus various obligations to creditors of the Partnership which a General Partner has paid or obligated itself to pay directly on behalf of the Partnership, reduced by any payments made thereon pursuant to this Paragraph 5(r). General Partner's Advances shall be repaid from the Limited Partner's Second Capital Contribution pursuant to Paragraph 6(b)(4). Any General Partner's Advances, remaining unpaid following the date of the Limited Partner's Second Additional Capital Contribution, such excess will be deemed an expense of the General Partner, and shall neither (i) be repaid by either the Partnership or any of its Partners, nor (ii) be treated as a Capital Contribution of the General Partner.

(s) Governmental Regulations. "Governmental Regulations" shall mean all present and future statutes, regulations, rules, ordinances, codes, licenses, requirements, resolutions, policy statements and orders (including without limitation, those relating to land use, subdivision, zoning, environmental, toxic or hazardous waste, occupational health and safety, water, earthquake hazard reduction and building and fire codes) of any Authority, and all applicable judicial, administrative and regulatory decrees, judgments and orders relating to the ownership, construction, alteration, rehabilitation, maintenance, use, operation, sale or other disposition of the Property or the Project.

(t) Improvements. "Improvements" shall mean, collectively, all of the improvements located or to be located on the Property, including the Project.

(u) Incentive Management Fee. "Incentive Management Fee" shall mean an amount equal to twenty-five percent (25%) of Cash From Operations reduced by (i) the Tax Credit Shortfall for the corresponding Fiscal Year of the Partnership; and (ii) any Unpaid Tax Credit Shortfall and any accrued interest thereon. After the Developer's Note has been paid in full, and there are no remaining payments due under the Offset Payment Agreement, "fifty percent (50%)" shall be substituted for "twenty-five percent (25%)" in the previous sentence of this Paragraph 5(u).

(v) Licenses and Permits. "Licenses and Permits" shall have the meaning given it in Section 6(b)(2)(xiv).

(w) Limited Partner. "Limited Partner" shall mean Broad Housing Fund LXV, A California Limited Partnership, or any other person or entity who has been admitted to the Partner-

ship as either a Limited Partner in accordance with this Agreement, or an assignee of an interest in the Partnership.

(x) Limited Partner's Advances. "Limited Partner's Advances" shall mean the amounts loaned to the Partnership by the Limited Partner (or an affiliate of the Limited Partner) from time to time during the term of the Partnership. Any Limited Partner's Advances shall be made at the sole and absolute discretion of the Limited Partner. Limited Partner's Advances shall be repaid prior to the payment of any fee described in Paragraph 9 and prior to any payment or distribution described in Paragraph 8. Limited Partner's Advances shall be repaid with interest compounded monthly at a rate equal to the greater of ten percent (10%) per annum or one point over the Bank of America Reference Rate announced from time to time. Notwithstanding the foregoing sentence, in the event that any Limited Partner's Advances are made due to the General Partner's failure to fulfill its obligations under any of Paragraphs 5(a), 10(i), or 10(j) of this Agreement, those Limited Partner's Advances shall bear interest at the highest rate permitted by Rhode Island law.

(y) Net Profits and Net Losses. "Net Profits" and "Net Losses" shall mean the net profits or net losses, respectively, of the Partnership as determined on the basis of the accounting method selected by the General Partner in accordance with Paragraph 14(a) hereof, at the close of the Fiscal Year of the Partnership by the Partnership's accountants in accordance with federal income tax principles, and as set forth on the information return filed by the Partnership for federal income tax purposes. Net Profits and Net Losses shall not include Nonrecourse Deductions, Partner Nonrecourse Deductions or Gain From Capital Event.

(z) Nonrecourse Deductions. "Nonrecourse Deductions" shall mean the Partnership deductions that are characterized as "nonrecourse deductions" pursuant to the Regulations promulgated under Section 704(b) of the Code.

(aa) Operating Deficit. "Operating Deficit" shall mean for any period, the amount by which the cash revenue of the Partnership from rental payments made by tenants of the Property is exceeded by the sum of (i) all of the operating expenses of the Partnership; (ii) all required debt service payments (principal and interest) but excluding debt service on the Developer's Note or amounts due under the Offset Payment Agreement; (iii) all other accruals, including, but not limited to, accruals for property taxes and insurance; and (iv) maintenance of Cash Reserves.

(ab) Operating Deficit Loans. "Operating Deficit Loans" shall mean the loans made by the General Partner to the Partnership pursuant to Paragraph 10(i) of this Agreement.

(ac) Partner. "Partner" shall mean a General Partner or a Limited Partner. The term "Partners" shall refer collectively to the General Partner and to the Limited Partner.

(ad) Partner Nonrecourse Deductions. "Partner Nonrecourse Deductions" shall mean the Partnership deductions that are characterized as "partner nonrecourse deductions" pursuant to the Regulations promulgated under Section 704(b) of the Code.

(ae) Partnership Minimum Gain. "Partnership Minimum Gain" shall be determined pursuant to the Regulations promulgated under Section 704(b) of the Code.

(af) Payment Date. "Payment Date" shall mean the date which is ninety (90) days after the end of each Fiscal Year of the Partnership. Payment of the Incentive Management Fee, payments due under the Developer's Note and the Offset Payment Agreement, and distributions pursuant to Paragraph 8 for each Fiscal Year of the Partnership shall be made on the Payment Date following the end of such Fiscal Year of the Partnership.

(ag) Permanent Financing. "Permanent Financing" shall mean a Promissory Note in the principal amount of Three Million One Hundred Seven Thousand Seven Hundred Twenty-One Dollars (\$3,107,721), and all documents related thereto. The Permanent Financing shall provide a term of no less than fifteen (15) years, and shall bear interest at a fixed rate. An amount equal to the sum of (A) any excess of the original principal amount of the Permanent Financing over Three Million One Hundred Seven Thousand Seven Hundred Twenty-One Dollars (\$3,107,721) and (B) any excess of the budgeted amount of the points, costs and fees over the actual amount of the points, costs and fees to incur the Permanent Financing shall be paid or distributed to the Partners pursuant to Paragraph 8(b).

(ah) Permanent Loan Shortfall. "Permanent Loan Shortfall" shall mean an amount equal to the sum of (A) any excess of Three Million One Hundred Seven Thousand Seven Hundred Twenty-One Dollars (\$3,107,721) over the original principal amount of the Permanent Financing and (B) the excess of the actual amount of the points, costs and fees to incur the Permanent Financing over the budgeted amount of such points, costs and fees. In the event of a Permanent Loan Shortfall, the General Partner shall provide such funds to the Partnership as shall be necessary to pay such Permanent Loan Shortfall, in the form of a contribution of capital to the Partnership.

(ai) Project. "Project" shall mean the 144-unit residential apartment project and ancillary structures and amenities for low and moderate income residents, known as Arbor Glen Apartments, located on the Property.

(aj) Projected Credits. "Projected Credits" shall mean, with respect to any Fiscal Year of the Partnership, the applicable portion (as calculated using the same methods or rules (including, without limitation, rules and/or methods relating to the proration of Tax Credits, or special rules applicable to the first year of a Credit Period as defined in Code Section 42(f)(1), or to the first taxable year following the Credit Period), used to calculate Actual Credits for the same Fiscal Year of the Partnership) of ninety-nine percent (99%) of the maximum amount of Tax Credits allocated or otherwise awarded with respect to the Project by the Rhode Island Housing and Mortgage Finance Corporation, or other agency of whatever name or designation having the authority to award such credits in the State of Rhode Island, as further described in Paragraphs 21(a)(3) and 21(a)(4).

(ak) Property. "Property" shall mean the real property and improvements thereon located at the corner of Admiral and Phebe Streets in the City of Providence, State of Rhode Island, as more particularly described in Exhibit "B" to this Agreement.

(al) Regulations. "Regulations" shall mean the Income Tax Regulations promulgated under the Code, including Temporary and Proposed Regulations, as such Regulations may be amended from time to time, including corresponding provisions of succeeding Regulations.

(am) Rental Achievement. "Rental Achievement" shall mean the receipt by the Partnership, for six (6) consecutive months, of monthly gross rental revenues derived from the operation of the Project in an amount greater than the amount required to (i) pay on a current basis all costs, expenses, charges, taxes and debt service (principal and interest), and (ii) establish Cash Reserves.

(an) Tax Credit Shortfall. "Tax Credit Shortfall" shall mean the amount by which ninety-nine percent (99%) of the Projected Credits for any Fiscal Year of the Partnership exceeds one hundred percent (100%) of the Actual Credits allocated to the Limited Partner for that Fiscal Year of the Partnership. Notwithstanding the foregoing sentence, the Tax Credit Shortfall shall not include that portion of any Tax Credit Shortfall arising as a direct result of the Partnership's inability to qualify all of the units in the Project as low-income units by the close of the first year of the Credit Period (as defined in Code Section 42(f)(1)), if the first year of the Credit Period is less than nine (9) months long due to either (A) a Transfer of an interest in the Partnership by the Limited Partner, or (B) a transfer of an interest in the Limited Partner. The Tax Credit Shortfall for any Fiscal Year of the Partnership (i) shall first reduce the Incentive Management Fee in accordance with Paragraph 5(u); and (ii) shall next reduce any payment(s) due under the Developer's Note.

(ao) Tax Credits. "Tax Credits" shall mean low-income housing credits allowable with respect to the Project under Section 42 of the Code.

(ap) Transfer. "Transfer" shall mean any encumbrance, gift, assignment, sale or other transfer of all or any portion of an interest in the Partnership, or any encumbrance, gift, assignment, sale or other transfer of a majority interest in the stock of any corporate Partner.

(aq) Unpaid Tax Credit Shortfall. "Unpaid Tax Credit Shortfall" shall mean the cumulative amount of all Tax Credit Shortfalls which have not yet been paid to the Limited Partner. The initial balance of the Unpaid Tax Credit Shortfall shall be zero. The amount of the Unpaid Tax Credit Shortfall shall only be adjusted at the following times and in the following manners:

(1) After any distributions or payments pursuant to Paragraph 8(a)(1), the Unpaid Tax Credit Shortfall shall be

(i) increased by the excess of the Tax Credit Shortfall over twenty-five percent (25%) of Cash From Operations for the preceding Fiscal Year of the Partnership; provided, however, that after both the Developer's Note has been paid in full and there are no remaining payments due under the Offset Payment Agreement, the term "twenty-five percent (25%)" in the preceding clause shall be replaced by the term "fifty percent (50%); and

(ii) reduced by an amount equal to the amount of the distribution made pursuant to Paragraph 8(a)(1)(iii);

(2) After any payments pursuant to Paragraph 8(a)(2), the Unpaid Tax Credit Shortfall shall be reduced by an amount equal to the payment made pursuant to Paragraph 8(a)(2)(ii);

(3) After any payments pursuant to Paragraph 8(b)(1), the Unpaid Tax Credit Shortfall shall be reduced by an amount equal to the payment made pursuant to Paragraph 8(b)(1)(ii); and

(4) After any distributions pursuant to Paragraph 8(b)(2), the Unpaid Tax Credit Shortfall shall be reduced by an

amount equal to the distribution made pursuant to Paragraph 8(b)(2)(i).

The Unpaid Tax Credit Shortfall shall bear interest at the Long Term Applicable Federal Rate determined as of the date of the Limited Partner's First Additional Capital Contribution, compounded monthly. Attached as Exhibit "C" is a sample calculation demonstrating the operation of the principles of this Paragraph.

(ar) Withdrawing Limited Partners. "Withdrawing Limited Partner" shall mean John B. Bentz or Robert R. Gaudreau. "Withdrawing Limited Partners" shall mean both of them.

6. PARTNERSHIP CAPITAL CONTRIBUTIONS AND LOANS.

(a) Capital Contribution of the General Partner. The General Partner made a Capital Contribution to the Partnership of One Hundred Dollars (\$100.00). The General Partner's Capital Account balance on the date of this Agreement is One Hundred Dollars (\$100.00).

(b) Capital Contributions of the Limited Partner.

(1) Initial Capital Contribution. The Limited Partner shall make an Initial Capital Contribution (the "Initial Capital Contribution") equal to the sum of (A) One Thousand Dollars (\$1,000) and (B) the amount necessary to pay the total fees and costs charged by Jeffer, Mangels, Butler & Marmaro for legal services rendered to the Limited Partner in connection with this Agreement and related documents (the "Legal Fee Amount"). The Partnership shall pay the Legal Fee Amount to Jeffer, Mangels, Butler & Marmaro promptly after receiving such sum.

(2) Prerequisites to First Additional Capital Contribution. After occurrence of all of the events described below, and review and approval of the items described below, the Limited Partner shall make its First Additional Capital Contribution to the Partnership in the manner described in Paragraph 6(b)(3):

(i) Opinion. An opinion from counsel to the Partnership in form and substance satisfactory to counsel to the Limited Partner, (A) that the Partnership was duly formed, and is validly existing and in good standing in the State of Rhode Island; (B) that the General Partner has taken all necessary steps and has the full power and authority to enter into this Agreement and to perform his obligations as herein set forth, and that the General Partner has duly executed and delivered this Agreement; (C) that no Partnership interest is owned by any person or entity other than the Limited Partner and the General Partner specified herein; (D) that it is more likely than not that the Partnership will be taxable as a partnership

and will not be treated as an association taxable as a corporation for federal income tax purposes; (E) that under Rhode Island law the liability of the Limited Partner is limited to its required Capital Contributions; and (F) that all securities filings, if any, required by state law have been or will be timely made;

(ii) Balance Sheet and Income Statement. A balance sheet and income statement for the Partnership from inception through the month ending before the date of the proposed First Additional Capital Contribution;

(iii) Information Returns. Copies of all federal and state information returns filed by the Partnership since inception, if any;

(iv) General Partner's Certificate. A certificate from the General Partner that the representations and warranties in Paragraph 21 are true and accurate as of the date of the proposed First Additional Capital Contribution, that the covenants in Paragraph 21 continue to be true and accurate as of the date of the First Additional Capital Contribution, that the Partnership has obtained all consents required to admit the Limited Partner to this Partnership, including but not limited to consents of all Authorities (if required), and that the General Partner and the Partnership are not in default of any of their obligations as of the date of the proposed First Additional Capital Contribution;

(v) Loan Documents; Estoppel Certificate (Beneficiary Statement). Copies of all fully-executed loan documents pertaining to, securing or evidencing the obligations of the borrower under the Permanent Financing as well as an estoppel certificate (beneficiary statement) executed by the lender of the Permanent Financing and the City Loan Note;

(vi) Credit Certification. Receipt by the Partnership of a Low Income Housing Credit Certification satisfactory to the Limited Partner, confirming at least Sixty-Nine Thousand Two Hundred Eighty-Eight Dollars (\$69,288) of Tax Credits for any full Fiscal Year of the Partnership (or an appropriate amount of Tax Credits prorated for any tax year of the Partnership which is less than twelve (12) months), from the appropriate state or local Authority;

(vii) Evidence of Applicable Fraction. Evidence that the Applicable Fraction (as defined in Code Section 42(c)(1)(B)) for the Project equals or exceeds forty percent (40%) determined as of the date of the proposed First Additional Capital Contribution;

(viii) Title Insurance. An ALTA extended coverage owner's policy of title insurance dated on or before the date of the Limited Partner's First Additional Capital

Contribution with a liability amount of Three Million Five Hundred Fifty-Six Thousand Seven Hundred Twenty-One Dollars (\$3,556,721), reflecting ownership of the Property by the Partnership, subject to only such exceptions as have been previously approved in writing by the Limited Partner, and with such endorsements as required by the Limited Partner (the "Title Policy");

(ix) General Partner's Financial Statements. A recent financial statement of the General Partner;

(x) Appraisal of Property and Project. A current appraisal of the Property and the Project prepared by an independent certified M.A.I. real estate appraiser;

(xi) Studies; Reports. All advertising materials, soils or geological reports, engineering reports, marketing and/or feasibility reports that are owned or held by the General Partner or the Partnership;

(xii) Local Counsel Review. Review and approval of this Agreement and related documents by Rhode Island counsel to the Limited Partner;

(xiii) No Material Change. There shall have been no material change in the business, properties or activities of the Partnership;

(xiv) Licenses and Permits. A list and copies of (A) all zoning and other licenses, permits, certificates of occupancy, approvals, dedications, subdivision maps and entitlements issued, approved or granted by Authorities or otherwise in connection with the Property or the Project (or to be issued, approved or granted upon completion of the construction of the Property or the Project or any portion thereof); (B) any and all development rights and other intangible rights, titles, interests, privileges and appurtenances owned by the Partnership and in any way related to or used in connection with the Property or the Project; and (C) all licenses, consents, easements, rights of way and approvals required from private parties to make use of utilities and to insure vehicular and pedestrian ingress and egress to the Property or the Project (collectively, the "Licenses and Permits");

(xv) Rent Roll. The rent roll for the Project showing payments by tenants pursuant to written leases (the "Tenant Leases") as of the last day of the month preceding the date of the proposed Initial Capital Contribution (the "Rent Roll");

(xvi) Form of Tenant Leases. All form or forms of tenant leases pursuant to which individuals occupy units in the Project;

(xvii) Service Contracts. A list and copies of all service, maintenance and operating agreements affecting the Property or the Project (the "Service Contracts");

(xviii) Insurance Policies. A list and copies of all hazard, rent loss, liability, worker's compensation and other insurance policies currently in effect with respect to the Property or the Project, and copies of all claims and settlements of Fifty Thousand Dollars (\$50,000) or more made since the formation of the Partnership;

(xix) ALTA Survey. An ALTA Survey of the Property and the Project in form and content acceptable to the title insurance company issuing the Title Policy;

(xx) Plans and Specifications. A copy of the as-built plans and specifications of all Improvements located on, in and about the Property and the Project, as approved by all required Authorities;

(xxi) Physical Inspection. A physical inspection report stating that all Improvements have been built in accordance with the work write-up provided to the Limited Partner pursuant to Paragraph 6(b)(2)(xx);

(xxii) Preliminary Site Assessment. A current preliminary site assessment prepared by an environmental consulting firm acceptable to the Limited Partner; and

(xxiii) Lien-Free Completion. Lien-Free completion of the Project, as evidenced by (i) receipt of all unconditional lien releases from all subcontractors, materialmen and all other providers of labor, equipment, material and/or services to the Property and the Project; and (ii) receipt of either (A) an unconditional, final certificate of occupancy for each of the buildings comprising the Project located on the Property, issued by the appropriate Authorities, or (B) a certificate from the principal architect for the Project (or, if no principal architect exists, from an agent of the Limited Partner) that the rehabilitation of the Project described in the plans and specifications provided to the Limited Partner by the General Partner is complete;

(3) First Additional Capital Contribution. Following (and conditioned upon) (i) the occurrence of the Limited Partner's Initial Capital Contribution pursuant to Paragraph 6(b)(1) of this Agreement; (ii) the occurrence of the events and review and approval of the items described in Paragraph 6(b)(2) above; the Limited Partner shall make the First Additional Capital Contribution to the Partnership in the amount of Two Hundred Twenty-Five Thousand Dollars (\$225,000) in cash, together with the conversion of the principal amount owed by the Partnership to the Limited Partner pursuant to that certain promissory note between the Limited Partner and the Partnership,

of even date herewith. The funds contributed as the First Additional Capital Contribution shall be used to pay a portion of the Developer's Fee.

Furthermore, if the total Projected Credits for all Fiscal Years of the Partnership exceeds Six Hundred Ninety-Two Thousand Eight Hundred Eighty Dollars (\$692,880), the First Additional Capital Contribution shall be increased by twenty-five percent (25%) of such excess. The increase in the First Additional Capital Contribution shall be used to establish an Operating Reserve which the Partnership shall use to pay expenses or liabilities incurred by the Partnership.

(4) Second Additional Capital Contribution.

Following (and conditioned upon) (i) the occurrence of the Limited Partner's First Additional Capital Contribution; (ii) the last day of the month following the month in which funding of the Permanent Financing occurs; (iii) the last day of the month following the month in which Rental Achievement occurs; (iv) receipt of an audited cost certification of Eligible Basis for Tax Credit purposes prepared by KPMG Peat Marwick in its sole and absolute discretion or other independent accountants approved by the Limited Partner; and (v) receipt of a certificate from the General Partner that (A) the representations and warranties in Paragraph 21 are true and accurate as of the date of the Second Additional Capital Contribution, (B) the covenants in Paragraph 21 continue to be true and accurate through that date, and (C) the Partnership and the General Partner are not in default of any of their obligations with respect to the Partnership, the Property or the Project at such time; the Limited Partner shall make the Second Additional Capital Contribution to the Partnership, which shall be used as follows:

(i) Ten Thousand Three Hundred Sixty-Seven Dollars (\$10,367) to pay a portion of the Developer's Fee; and

(ii) The balance to repay General Partner's Advances.

(5) Special Additional Capital

Contributions. If in any Fiscal Year of the Partnership the Limited Partner's Capital Account balance may be reduced to or below zero, the Limited Partner may, in its sole and absolute discretion, make a Special Additional Capital Contribution to the Partnership pursuant to this Paragraph, in an amount reasonably required to avoid the reduction of the Limited Partner's Capital Account balance to or below zero. If the Limited Partner makes a Special Additional Capital Contribution to the Partnership pursuant to this Paragraph, the Limited Partner shall receive a guaranteed payment for the use of its Special Additional Capital Contribution pursuant to the terms of Paragraph 9(f). Whenever the Limited Partner makes a Special Additional Capital

Contribution to the Partnership pursuant to this Paragraph, the General Partner shall have the option, in its sole and absolute discretion, to make Special Additional Capital Contributions to the Partnership, up to the same amount on the same terms as the Special Additional Capital Contribution made by the Limited Partner at that time.

(c) Use of Capital Contributions. The cash portion of the Capital Contributions of each Partner shall be deposited at the discretion of the General Partner in a checking, savings and/or money market or similar account, to be established and maintained in the name of the Partnership, or invested in government securities or certificates of deposit issued by any bank. Thereafter, such amounts shall be utilized for the conduct of the Partnership business pursuant to the terms of this Agreement.

(d) Limited Liability of Limited Partner. Except as may otherwise be provided under applicable law, no Limited Partner shall be bound by, or personally liable for, the expenses, liabilities or obligations of the Partnership. No Limited Partner shall be required to make any Capital Contributions other than the Capital Contributions required to be made pursuant to this Paragraph 6.

(e) Return of Capital. Except as otherwise provided in this Agreement, no Partner shall have the right to withdraw or reduce such Partner's Capital Contribution or to receive any distribution. Except as otherwise provided in this Agreement, no Partner shall have the right to demand or receive property other than cash in return for such Partner's Capital Contributions, or have priority over any other Partner, either as to the return of Capital Contributions or as to Net Profits, Net Losses or distributions.

(f) Source of Return of Capital. The Limited Partner shall look solely to the assets of the Limited Partnership for the return of its Capital Contributions.

(g) Loans By a Partner. Loans by a Partner to the Partnership shall not be considered Capital Contributions for purposes of this Agreement, and shall not increase such Partner's Capital Account or entitle such Partner to any greater share of the Net Profits, Net Losses or distributions of the Partnership than such Partner is otherwise entitled to under this Agreement.

7. ALLOCATIONS.

(a) Allocation of Net Profits and Net Losses. Net Profits and Net Losses for each Fiscal Year of the Partnership shall be allocated one percent (1%) to the General Partner and ninety-nine percent (99%) to the Limited Partner.

(b) Gain From Capital Event. Gain From Capital Event for each Fiscal Year of the Partnership shall be allocated as follows:

(1) First, to each of the Partners, in proportion to the deficits in their Capital Accounts, until the negative balances in their Capital Accounts equal their respective shares of remaining Partnership Minimum Gain;

(2) Second, to the Limited Partner, in an amount equal to the aggregate of all distributions made to the Limited Partner pursuant to Paragraphs 8(a)(1) and 8(b)(2)(i);

(3) Third, to the Limited Partner, in an amount equal to its aggregate Capital Contributions, reduced by amounts previously allocated to the Limited Partner pursuant to this Paragraph 7(b)(3);

(4) Fourth, to the General Partner, in an amount equal to its aggregate Capital Contributions, reduced by amounts previously allocated to the General Partner pursuant to this Paragraph 7(b)(4); and

(5) Thereafter, fifty percent (50%) to the General Partner and fifty percent (50%) to the Limited Partner.

(c) Nonrecourse Deductions. Nonrecourse Deductions for each Fiscal Year of the Partnership shall be allocated in accordance with the percentages set forth in Paragraph 7(a) hereof.

(d) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for each Fiscal Year of the Partnership shall be allocated among the Partners as required in the Regulations promulgated under Section 704(b) of the Code.

(e) Tax Credits. Tax Credits for each Fiscal Year of the Partnership shall be allocated one percent (1%) to the General Partner and ninety-nine percent (99%) to the Limited Partner.

(f) Qualified Income Offset. Except as provided in Paragraph 7(g) hereof, in the event the Limited Partner unexpectedly receives an adjustment, allocation or distribution described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of income and gain shall be specially allocated to the Limited Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, any deficit in the Limited Partner's Capital Account as quickly as possible. For purposes of this Paragraph, the Limited Partner's Capital Account, as of the end of the relevant Fiscal Year of the Partnership, shall take into account the adjustments described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6), any amount of any deficit Capital Account balance which the Limited

Partner is obligated to restore, and any amount of any deficit Capital Account balance which the Limited Partner is deemed obligated to restore pursuant to the Regulations promulgated under Section 704(b) of the Code.

(g) Minimum Gain Chargeback. Prior to any allocation hereunder, in the event that there is a net decrease in the Partnership Minimum Gain during a Partnership taxable year, each Partner shall be allocated items of income and gain in accordance with the Regulations promulgated under Section 704(b) of the Code, and its requirements for a "minimum gain charge-back." In the event that there is a net decrease in minimum gain attributable to debt associated with Partner Nonrecourse Deductions, income and gain shall be allocated to the Partners in accordance with the Regulations promulgated under Section 704(b) of the Code.

(h) Allocations of Book Items. All items of book income, gain, loss and deduction shall be allocated among the Partners in the same manner that any such item would be allocated if it were includible in the Partnership's taxable income.

8. DISTRIBUTIONS AND PAYMENTS.

(a) Distributions and Payments of Cash From Operations. On each Payment Date, Cash From Operations for the preceding Fiscal Year of the Partnership shall be distributed and paid in the following manner and order:

(1) Twenty-five percent (25%) of Cash From Operations shall be used as follows:

(i) First, to pay the Incentive Management Fee pursuant to Paragraph 9(a);

(ii) Next, the balance, if any, to make a distribution to the Limited Partner equal to the Tax Credit Shortfall; and

(iii) Next, the balance, if any, to make a distribution to the Limited Partner equal to the Unpaid Tax Credit Shortfall, plus interest thereon. (A distribution under this clause (iii) shall be applied first to the accrued but unpaid interest on the Unpaid Tax Credit Shortfall and the remainder to pay the Unpaid Tax Credit Shortfall.)

(2) Until the Developer's Note has been paid and until there are no payments due under the Offset Payment Agreement, fifty percent (50%) of Cash From Operations shall be used as follows:

(i) First, to make payments due under the Developer's Note; and

(ii) Next, the balance, if any, to make payments due under the Offset Payment Agreement.

(3) Twenty-five percent (25%) of Cash From Operations shall be distributed one percent (1%) to the General Partner and ninety-nine percent (99%) to the Limited Partner.

After the Developer's Note has been paid, and there are no payments due under the Offset Payment Agreement, "fifty percent (50%)" will be substituted for "twenty-five percent (25%)" in both Paragraphs 8(a)(1) and 8(a)(3).

(b) Distributions and Payments of Cash From Capital Event. Following the occurrence of a Capital Event (other than in dissolution of the Partnership), Cash From Capital Event shall be distributed and paid in the following manner and order:

(1) Up to fifty percent (50%) of Cash From Capital Event shall be used as follows:

(i) First, to make payments due under the Developer's Note; and

(ii) Next, the balance, if any, to make payments due under the Offset Payment Agreement.

(2) The remaining balance of Cash From Capital Event shall be used as follows:

(i) First, to make a distribution to the Limited Partner equal to the Unpaid Tax Credit Shortfall, plus interest thereon (a distribution under this clause (i) shall be applied first to the accrued but unpaid interest on the Unpaid Tax Credit Shortfall and the remainder to pay the Unpaid Tax Credit Shortfall);

(ii) Next, the balance, if any, to make a distribution to the Limited Partner equal to its aggregate Capital Contributions, reduced by amounts previously distributed to the Limited Partner pursuant to this Paragraph 8(b)(2)(ii);

(iii) Next, the balance, if any, to make a distribution to the General Partner equal to its aggregate Capital Contributions, reduced by amounts previously distributed to the General Partner pursuant to this Paragraph 8(b)(2)(iii); and

(iv) Next, the balance, if any shall be distributed fifty percent (50%) to the General Partner and fifty percent (50%) to the Limited Partner.

(c) To Whom Distributions Are Made. Unless named in this Agreement or unless admitted as a substitute Limited Partner as provided herein, no person or entity shall be considered a Partner in the Partnership. All Transfers of interests by the Limited Partner shall be subject to Paragraph 11 hereof, and, until admitted as a substitute Limited Partner thereunder, no assignee shall have any right as a Limited Partner herein, including, but not limited to, the right to acquire any information on account of the transactions of the Partnership, or to inspect the Partnership books, whether or not such assignee is otherwise entitled to distributions as assignee. Any payment by the Partnership to the person shown on the Partnership records as the Limited Partner, or to such Limited Partner's legal representatives, or to a named assignee of the right to receive distributions, shall acquit the Partnership and the General Partner of all liability to any other person who may be interested in such payment by reason of an assignment by the Limited Partner, or for any other reason.

9. COMPENSATION OF GENERAL PARTNER.

(a) Incentive Management Fee. On each Payment Date, the General Partner shall receive the Incentive Management Fee for the immediately preceding Fiscal Year of the Partnership.

(b) Developer's Fee. As a fee for developing the Property and the Project, the Partnership shall pay to the General Partner a Developer's Fee. The Developer's Fee shall be paid pursuant to the terms and conditions of the Developer's Note and Paragraph 6(b)(3).

(c) Property Management Fee. The Partnership shall retain the services of Property Advisory Group, Inc., a Rhode Island corporation ("Property Manager") for the day to day management of the Property, so long as the Property Manager remains the General Partner of the Partnership. The agreement between the Property Manager and the Partnership for management services shall be subject to renewal upon each anniversary of this Agreement with the consent of the Limited Partner, which consent shall not be unreasonably withheld. For its services, the Property Manager shall receive a monthly fee equal to five percent (5%) of the Partnership's gross receipts from the Project.

(d) Other Fees. Except as otherwise set forth in this Agreement or as the Partners may subsequently agree in writing, neither the General Partner nor its affiliates shall receive any fees or other compensation except as expressly provided in this Agreement for acting as a General Partner or for providing any services to the Partnership.

(e) Reimbursable Expenses. The General Partner may be reimbursed or may charge the Partnership for reasonable expenses incurred by the General Partner on behalf of the Partnership. The General Partner will endeavor to have the Partnership expenses billed directly to the Partnership whenever feasible.

(f) Guaranteed Payments for Use of Special Additional Capital Contribution(s). On each Payment Date, a Partner shall receive, as a guaranteed payment for the use of its capital, an amount equal to the annual interest earned by the Partnership on all Special Additional Capital Contributions made by such Partner pursuant to Paragraph 6(b)(5), if any. Any amount due to a Partner pursuant to this Paragraph 9(f) shall be deemed an expense of the Partnership for purposes of determining Cash From Operations and Cash From Capital Event. Any amount due to a Partner pursuant to this Paragraph 9(f) which is not paid when due, shall remain a liability of the Partnership, and shall bear interest at the rate set forth in this Paragraph 9(f).

10. POWERS AND DUTIES OF THE PARTNERS.

(a) Powers of the General Partner. The General Partner shall devote such time to the Partnership as shall be necessary to conduct the Partnership business and to operate and manage the Property and the Project in an efficient manner. Subject to the remaining provisions of this Agreement, the General Partner shall be solely responsible for the management of the Partnership business and shall have all rights and powers generally conferred by law or necessary, advisable or consistent in connection therewith, or in connection with accomplishing the purposes of the Partnership as set forth in Paragraph 3. Notwithstanding the foregoing, the General Partner may appoint, employ, contract or otherwise deal with any person for the transaction of the business of the Partnership, which person may, under supervision of the General Partner, perform any acts or services for the Partnership as the General Partner may approve.

(b) Affiliates of the General Partner. Upon receipt of the Limited Partner's prior written consent (which may be granted or withheld in the Limited Partner's sole and absolute discretion), the General Partner may enter into contracts with affiliates of the General Partner in furtherance of the business of the Partnership.

(c) Certain Limitations. Notwithstanding any other provision of this Agreement to the contrary, the General Partner shall not have the authority to do any of the following without the written consent of the Limited Partner (which may be granted or withheld in the Limited Partner's sole and absolute discretion):

(1) Confess a judgment against the Partnership in excess of Five Thousand Dollars (\$5,000);

(2) Admit any person as a General Partner or a Limited Partner, or withdraw as General Partner;

(3) Do any act in contravention of this Agreement;

(4) Execute or deliver any assignment for the benefit of the creditors of the Partnership;

(5) Transfer or hypothecate a General Partner's interest in the Partnership, including its interest in Partnership allocations or distributions, except as otherwise provided in this Agreement;

(6) Dissolve the Partnership;

(7) Refinance (other than obtaining the Permanent Financing to pay the Construction Loan), sell, exchange, mortgage, encumber, pledge or otherwise transfer all or substantially all of the Property (other than leasing of the Property in the ordinary course of business);

(8) Change the nature of the business of the Partnership;

(9) Engage in transactions in which a General Partner or an affiliate of a General Partner has an actual or potential conflict of interest with the Limited Partner or the Partnership, which could have a material, adverse effect on the Partnership, the Property, or the Project;

(10) File a voluntary petition for bankruptcy of the Partnership;

(11) Make any unbudgeted expenditure in excess of Twenty-Five Thousand Dollars (\$25,000);

(12) Borrow funds from the Partnership; and

(13) Commingle Partnership funds or assets with the funds or assets of a General Partner or any partnership or other entity owned or operated by a General Partner.

(d) Independent Activities of Partners. Except as provided elsewhere herein, any of the Partners, General or Limited, may engage in or possess an interest in other business ventures of every nature and description, independently or with others, including, but not limited to, the ownership, financing, leasing, operation, management, syndication, brokerage, and development of real property; and neither the Partnership nor the other Partners shall have, and each of them hereby expressly waives, relinquishes and renounces, any such right by virtue of this Agreement in and to such independent ventures or to the income or profits derived therefrom.

(e) Tax Matters Partner. The General Partner shall be the designated Tax Matters Partner of the Partnership, as that term is defined in the Code. The General Partner shall promptly provide to the Limited Partner copies of all correspondence received or sent by it in its capacity as Tax Matters Partner.

(f) Execution of Documents. Except as otherwise specifically provided by this Agreement, or as otherwise authorized by the General Partner, each check, contract, deed, lease, promissory note, deed of trust, escrow instruction, bond, release or any other documents of any nature whatsoever, in any way pertaining to this Partnership or on behalf of the Partnership, shall be signed by the General Partner.

(g) Indemnification. The General Partner shall not be liable, responsible or accountable in damages or otherwise to the Partnership or to the Limited Partner for any acts performed within the scope of the authority conferred on the General Partner by this Agreement, except for a General Partner's negligence, willful misconduct or breach of fiduciary duty in carrying out such General Partner's obligations hereunder. The General Partner shall be fully protected and indemnified by the Partnership against all liabilities and losses suffered by virtue of their status as General Partner (including amounts paid in respect of judgments, fines or in settlement of litigation and expenses including attorneys' fees reasonably incurred in connection with any pending or threatened litigation or proceeding) with respect to any action or omission determined by a court of law (or by the Limited Partner) to have been taken or suffered in good faith in the reasonable belief that such action or omission was in, or not opposed to, the best interests of the Partnership, except in the case of the General Partner's negligence, willful misconduct or breach of fiduciary duty. No indemnification will be permitted for securities law liabilities pertaining to or arising out of transfers of interests in the Partnership, or for action by, or in the right of, the Partnership, unless or until the General Partner prevail on the merits.

(h) Meetings and Voting Rights of Limited Partner.

(1) Meetings. The General Partner or the Limited Partner, upon written notice to the General Partner, may call a meeting of the Partners within ten (10) days of any such notice. A meeting of the Partners may be called for any lawful purpose. The Limited Partner or its designated agent may vote on any matter on which the Limited Partner is entitled to vote pursuant to the terms of this Agreement. The meetings may be held at a mutually convenient location. A Partner unable to attend a meeting in person may attend by conference call provided all participants in the meeting are able to hear and understand each other.

(2) Amendment of Agreement. The Limited Partner shall have the right to vote to amend this Agreement in accordance with the provisions of Paragraph 17 hereof.

(3) Election of New General Partner and Election to Continue Business. Where there is no remaining General Partner, the Limited Partner shall have the right to elect a new General Partner and to make an election to continue the business of the Partnership as provided in Paragraph 12(a)(3) hereof.

(4) Removal of General Partner. The Limited Partner shall have the right to vote to remove any General Partner as provided in Paragraph 13 hereof.

(5) Sale of Property. The Partnership shall sell the Property upon the vote or written consent of the Limited Partner subject to approval of the Lender, if required under the loan documents.

(6) Other Matters. The Limited Partner may vote on any other matter specified in Paragraph 10(c) or as otherwise provided in this Agreement or by law.

(i) Operating Deficit Guaranty. In the event an Operating Deficit exists at any time during the first five (5) years after Rental Achievement occurs, the General Partner shall provide such funds as shall be necessary to pay such Operating Deficit(s) in the form of a loan to the Partnership (the "Operating Deficit Loan"). The General Partner shall not be obligated to provide Operating Deficit Loans in excess of an outstanding principal balance of One Hundred Thousand Dollars (\$100,000). The Operating Deficit Loan shall be interest free and shall be repaid at the time of any of the events described in Paragraph 12(a), as provided in Paragraph 12(c)(7).

(j) Rental Achievement Guaranty. Commencing with the date of this Agreement and continuing through the last day of the month in which Rental Achievement occurs, the General Partner shall pay for all costs and expenses of constructing, developing, improving, leasing and operating the Project and Property to the extent the Partnership does not have funds sufficient to pay such costs and expenses. After (i) completion and rehabilitation of the Project as described hereunder; and (ii) the last day of the fourth consecutive quarter in which the General Partner is required to provide funds to the Partnership pursuant to the Guaranty under this Paragraph, the General Partner may, upon notice to the Limited Partner, elect to terminate its Guaranty under this Paragraph. Upon such notice, the General Partner shall make a Capital Contribution to the Partnership in an amount equal to the undistributed aggregate Capital Contributions of the Limited Partner and shall cause the Partnership to distribute to the Limited Partner an amount equal to such funds. The termination of the Guaranty shall not be effective until such

distribution is made. Any sums paid by the General Partner pursuant to the first sentence of this Paragraph 10(j) shall not be treated as loans to the Partnership or any Partner and shall not be repaid by the Partnership or any Partner, nor shall such amounts be considered or treated as Capital Contributions of the General Partner to the Partnership.

(k) Affirmative Covenants of the General Partner.

In addition to any other obligations of the General Partner hereunder or under applicable law, the General Partner hereby agrees to do each of the following:

(1) Request for Notice. The General Partner shall cause to be recorded a notice in compliance with applicable laws to provide that the Limited Partner shall receive notice, at the earliest possible date, of the commencement of foreclosure proceedings instituted by any lender whose debt is secured by the Property or the Project or both; and

(2) Insurance. The General Partner shall at all times keep in force the following policies of insurance:

(i) During the construction period (which ends on the date a final certificate of occupancy for each building comprising the Project is issued), "Builder's Risk" insurance as required by the holder(s) of the Construction Loan;

(ii) After issuance of a Certificate of Occupancy for each building comprising the Project, insurance against loss or damage to the Property or the Project (including contents) by fire and other risk embraced by coverage of the type known as the broad form of extended coverage (all-risk), including but not limited to riot and civil commotion, vandalism and malicious mischief and against such other risks or hazards (but excluding flood and earthquake unless either or both are required by the lender(s) of the Construction Loan or the Permanent Financing) as the Limited Partner may from time to time require, but in no event less than one hundred percent (100%) of the full replacement cost of the Property or the Project without deduction for physical depreciation, or the unpaid balance of any loans secured by the Property or the Project, whichever is greater;

(iii) After issuance of a final certificate of occupancy for each building comprising the Project, insurance against the loss of "rental value" of the improvements on a "rented or vacant basis" arising out of the perils insured against pursuant to subparagraph (ii) above, in any reasonable amount required by the Limited Partner but in no event less than one year's gross "rental value" of the improvements with co-insurance in such percentage as may be acceptable to the Limited Partner. "Rental value" as used herein is defined as the sum of (A) the total anticipated gross rental income from tenant occupancy of the improvements, (B) the amount of all charges which are the legal obligation of tenants, and

(C) the fair rental value of any portion of the improvements occupied by the Partnership; and

(iv) At all times, commercial general liability insurance in an amount of not less than Five Million Dollars (\$5,000,000) against claims for personal injury, death or property damage occurring on, in or about the Property or the Project or arising from or connected with use, conduct or operation of the Partnership's business in the amount from time to time required by the Limited Partner, naming the Limited Partner as an additional insured.

All insurance policies and renewals thereof shall be in a form, including deductibles, and issued by insurers acceptable to the Limited Partner. Each policy shall provide that it will not be modified or cancelled without thirty (30) days prior written notice to the Limited Partner. The General Partner shall promptly furnish to the Limited Partner all renewal notices and all receipts of paid premiums. At least thirty (30) days prior to the expiration date of a policy, the General Partner shall deliver to the Limited Partner a renewal policy in form satisfactory to the Limited Partner, together with a receipt showing payment of annual premiums.

(3) Delivery of Documents. The General Partner shall, upon request of the Limited Partner, deliver the following documents to the Limited Partner:

(i) A representation letter signed by the General Partner in the form of Exhibit "D" attached hereto;

(ii) Internal Revenue Service Form(s) 8609 "Low Income Housing Credit Allocation Certification" for each building comprising the Project, signed by the authorized official of the Rhode Island Housing and Mortgage Finance Corporation;

(iii) A copy of all the Partnership's federal and state information returns as filed;

(iv) A current financial statement of the General Partner; and

(v) Copies of other documents evidencing the availability of Tax Credits in an amount equal to the Projected Credits for the ten-year credit period commencing with the date the Project is placed in service.

11. RESTRICTIONS ON TRANSFER.

(a) Transfer by a General Partner. The General Partner may not Transfer its interests as a general partner in the Partnership without the prior written consent of the Limited Partner, which may be granted or withheld in the Limited Part-

ner's sole and absolute discretion. The transferee shall provide any information and shall execute any documents reasonably necessary to comply with applicable federal and state laws.

(b) Transfer by a Limited Partner. Subject to the remaining provisions of this Paragraph 11, the Limited Partner may not Transfer all or any part of its interest in the Partnership without the consent of the General Partner in its sole and absolute discretion. The transferee shall promptly execute this Agreement in order to become a substituted Limited Partner. It is anticipated that the limited partner of the Limited Partner may sell all or a portion of its interests in the Limited Partner. This shall not be deemed a Transfer under this Paragraph. The General Partner will cooperate as requested by the Limited Partner in facilitating such resale(s).

(c) Rights of Assignee. An assignee who does not become a substituted Limited Partner has no right to request any information regarding, or require an account of the Partnership transactions, to inspect the Partnership books, or to vote on any of the matters as to which a Limited Partner would be entitled to vote pursuant to this Agreement. A mere assignee shall be entitled only to receive the allocations of Net Profits, Net Losses and other items and share of cash distributions to which his transferor would otherwise be entitled.

(d) Division of Allocations and Distributions. If any Partnership interest, or part thereof, is transferred during any accounting period in compliance with the provisions of this Paragraph 11, Net Profits, Net Losses, each item thereof and all other items attributable to such interest for such period shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the period in accordance with Code Section 706(d), using any convention permitted by law selected by the General Partner. All distributions on or before the date of such Transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Neither the Partnership nor the General Partner shall incur any liability for making allocations and distributions in accordance with the provisions of this Paragraph 11(d), whether or not the General Partner or the Partnership have knowledge of any Transfer of ownership of any interest.

(e) Agreement Applies to Transferred Interest. Each Partner agrees that notwithstanding the provisions for the Transfer of any interest contained herein, the interest, when and if transferred, shall remain subject to all of the terms and conditions of this Agreement.

(f) No Dissolution. If the Limited Partner Transfers all or any part of its interest without complying with the provisions of this Agreement, such action shall not cause or constitute a dissolution of the Partnership.

12. DISSOLUTION AND WINDING UP OF THE PARTNERSHIP.

(a) Dissolution of Partnership. The Partnership shall be dissolved upon the occurrence of any of the following events:

(1) The vote or written consent of the Limited Partner together with the written consent of the General Partner;

(2) The date of receipt in cash by the Partnership of the entire proceeds from a sale or other disposition by the Partnership of all, or substantially all, of the Partnership's property, provided that if such a sale is made for consideration payable in whole or part over a period of time, such date shall be the date upon which all payments therefor shall have been received;

(3) The Bankruptcy, death, removal or withdrawal in accordance with this Agreement of the last General Partner, unless, within sixty (60) days after the occurrence of any such event, a successor General Partner is elected by vote of all remaining Partners, which successor elects to continue the business of the Partnership. In the event of the election of a successor General Partner who elects to continue the business of the Partnership, a new or amended Certificate of Limited Partnership shall be filed in the manner required by law; or

(4) Expiration of the term of the Partnership as set forth in Paragraph 4(a).

(b) Continuation of Partnership. If a successor General Partner is elected to continue the business of the Partnership pursuant to Paragraph 12(a), the business of the Partnership shall continue in a reconstituted form as a successor limited partnership upon the same terms and conditions as set forth in this Agreement; and the Limited Partner hereby agrees to such continuation and/or reconstitution if a successor General Partner is elected as provided in Paragraph 12(a). In connection therewith, the successor General Partner shall assume the obligations of the predecessor General Partner and shall indemnify the predecessor General Partner and hold them harmless from and against any and all loss, damage, liability and expense, including costs and reasonable attorneys' fees, to which the predecessor General Partner may be put or which they may incur by reason of or in connection with any of the debts, obligations or liabilities of the Partnership theretofore or thereafter made, incurred or created other than liabilities for which the former General Partner are responsible pursuant to Paragraph 13(e).

(c) Winding Up of the Partnership. Upon dissolution of the Partnership, the General Partner shall wind up the affairs and liquidate the assets of the Partnership in accordance with the provisions of this Paragraph 12(c). Net Profits, Net Losses, Gain From Capital Event, Nonrecourse Deductions and Partner Nonrecourse Deductions of the Partnership shall be allocated until the liquidation is completed in the same ratio as such items were allocated prior thereto. The proceeds from liquidation of the Partnership when and as received by the Partnership shall be utilized, paid and distributed in the following order:

(1) First, to pay the expenses of liquidation;

(2) Next, to pay the secured debts of the Partnership, whether the creditor is a Partner, a former Partner, or a third party other than a Partner or former Partner;

(3) Next, to pay the unsecured debts (excluding the Developer's Note) of the Partnership to third parties other than the Partners or former Partners of the Partnership;

(4) Next, to pay the balance due under that certain promissory note, of even date herewith, between the Limited Partner and the Partnership;

(5) Next, to pay the balance of any Limited Partner's Advances, any Unpaid Tax Credit Shortfall, or any amounts due pursuant to the Offset Payment Agreement executed in connection with the Developer's Note;

(6) Next, to pay to Partners all amounts owed pursuant to Paragraph 9(f) of this Agreement;

(7) Next, to pay the balance due under the Developer's Note;

(8) Next, to pay the balance of any Developer's Advances;

(9) Next, to pay other debts of the Partnership owing to creditors who are Partners or former Partners, including Operating Deficit Loans made pursuant to Paragraph 10(i), if any;

(10) Next, to the establishment of any Cash Reserves which the General Partner may deem reasonably necessary to meet contingent or unforeseen liabilities of the Partnership; and

(11) Thereafter, to the Partners, in accordance with their positive Capital Account balances, as determined by taking into account all Capital Account adjustments required by this Agreement.

(d) Right To Receive Property. The Limited Partner shall have no right to demand or receive property other than cash in return for its Capital Contributions to the Partnership, and the Limited Partner agrees to and shall look solely to the assets of the Partnership for the return of its Capital Contributions. If the assets of the Partnership remaining after discharge of the debts and liabilities of the Partnership are insufficient to return the then unreimbursed Capital Contributions of the Limited Partner, the Limited Partner shall not have, and hereby waives, any recourse against the General Partner. The winding-up of the affairs of the Partnership and the distribution of its assets shall be conducted exclusively by the General Partner, who is hereby authorized to do any and all acts and things authorized by law for such purposes at the expense of the Partnership. If there is no General Partner, the winding-up of the affairs of the Partnership shall be conducted as otherwise provided by law. Any Partner may purchase assets of the Partnership in a winding-up sale, provided that either (i) the sale is conducted by a bona fide public auction adequately advertised or (ii) for a purchase price not less than independently appraised liquidation value.

(e) Deficit Restoration. In the event the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), if a General Partner's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations), such General Partner shall make Capital Contributions in the amount of such deficit in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(3).

13. WITHDRAWAL, ADDITION AND REMOVAL OF A GENERAL PARTNERS.

(a) Withdrawal of a General Partner. The withdrawal of a General Partner shall require the written consent of the Limited Partner (which may be granted or withheld in the Limited Partner's sole and absolute discretion).

(b) Addition of a General Partner. The addition of a new General Partner shall require the written consent of the Limited Partner (which may be granted or withheld in the Limited Partner's sole and absolute discretion).

(c) Removal of a General Partner. A General Partner may be removed and cease to be a General Partner of the Partnership only upon the following events:

(1) Upon the affirmative vote or written consent of the Limited Partner to remove such General Partner,

specifying one of the following causes, (unless the breach, default or other removal event is cured within thirty (30) days after written notice specifying the breach, default or removal event is delivered to such General Partner):

(i) A breach of fiduciary duty of such General Partner;

(ii) A material breach of this Agreement by such General Partner; or

(iii) Any act by such General Partner which has a material adverse effect on the Partnership or the Limited Partner; or

(2) A breach by the Partnership of any material term of any agreement or material requirement with respect to the Property or the Project, including any loan, credit, or finance agreement or any Tax Credit compliance requirement; or

(3) If Actual Credits for any Fiscal Year of the Partnership are less than eighty-five percent (85%) of Projected Credits for such Fiscal Year of the Partnership;

(4) If such General Partner defaults in its obligations under any of Paragraphs 5(ah), 10(i) or 10(j);

(5) Upon the Bankruptcy of such General Partner; or

(6) Upon the occurrence of any of the following:

(i) The filing by such General Partner of an assignment for the benefit of creditors; or

(ii) The attachment, execution or judicial seizure, whether by enforcement of money judgment, writ or warrant of attachment or any other process, of all or substantially all of the assets of such General Partner which is not released within sixty (60) days after such action.

(7) If the Partnership fails to make any payment due under that certain promissory note of even date herewith, between the Limited Partner and the Partnership.

(d) Notice. Written notice of the removal of a General Partner shall be given by the Limited Partner to the General Partner. Such notice shall set forth the date on which the removal is to become effective, which date shall not be less than thirty (30) days after such notice is delivered. This notice may be the same as the notice of a breach delivered pursuant to Paragraph 13(c)(1); provided, however, in such case

the removal shall not be effective until the cure period specified in Paragraph 13(c)(1) or 13(c)(3) (as the case may be) expires without cure of the default or breach.

(e) Effect of Removal Upon General Partner's Interest. If, upon the removal of a General Partner (a "Former General Partner"), either (i) another General Partner exists or (ii) a new General Partner is elected within sixty (60) days by the Limited Partner pursuant to Paragraph 12(a)(3), the Former General Partner shall become a limited partner, with a limited partner's interest in the Partnership economically equivalent to its General Partner's interest in allocations and distributions in the Partnership. The Former General Partner shall not be entitled to the reimbursement of expenses or other compensation set forth in Paragraph 9 except to the extent already earned, incurred or expended. The Former General Partner shall remain obligated for the Operating Deficit Guaranty under Paragraph 10(i), the Rental Achievement Guaranty under Paragraph 10(j) and for the Permanent Loan Shortfall as required pursuant to Paragraph 5(ah). The Former General Partner shall continue to be entitled to payments due under the Developer's Note, subject to the terms and provisions of the Developer's Note and the Offset Payment Agreement. The Former General Partner's new limited partner interest shall be a non-voting interest hereunder. Any interest in Partnership allocations or distributions provided to the new General Partner elected by the Limited Partner to replace the Former General Partner, shall be payable from, and thereby reduce, the Former General Partner's new limited partner interest in allocations and distributions. Except as expressly provided in this Paragraph, any indemnification or release given by any Partner hereunder shall continue to be in effect with respect to the Former General Partner after such withdrawal or removal, but only with respect to any claim or liability based on facts which occurred prior to such withdrawal or removal. The Partnership and the new General Partner shall indemnify the Former General Partner for any claims against or liabilities or expenses incurred by the Former General Partner arising out of facts which occur after such withdrawal or removal, except claims, liabilities or expenses which arise out of the Former General Partner's willful misconduct.

14. BOOKS AND RECORDS.

(a) Books of Account. The General Partner shall, at the Partnership's sole cost and expense, keep adequate books of account of the Partnership wherein shall be recorded and reflected, in accordance with generally accepted accounting principles, all of the Capital Contributions and all of the income, expenses and transactions of the Partnership and a list of the names and addresses, and interests held by the Partners in alphabetical order.

(b) Accounting and Reports. The General Partner shall, at the Partnership's sole cost and expense, (i) cause

federal and state information returns for the Partnership to be prepared and filed with the appropriate Authorities; (ii) furnish to the Limited Partner within sixty (60) days prior to the beginning of each Fiscal Year of the Partnership, an annual budget for the ensuing Fiscal Year of the Partnership, which must be approved or disapproved in writing by the Limited Partner within thirty (30) days after receipt by the Limited Partner; (iii) furnish to the Limited Partner, within thirty-five (35) days after the end of each month, a report of operations for such month, including a balance sheet, a statement of income and expense and a cash flow statement for the month and the period then ended; and (iv) furnish to the Limited Partner, within seventy-five (75) days after the close of each Fiscal Year of the Partnership, audited financial statements prepared by KPMG Peat Marwick (or other independent accountants approved by the Limited Partner) in accordance with generally accepted accounting principles, and such financial information with respect to each Fiscal Year of the Partnership as shall be reportable for federal and state income tax purposes.

(c) Banking. All funds of the Partnership shall be deposited in a separate bank account or accounts as shall be determined by the General Partner. All withdrawals therefrom shall be made upon checks signed by the General Partner.

(d) Accountants. The accountants for the Partnership shall be KPMG Peat Marwick. The accountants for the Partnership may be changed by the General Partner with the consent of the Limited Partner.

(e) Annual Property Management Review. The Partnership shall pay an annual fee of Seven Thousand Five Hundred Dollars (\$7,500) to Kay-Kay Realty, an Arizona corporation (or to such other entity as the Limited Partner shall designate), for an annual review and report (a copy of which will be provided to the General Partner on completion) of the operations of the Partnership, the Property and the Project.

(f) Late Report Penalties. The General Partner shall properly and timely comply with all filing and reporting requirements set forth in this Paragraph 14. Any report, budget, certified financial statement or other tax information required pursuant to Paragraph 14(b) furnished to the Limited Partner after the date on which it was due shall be a "Late Report." If a Late Report is not provided to the Limited Partner within ten (10) business days of delivery of notice from the Limited Partner to the General Partner, the General Partner shall pay to the Limited Partner Two Hundred Fifty Dollars (\$250) per day as a Late Report Penalty, until the date the Late Report is delivered to the Limited Partner. The Late Report Penalty shall be calculated separately for each Late Report, and the total Late Report Penalty obligation shall be cumulative for all Late Reports.

15. ADJUSTMENT OF BASIS ELECTION. At the request of the Limited Partner, the General Partner shall file an election, in accordance with Section 754 of the Code and applicable Treasury Regulations, to cause the basis of the Partnership's property to be adjusted for Federal income tax purposes, as provided in Sections 734, 743 and 754 of the Code.

16. WAIVER OF ACTION FOR PARTITION. Each of the Partners hereby irrevocably waives, during the term of the Partnership, any right such Partner may have to maintain any action for partition with respect to any property of the Partnership, including without limitation, the Property.

17. AMENDMENTS. Amendments to this Agreement may be made only if approved in writing by the General Partner and the Limited Partner.

18. EQUITABLE RELIEF. It is agreed that the rights granted to the parties hereunder are of a special and unique kind and character and that, if there is a breach by any party of any material provision of this Agreement, the other parties would not have an adequate remedy at law. It is expressly agreed, therefore, that the rights of the parties hereunder may be enforced by equitable relief as is provided under the laws of the State of Rhode Island.

19. NOTICES. Any and all notices, demands or other communications required or desired to be given hereunder by any party shall be in writing and shall be validly given or made to another party only (a) if served personally, (b) if deposited in the United States first class mail, certified or registered, postage prepaid, or (c) if sent by overnight delivery service and a confirmation of receipt is obtained. If such notice, demand or other communication is served personally, service shall be conclusively deemed made at the time of such personal service. If such notice, demand or other communication is given by mail, such shall be conclusively deemed given seventy two (72) hours after the deposit thereof in the United States mail addressed to the party to whom such notice, demand or other communication is to be given at the following address set forth below. If such notice, demand or other communication is sent by overnight delivery service, such shall be conclusively deemed given at the time confirmation of receipt is obtained, provided the overnight delivery is addressed to the party to whom such notice, demand or other communication is to be given at the address set forth below.

If to the Partnership or the General Partner:

Property Advisory Group, Inc.
4 Cathedral Square, Suite 1G
Providence, Rhode Island 02903

With a copy to:

Scott Nebergall, Esq.
Edwards & Angell
2700 Hospital Trust Tower
Providence, Rhode Island 02903

If to the Limited Partner:

Broad Housing Fund LXV,
A California Limited Partnership
c/o Broad Inc.
11601 Wilshire Blvd., 11th Floor
Los Angeles, California 90025
Attention: Mr. Michael L. Fowler
Telephone: (310) 312-5000
Telecopier: (310) 445-6778

With a copy to:

William M. Weintraub, Esq.
Jeffer, Mangels, Butler & Marmaro
2121 Avenue of the Stars
Tenth Floor
Los Angeles, California 90067
Telephone: (310) 203-8080
Telecopier: (310) 203-0567

Any party hereto may change its address for the purpose of receiving notices, demands and other communications as herein provided by a written notice given in the manner aforesaid to the other party or parties hereto.

20. ATTORNEYS' FEES. Should any party hereto institute any action or proceeding at law or in equity to enforce any provision hereof, including an action for declaratory relief or for damages by reason of an alleged breach of any provision of this Agreement, or otherwise in connection with this Agreement, or any provision hereof, the prevailing party shall be entitled to recover from the losing party or parties reasonable attorneys' fees and costs for services rendered to the prevailing party in such action or proceeding.

21. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE GENERAL PARTNER. With respect to the following representations and warranties, the General Partner hereby represent and warrants as of the date of this Agreement, the date of the First Additional Capital Contribution, the date of the Second Additional Capital Contribution, and with respect to the following covenants, the General Partner hereby covenant the following to the Limited Partner:

(a) Warranties and Representations Pertaining to Real Estate and Legal Matters.

(1) Formation. The Partnership is and will continue to be a valid limited partnership, duly organized and validly existing under the laws of the State of Rhode Island, and has (and shall continue to have) full power and authority to acquire, own, develop, rehabilitate, operate and maintain the Property and the Project in accordance with the terms of this Agreement;

(2) Low-Income Housing Tax Credits. The Project has been acquired and shall be rehabilitated, and has been operated at all times beginning with the first day of the Compliance Period (as defined in Section 42(i)(1) of the Code), and will continue to be operated, in a manner which satisfies all requirements and restrictions, including tenant income and rent restrictions, applicable to projects which qualify for low-income housing tax credits under Section 42 of the Code, including without limitation the following:

(i) At least twenty percent (20%) of the units in the Project must be occupied by households with income at or below fifty percent (50%) of the area median gross income or at least forty percent (40%) of the units in the Project must be occupied by households with income at or below sixty percent (60%) of the area median gross income as required by Section 42(g)(1) of the Code;

(ii) The gross rents paid by tenants of low-income units in the Project must not exceed thirty percent (30%) of the qualifying income standard applicable to the Project (i.e., 50% or 60% of median gross income) as required by Code Section 42(g)(2)(A);

(iii) The low-income units in the Project must be suitable for occupancy; and

(iv) The low-income units in the Project must not be used on a transient basis;

(3) Credit Allocation. The Partnership has received an allocation of low-income housing tax credits, sufficient to provide the full amount of Projected Credits, from the Rhode Island Housing and Mortgage Finance Corporation, which is the appropriate state credit agency for the jurisdiction in which the Property and the Project are located;

(4) Amount of Projected Credits. The aggregate Projected Credits applicable to the Property for the ten-year credit period commencing with the Project's in-service date are Six Hundred Ninety-Two Thousand Eight Hundred Seventy-Five Dollars (\$692,875) for federal income tax purposes. There is and at all times shall continue to be sufficient Eligible Basis (as that term is defined in Section 42(d) of the Code) to provide the full amount of Projected Credits. The Limited Partner shall be

allocated ninety-nine percent (99%) of all Tax Credits from and after the date of its admission to the Partnership;

(5) Applicable Fraction. The applicable fraction as defined in Section 42(c)(1)(B) of the Code (or other fraction, as appropriate, pursuant to Section 42(f)(2)(A) of the Code) with respect to all qualified low-income buildings (as defined in Section 42(c) of the Code) comprising the Project is or is anticipated to be .6 as of the close of the first taxable year of the Credit Period (as defined in Section 42(f) of the Code);

(6) Taxpayer Certifications. For federal income tax purposes, the General Partner reports its income under the accrual method of accounting. On behalf of the Partnership, the General Partner has filed, and will continue to file, any and all certifications and other documents on a timely basis with the Internal Revenue Service, the Rhode Island taxing authorities and all other Authorities, as have been and may be required to support the full amount of Projected Credits;

(7) Rehabilitation Expenditures.

(i) Previous Placement in Service. The Partnership has obtained a private letter ruling from the Internal Revenue Service which waives, for the Project, the ten-year holding period requirement for existing buildings of Code Section 42(d)(2)(B)(ii) under the exception provided by Code Section 42(d)(6)(D). There have been no nonqualified substantial improvements to the Project since it was last placed in service. For these purposes, a "substantial improvement" means capital improvements with respect to the Project during any 24-month period, but only if the sum of such capital improvements during such period equals or exceeds 25 percent of the adjusted basis of the Project as of the first day of such period. A "nonqualified" substantial improvement is a substantial improvement if Code Section 167(k) was elected, or if Code Section 168 applied, to such improvement. In addition, the Project was not previously placed in service by the Partnership or by any person who was a related person with respect to the Partnership as of the time the Project was previously placed in service;

(ii) "Purchase" Requirement. The Partnership acquired the Project from a person other than a partner or other related person as defined in Sections 267 or 707(b) of the Code (as modified by Code Section 179(d)(2)). The tax basis of the Partnership in the Project is not determined, in whole or in part, by reference to the adjusted basis of such property in the hands of the party from whom it was acquired;

(iii) "Rehabilitation" Requirement. The Partnership has incurred or shall incur, prior to the date of the First Additional Capital Contribution, capital expenditures of a character subject to the allowance for depreciation in connection with the rehabilitation of the Project ("Rehabilitation Expenditures"). The Rehabilitation Expenditures are allocable to one or more low-income units or substantially

benefit such units. The amount of the Rehabilitation Expenditures during any 24-month period meets the requirements of whichever of the following results in the greater amount of such Expenditures: (i) the amount of such Expenditures is not less than 10 percent of the adjusted basis of the Project as of the first day of such 24-month period; or (ii) the qualified basis attributable to such Expenditures, when divided by the low-income units in the Project, is \$3,000 or more; and

(iv) Placement in Service. The Rehabilitation Expenditures which are treated as a "separate building" for purposes of the low-income housing credit are being treated as placed in service at the close of the 24-month period referred to above;

(8) Form 8609. The Partnership has received or will receive a Form 8609 from the Rhode Island Housing and Mortgage Finance Corporation, which is the appropriate state credit agency for the jurisdiction in which the Property and the Project are located;

(9) Required Consents; No Defaults Under Loan Documents. The Partnership has obtained all consents required for the admission of the Limited Partner to the Partnership, including, but not limited to the consent of the holder of the Permanent Financing, and any required consents of federal, state or local governmental authorities or agencies. The Partnership is not in default under the Permanent Financing or the loan documents relating thereto, or any agreement relating to the Property or the Project, nor has any event occurred which but for the passage of time or the giving of notice would constitute a default. The Partnership is current in payments under the Permanent Financing;

(10) Insurance. The Partnership maintains and will continue to maintain insurance on all Partnership activities, the Property and the Project which complies with the terms specified in Paragraph 10(k)(2);

(11) Compliance with Contractual Obligations. The Partnership has performed all material obligations that are required to be performed by it, and is not in default under, or in breach of, or in receipt of any claim of default under, any contract or obligation, the breach or termination of which may have a materially adverse effect on the business or operation of the Partnership, the Property or the Project. Further, there is no breach and the General Partner have no knowledge of any threatened breach by the other parties to any contract or agreement to which the Partnership is a party;

(12) Litigation. Except as disclosed on Exhibit "E," there are no pending or threatened, adverse actions, suits, arbitrations, claims or proceedings, at law or in equity, (collectively, "Actions") affecting the Property or the Project or in which the Partnership is a party by reason of the

Partnership's ownership of the Property or the Project, including, but not limited to, judicial, municipal or administrative proceedings in eminent domain, unlawful detainer or tenant evictions, collections, alleged building code, health and safety or zoning violations, employment discrimination or unfair labor practices, or worker's compensation, personal injuries or property damages alleged to have occurred at the Property or the Project or by reason of the condition or use of the Property or the Project. There are no pending or threatened Actions against a General Partner or any of its assets which, if adversely determined against a General Partner, would materially adversely affect the ability of the General Partner to perform its obligations hereunder.

(13) Bankruptcy. No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, event of Bankruptcy, reorganization or other proceedings are pending or threatened, against the Partnership or a General Partner;

(14) Governmental Actions. There is no plan, study or effort of any Authority which in any way would materially adversely affect the use of the Property or the Project for their intended uses or which involves any intended public improvements which will result in any material charge being levied against, or any material lien assessed upon, the Property or the Project. There is no existing, proposed or contemplated, plan to widen, modify or realign any street or highway contiguous to the Property or the Project;

(15) Moratoria; Assessments; Dedications. There is no reassessment, (except for real estate property taxes) reclassification, rezoning or other statute, law, judicial or administrative decision, proceeding, ordinance or regulation (including amendments and modifications of any of the foregoing) pending or proposed to be imposed, by any Authority or any public or private utility having jurisdiction over the Property which would materially adversely affect the use or occupancy of the Property. No special assessments have been levied against the Property or the Project or by any Authority upon the commencement or completion of any construction, alteration or rehabilitation on or of the Project or any portion thereof. The completion of the Improvements, construction, alteration or rehabilitation on or of the Property or the Project or any portion thereof will not require the dedication of any portion of the Property or the Project by any Authority;

(16) Violation of Laws. There are no violations of any Governmental Regulations which would materially adversely affect the Property or the Project;

(17) Licenses and Permits. All Licenses and Permits necessary for the ownership, construction or development

of the Improvements, are or will be possessed by either the General Partner or the Partnership. The Property and the Project will be materially improved, constructed, and developed to completion in accordance with (A) all such Licenses and Permits (and all required certificates of occupancy shall be obtained upon completion of any such improvement, construction or development on or of the Property or the Project) (B) all Governmental Regulations, (C) accepted standards of good materials and workmanship, (D) all covenants, conditions, restrictions, easements and agreements of any kind or nature affecting the Property or the Project including the existing documents. Any conditions to any licenses, approvals, permits and certificates for the construction, development, alteration or rehabilitation of the Improvements have been satisfied and will be satisfied upon completion. The Licenses and Permits have been or will be fully paid for and are not and shall not be subject to any liens, encumbrances or claims of any kind;

(18) Title. The Partnership is the legal fee simple titleholder of the Property and the Project, and has good, marketable and insurable title to the Property and the Project, free and clear of all liens, encumbrances, claims, covenants, conditions, restrictions, easements, rights of way, options, judgments, special assessments or other matters, except as disclosed by the matters shown on the Title Policy and except for the Tenant Leases;

(19) Utilities. The Improvements are connected to and are served by water, solid waste and sewage disposal, drainage, telephone, gas, electricity and other utility equipment facilities and services required by law and which are adequate for the present use and operation of the Property, and which are installed and connected pursuant to valid permits and to the best of the General Partner's knowledge, are in full compliance with all Governmental Regulations. No fact or condition exists which would result in the termination or impairment in the furnishing of utility services to the Improvements;

(20) No Physical or Mechanical Defects. There are no material physical or mechanical defects or deficiencies in the condition of the Property or the Project, including, but not limited to, the roofs, exterior walls or structural components of the Improvements and the heating, air conditioning, plumbing, ventilating, elevator, utility, sprinkler and other mechanical and electrical systems, apparatus and appliances located in, on or about the Property which would adversely affect the Property or the Project. The Property and the Project are free from infestation by termites or other pests, insects, animals or other vermin;

(21) No Defective Soils Conditions. There are no defects or conditions of the soil which will materially adversely affect the use, occupancy and operation of the Property or the Project. The soil condition of the Property and the Project is such that it will support all of the Improvements to be located thereon for their foreseeable life, without the need

for unusual or new subsurface excavations, fill, footings, caissons or other installations. The Improvements, as built, will be or are constructed in a manner compatible with the soil condition at the time of construction and all necessary excavations, fills, footings, caissons and other installations were then and have since been and will be provided;

(22) No Notices of Defects. Neither the General Partner, the Partnership, nor, to the best of the General Partner's knowledge, any tenant of the Property or the Project, has received any notice from any insurance company of any defect or inadequacy in, on or about the Property or the Project;

(23) Rights of First Refusal; Options. The Partnership has not entered into any contracts for the sale of the Property, the Project, the Tax Credits with respect thereto or any interest in the Partnership other than this Agreement, nor do there exist any rights of first refusal or options to purchase the Property, the Project, the Tax Credits with respect thereto, or any interest in the Partnership;

(24) Hazardous Substances. All operations or activities upon, or use or occupancy of the Property or the Project, or any portion thereof, by the Partnership or any tenant or occupant of the Property or the Project, or any portion thereof, are in all material respects in compliance with all Governmental Regulations relating to the generation, handling, manufacturing, treatment, storage, use, transportation, spillage, leakage, dumping, discharge or disposal (whether accidental or intentional) of any toxic or hazardous substances, materials or wastes, including, but not limited to, Hazardous Material (as such term is defined in this subparagraph), and no person has engaged in or permitted any dumping, discharge, disposal, spillage or leakage (whether legal or illegal, accidental or intentional) of Hazardous Material, at, on, in or about, the Property, the Project or any portion thereof. There is not present upon the Property, the Project or any portion thereof, any asbestos, or any structures, fixtures, equipment or other objects or materials containing asbestos, nor is there any radon present on, in or about the Property, the Project or any portion thereof in an amount sufficient to create a material hazard or violate local Governmental Regulations relating to radon. There is no proceeding or inquiry by any Authority with respect to any of the matters set forth in this subparagraph;

For purposes of this Paragraph "Hazardous Material" means any hazardous or toxic substance, material or waste which is regulated by any local governmental authority, the State of Rhode Island or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) defined as a hazardous waste, extremely hazardous waste or restricted hazardous waste or hazardous substance under the laws of the State of Rhode Island or the laws of the State of Rhode Island or any regulations or orders now promulgated or hereafter promulgated thereunder, (ii) designated as a "hazardous

substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. § 1321) or as listed pursuant to Section 307 of the Federal Water Pollution Control Act (33 U.S.C. § 1317), (iii) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act (42 U.S.C. § 6903), as the same may be amended from time to time, or (iv) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601), as the same may be amended from time to time; and

The General Partner agrees to indemnify and hold the Partnership and the Limited Partner harmless from and against any and all losses, liabilities, damages, claims, actions or orders by Authorities arising out of or related to the presence beneath, in, on or about the Property or the Project (or any portion thereof) of Hazardous Material;

(25) No Convictions or Prohibitive Orders.

Neither the General Partner nor any of the General Partner's affiliates:

(i) Has been convicted of any felony or misdemeanor in connection with the purchase or sale of any security involving the making of a false filing with the Securities and Exchange Commission (the "Commission"), or arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer or investment advisor;

(ii) Is or has been subject to any order, judgment or decree of any court of competent jurisdiction, temporarily or preliminarily enjoining or restraining, or is subject to any order, judgment or decree of any court of competent jurisdiction, entered prior to the date of this Agreement, permanently enjoining or restraining such person from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or involving the making of a false filing with the Commission, or arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer or investment advisor;

(iii) Is or has been subject to an order of the Commission entered pursuant to Section 15(b), 15B(a) or 15B(c) of the Securities Exchange Act of 1934, as amended (the "1934 Act"); or is or has been subject to an order of the Commission entered pursuant to Section 203(e) or (f) of the Investment Advisers Act of 1940;

(iv) Is or has been suspended or expelled from membership in, or suspended or barred from association with a member of, an exchange registered as a national securities exchange pursuant to Section 6 of the 1934 Act, an association registered as a national securities association under Section 15A of the 1934 Act, or a Canadian securities exchange or association for any act or omission to act

constituting conduct inconsistent with just and equitable principles of trade;

(v) Is or has been subject to a United States Postal Service false representation order entered under Section 3005 of Title 39, United States Code, within the five (5) years prior to the date of this Agreement; or is or has been subject to a restraining order or preliminary injunction entered under Section 3007 of Title 39, United States Code, with respect to conduct alleged to have violated Section 3005 of Title 39, United States Code; or

(vi) Has acted as underwriter of any securities:

(A) Covered by a registration statement which is the subject of any pending proceeding or examination under Section 8 of the Securities Act of 1933, as amended (the "1933 Act") or is the subject of any refusal order or stop order entered thereunder within five (5) years prior to the date of this Agreement; or

(B) Covered by any filing which is subject to any pending proceeding under Rule 261 or any similar rule promulgated under the provisions of Section 3(b) of the 1933 Act, or to an order entered thereunder, within five (5) years prior to the date of this Agreement; and

(26) Securities Law Compliance. The General Partner has or will have timely complied with all applicable federal and state securities laws in connection with the offer and sale of interests in the Partnership to the Limited Partner;

(b) Representations Pertaining to Tenant Leases and Service Contracts.

(1) Leases. To the best of the General Partner's knowledge, there are no leases, occupancies or tenancies in effect pertaining to the Property or the Project, except for the Tenant Leases, and there are no material oral agreements with anyone, including tenants, with respect to the occupancy of the Property or the Project, except as may be shown by the Rent Roll. No Tenant Lease has been modified, amended or altered in writing or otherwise, and no material concessions, abatements or adjustments have been granted to any tenant, except as set forth on the Rent Roll. The Rent Roll is substantially true and complete in all material respects;

To the best of General Partner's knowledge, the Tenant Leases have been duly authorized and executed, by the landlord and tenant thereunder. The Tenant Leases are in full force and effect strictly according to the terms set forth therein. There are no uncured defaults under such Tenant Leases, and no tenant has asserted, or has any defense to, offsets or claims against rent payable, or obligations under its Tenant Lease except as shown on the Rent Roll.

All of the landlord's obligations under the Tenant Leases which accrued prior to the date of this Agreement have been performed. Neither the Partnership nor the General Partner have made any representations to tenants regarding the condition of the premises covered by any Tenant Lease or the compliance of the premises with any applicable Governmental Regulations, except as expressly set forth in the Tenant Leases. All of the Improvements to be constructed by the Partnership, if any, contemplated under the Tenant Leases have been completed as so required. The Partnership has not at any time granted any material concessions to any tenant not disclosed in the Rent Roll. Neither the Partnership's interest in the Tenant Leases nor any of the rentals due or to become due under the Tenant Leases has been assigned, encumbered or subject to any liens, other than liens held by the holders of the Permanent Financing; and

(2) Service and Maintenance Contracts.

There are no service or maintenance contracts, warranties, guarantees or bonds (whether oral or written) which materially adversely affect or will materially adversely affect or which are or will be obligations of the Partnership or the Property, other than the Service Contracts. Except as set forth on the list of Service Contracts, all of the Service Contracts may be terminated without penalty or other payment on thirty (30) days or less notice. There is no current material default or breach under the terms and provisions of any of the Service Contracts; and the Service Contracts have not been, and will not be, amended or modified except as indicated herein; and

(c) General Representation. No representation, warranty or statement of the General Partner in this Agreement or in any document, certificate or schedule furnished or to be furnished to the Limited Partner pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

22. MISCELLANEOUS.

(a) General Partner's Obligations and Rights.

Any obligation of a General Partner described in this Agreement shall apply to and be enforceable against the General Partner, and the General Partner shall be jointly and severally liable for any obligation to the Partnership or the Limited Partner described in this Agreement.

(b) Applicable Law. This Agreement shall, in all respects, be governed by the laws of the State of Rhode Island, without regard to conflicts of law principles.

(c) Severability. Nothing contained herein shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provisions contained herein and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail; but the provision of

this Agreement which is affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any provision of this Agreement shall be held to be invalid, the same shall not affect the validity, legality or enforceability of the remainder of this Agreement.

(d) Further Assurances. Each of the parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder to carry out the intent of the parties hereto.

(e) Successors and Assigns. All of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(f) Number and Gender. In this Agreement, the masculine, feminine or neuter gender, and the singular or plural number, shall each be deemed to include the others whenever the context so requires.

(g) Paragraph References. In this Agreement, unless otherwise specifically indicated, any reference to a Paragraph by number shall mean that corresponding paragraph in this Agreement.

(h) Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties with respect to its subject matter and any and all prior agreements, understandings or representations with respect to its subject matter are hereby terminated and cancelled in their entirety and are of no further force or effect.

(i) Non-Waiver. No waiver by any party hereto of any breach of this Agreement or any provision hereof shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision hereof.

(j) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(k) Full Authority. Each of the parties and signatories to this Agreement has the full right, power, legal capacity and authority to enter into and perform the parties' respective obligations hereunder, and no approvals or consents of any other person are necessary in connection therewith.

(l) Captions. The captions appearing at the commencement of the paragraphs hereof are descriptive only and for convenience in reference. Should there be any conflict between any such caption and the paragraph at the head of which it

appears, the paragraph and not such caption shall control and govern in the construction of this Agreement.

(m) Expenses. Except for the Legal Fee Amount as described in Paragraph 6(b)(1), the Limited Partner shall pay its own costs, legal fees, accounting fees, and any other expenses incurred or to be incurred by the Limited Partner in negotiating and preparing this Agreement and closing and carrying out the transactions contemplated by this Agreement.

(n) Exhibits. All exhibits attached hereto are hereby incorporated by reference.

(o) Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over or against any party to this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first hereinabove mentioned.

GENERAL PARTNER:

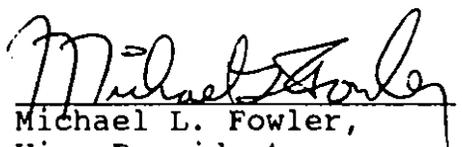
PROPERTY ADVISORY GROUP, INC.,
a Rhode Island corporation

By: 
Robert R. Gaudreau,
Vice President

LIMITED PARTNER:

BROAD HOUSING FUND LXV, A
CALIFORNIA LIMITED PARTNERSHIP

By: Broad Inc.,
a Maryland corporation,
General Partner

By: 
Michael L. Fowler,
Vice President

STATE OF RHODE ISLAND)
COUNTY OF Providence) ss.

on September 30 1992, before me, the undersigned,
a Notary Public in and for said State, personally appeared _____
Robert R. Gaudreau,

personally known to me; or

proved to me on the basis of satisfactory evidence;

to be the person who executed within the instrument as President of
Property Advisory Group, Inc., a Rhode Island corporation, the
corporation that executed the within instrument as General Partner, and
acknowledged to me that said corporation executed the within instrument
pursuant to its Bylaws or a Resolution of its Board of Directors.

WITNESS my hand and official seal.

Lisa E. Vincenzo
Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

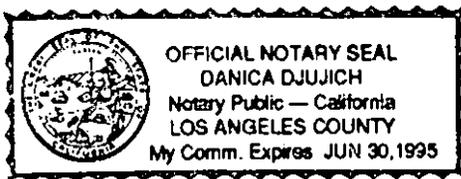
On September 29, 1992, before me, the undersigned, a Notary Public in and for said State, personally appeared Michael L. Fowler,

personally known to me; or

proved to me on the basis of satisfactory evidence;

to be the person who executed the within instrument as Vice President of Broad Inc., a Maryland corporation, the corporation that executed the within instrument as general partner of Broad Housing Fund LXV, A California Limited Partnership, the limited partnership that executed the within instrument, and acknowledged to me that said corporation executed the within instrument pursuant to its Bylaws or a Resolution of its Board of Directors or Executive Committee of the Board of Directors as the general partner of Broad Housing Fund LXV, A California Limited Partnership, and that such partnership executed the same.

WITNESS my hand and official seal.



Danica Djujich
Notary Public

PHEBE STREET ASSOCIATES L.P.

EXHIBIT "A"

Developer's Note

Developer's Note

\$41,450

Los Angeles, California
September 28, 1992

FOR VALUE RECEIVED, PHEBE STREET ASSOCIATES L.P., a Rhode Island limited partnership (the "Payor"), hereby promises to pay to Property Advisory Group, Inc., a Rhode Island corporation (the "Payee") the principal amount of Forty-One Thousand Four Hundred Fifty Dollars (\$41,450), together with interest, in accordance with the terms and conditions set forth below.

1. Definitions.

This Developer's Note (this "Note") evidences the obligation of the Payor to the Payee for the payment of a fee for the development of the Property and the Project. Capitalized terms used in this Note shall have the same meaning given to those terms in the Amended and Restated Agreement and Certificate of Limited Partnership of Phebe Street Associates L.P., a Rhode Island limited partnership, of even date herewith (the "Partnership Agreement").

2. Interest Rate.

This Note shall bear interest, compounded monthly, at the Long Term Applicable Federal Rate as defined in the Code determined as of the date of the Limited Partner's First Additional Capital Contribution (the "Effective Date").

3. Payments of Principal and Interest.

(a) On each Payment Date, the Payor shall pay to the Payee (up to the remaining balance due hereunder) an amount equal to fifty percent (50%) of Cash From Operations.

(b) Upon the receipt of proceeds from a Capital Event, the Payor shall pay to the Payee (up to the remaining balance due hereunder) an amount equal to fifty percent (50%) of Cash From Capital Event.

(c) All payments shall first be applied to all accrued and unpaid interest due, and the balance shall be applied to principal. Notwithstanding the provisions of Paragraphs 3(a) and 3(b), the payments described in Paragraphs 3(a) and 3(b) shall be reduced by payments to Broad Housing Fund LXV, A California Limited Partnership ("Broad") pursuant to the Offset Payment Agreement, of even date herewith, among Broad, the Payor and the Payee.

(d) Any outstanding principal, together with any accrued and unpaid interest, shall be payable upon the earlier of (i) dissolution of the Partnership in accordance with the provisions of Paragraph 12(c) of the Partnership Agreement or (ii) the date which is thirty (30) years after the date of this Note. If at maturity the assets of the Partnership or if on dissolution the proceeds resulting

from the dissolution of the Partnership are insufficient to pay the full principal balance due under this Note, any remaining unpaid principal balance shall be paid by Broad pursuant to the terms of the Assumption Agreement, of even date herewith, among Broad, the Payor and the Payee.

4. Adjustments to Principal.

(a) The principal amount of this Note shall be increased by an amount equal to the amount of any distribution to Broad of the Unpaid Tax Credit Shortfall, or portion thereof, made to Broad pursuant to Paragraphs 8(a)(1)(iii) or 8(b)(2)(i) of the Partnership Agreement; provided, however, the principal amount of this Note shall not be increased by the portion of such distributions applied to interest accrued on the Unpaid Tax Credit Shortfall.

(b) The principal amount of this Note shall be increased by an amount equal to the Permanent Loan Shortfall, if any, pursuant to Paragraph 5(ah) of the Partnership Agreement.

(c) On each Payment Date, the principal amount of this Note shall be reduced by an amount equal to the excess of the Tax Credit Shortfall over twenty-five percent (25%) of Cash From Operations for the immediately preceding Fiscal Year of the Partnership.

5. Assignment of Note.

In the event of any default in the General Partner's obligations under the Partnership Agreement (a) to provide any of the Operating Deficit Loans required pursuant to Paragraph 10(i); (b) to provide the Rental Achievement Guaranty pursuant to Paragraph 10(j); or (c) to pay the Permanent Loan Shortfall as required by Paragraph 5(ah); the remaining balance under this Note shall be assigned to Broad, without any action on the part of the Payee, and shall be paid to Broad pursuant to the Offset Payment Agreement. Such assignment shall satisfy in full all principal and interest due on this Note.

6. Miscellaneous.

(a) This Note is payable in the lawful money of the United States at the principal office of the Payee, 4 Cathedral Square, Suite 1G, Providence, Rhode Island 02903, or at such other place as the Payee shall designate in writing to the Payor. Daily interest shall be calculated on the basis of a three hundred sixty (360) day year and the actual number of days elapsed.

(b) In the event of any dispute between the parties hereto regarding the terms and conditions of this Note, the prevailing party shall be entitled to an award of its attorney's fees and court costs actually incurred in connection with such dispute.

(c) This Note shall be construed and enforced in accordance with the laws of the State of California.

(d) This Note is non-negotiable.

(e) This Note shall be binding on successors and assigns.

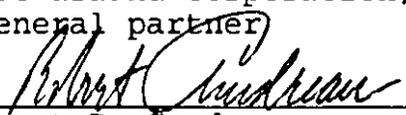
(f) The payment obligation represented by this Note shall vest, and this Note shall begin to bear interest, on the Effective Date.

(g) The Payee shall have no recourse against any Partner of the Partnership (except pursuant to an Assumption Agreement between the Payor, the Payee and Broad, in the form of Exhibit "A-2" attached to the Partnership Agreement), for principal amounts due pursuant to the terms of this Note.

IN WITNESS WHEREOF, the Payor has executed this Developer's Note on the date first above written.

PHEBE STREET ASSOCIATES L.P.,
a Rhode Island partnership

By: Property Advisory Group, Inc.,
a Rhode Island corporation,
its general partner

By: 

Robert R. Gaudreau
Vice President

PHEBE STREET ASSOCIATES L.P.

EXHIBIT "A-1"

Offset Payment Agreement

Offset Payment Agreement

THIS OFFSET PAYMENT AGREEMENT (this "Offset Payment Agreement") is entered into on September 28, 1992 by and among PHEBE STREET ASSOCIATES L.P., a Rhode Island limited partnership (the "Partnership") and BROAD HOUSING FUND LXV, A CALIFORNIA LIMITED PARTNERSHIP ("Broad"), PROPERTY ADVISORY GROUP, INC., a Rhode Island corporation (collectively the "Company"), with reference to the following facts:

A. Broad was admitted as a limited partner to the Partnership on the date hereof.

B. Under the terms of the Amended and Restated Agreement and Certificate of Limited Partnership of the Partnership, of even date herewith (the "Partnership Agreement"), Company shall receive payments pursuant to the terms of the Developer's Note. Capitalized terms used in this Offset Payment Agreement which are not specifically defined in this Offset Payment Agreement shall have the meaning given to those terms in the Partnership Agreement.

C. Under certain conditions, as more particularly described in the Developer's Note, the Partnership is entitled to offset payments due to Company under the Developer's Note by making payments to Broad under the terms of this Offset Payment Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

1. Offset for Unpaid Tax Credit Shortfall.

On the due date for any payment under the Developer's Note, the Partnership shall pay to Broad instead of to Company an amount equal to the lesser of (i) the Unpaid Tax Credit Shortfall (as determined after the adjustments described in clause (1) of the third sentence of Paragraph 5(aq) of the Partnership Agreement, but before the adjustments described in clause (2) of the same sentence), or (ii) the payment then due under the Developer's Note.

2. Offset in Event of General Partner Default Under Partnership Agreement.

In the event the Developer's Note is assigned to Broad pursuant to the terms and provisions of Paragraph 5 thereof, the remaining balance (principal and interest) due under the Developer's Note as of the date of such assignment shall be added to the Unpaid Tax Credit Shortfall on the same date. Thereafter, payments will continue to be made to Broad pursuant to Paragraph 1 above as though the Developer's Note had not been assigned to Broad and remained in full force and effect and payable to Company.

3. Miscellaneous.

(a) Payments under this Offset Payment Agreement are payable in the lawful money of the United States at 11601 Wilshire Boulevard, 11th Floor, Los Angeles, California 90025, or at such other place as Broad shall designate in writing to the Partnership.

(b) In the event of any dispute between the parties hereto regarding the terms and conditions of this Offset Payment Agreement, the prevailing party shall be entitled to an award of its attorney's fees and court costs actually incurred in connection with such dispute.

(c) This Offset Payment Agreement shall be construed and enforced in accordance with the laws of the State of California.

(d) This Offset Payment Agreement shall be binding on successors and assigns.

(e) This Offset Payment Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(f) This Offset Payment Agreement shall be effective on the Effective Date as defined in the Developer's Note.

IN WITNESS WHEREOF this Offset Payment Agreement is entered into on the date first above written.

COMPANY:

PROPERTY ADVISORY GROUP, INC.,
a Rhode Island corporation

By:

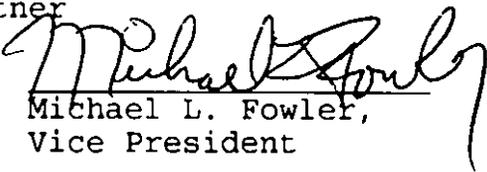

Robert R. Gaudreau,
Vice President

BROAD:

BROAD HOUSING FUND LXV,
A CALIFORNIA LIMITED PARTNERSHIP

By: Broad Inc., a Maryland
corporation, its general
partner

By:


Michael L. Fowler,
Vice President

THE PARTNERSHIP:

PHEBE STREET ASSOCIATES L.P.,
a Rhode Island limited partnership

By: PROPERTY ADVISORY GROUP,
INC., a Rhode Island
corporation, its general
partner

By:


Robert R. Gaudreau,
Vice President

PHEBE STREET ASSOCIATES L.P.

EXHIBIT "A-2"

Assumption Agreement

ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT (this "Assumption Agreement") is made on September 28, 1992, by and among PROPERTY ADVISORY GROUP, INC., a Rhode Island corporation ("Lender"), PHEBE STREET ASSOCIATES L.P., a California limited partnership ("Borrower"), and BROAD HOUSING FUND LXV, A CALIFORNIA LIMITED PARTNERSHIP ("Assuming Party"), with reference to the following facts:

A. Concurrently with executing this Assumption Agreement, Borrower is executing to the order of Lender a Developer's Note, of even date herewith, in the principal amount of Forty-One Thousand Four Hundred Fifty Dollars (\$41,450) (the "Developer's Note"), evidencing Borrower's obligation to pay to Lender certain amounts as determined thereunder. Capitalized terms not defined in this Assumption Agreement shall have the meaning given to those terms in the Amended and Restated Agreement and Certificate of Limited Partnership of Phebe Street Associates L.P., a Rhode Island limited partnership, of even date herewith (the "Partnership Agreement").

B. Assuming Party is the limited partner of Borrower.

C. The parties hereto desire that Assuming Party assume and become fully liable to perform Borrower's obligation to make principal payments, but not interest payments, due under the Developer's Note for purposes of Section 752 of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, the parties hereto agree as follows:

1. Assumption of Obligation. The Assuming Party hereby assumes and agrees on terms and conditions hereof to be fully liable to Lender with respect to Borrower's obligations to make payments of principal, if any, required under the Developer's Note. Borrower shall remain solely obligated to pay any interest due Lender under the Developer's Note. If at maturity of the Developer's Note (if the maturity is due to an event other than dissolution of the Partnership) the assets of the Partnership, or if upon dissolution of the Partnership the proceeds resulting from the dissolution of the Partnership, are insufficient to pay the full principal balance due under the Developer's Note, any remaining unpaid principal balance shall be paid by the Assuming Party pursuant to this Assumption Agreement.

2. Direct Enforcement. Lender may enforce its rights against the Assuming Party pursuant to Paragraph 1 hereof directly, without any obligation to proceed against Borrower.

3. No Recovery. In the event the Assuming Party is required to make any principal payments to Lender pursuant to this Assumption Agreement, the Assuming Party shall have no right to recover any payments from Borrower. The Assuming Party's only rights with respect to the Borrower shall be set forth in the Partnership Agreement.

4. Transfers. In the event the Assuming Party transfers all or any portion of its interest in Borrower, the provisions of this Assumption Agreement shall not be binding upon its transferees, and the Assuming Party and its general partner, jointly and severally, shall continue to be fully liable hereunder to Lender with respect to Borrower's obligations to make principal payments, if any, required under the Developer's Note.

5. Miscellaneous.

(a) In the event of any dispute between the parties hereto regarding the terms and conditions of this Assumption Agreement, the prevailing party shall be entitled to an award of its attorney's fees and court costs actually incurred in connection with such dispute.

(b) This Assumption Agreement shall be construed and enforced in accordance with the laws of the State of California.

(c) This Assumption Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(d) This Assumption Agreement shall be effective on the Effective Date as defined in the Developer's Note.

IN WITNESS WHEREOF, the parties hereto have entered into this Assumption Agreement on the date first above set forth.

LENDER:

PROPERTY ADVISORY GROUP, INC.,
a Rhode Island corporation

By: 
Robert R. Gaudreau,
Vice President

ASSUMING PARTY:

BROAD HOUSING FUND LXV,
A CALIFORNIA LIMITED PARTNERSHIP

By: Broad Inc., a
Maryland corporation,
its general partner

By: 
Michael L. Fowler,
Vice President

THE PARTNERSHIP:

PHEBE STREET ASSOCIATES L.P.,
a Rhode Island limited partnership

By: Property Advisory Group,
Inc., a Rhode Island
corporation, its general
partner

By: 
Robert R. Gaudreau,
Vice President

EXHIBIT "B"

Description of Property

Marc N.



Nyberg Associates, Inc.
Land Surveyors & Consulting Engineers

EXHIBIT B

August 10, 1992

Description of Land for
the Property Advisory Group
Arbor Glen Apartments

Parcel 1

A certain lot or parcel of land with all the buildings and improvements thereon, situated on the southerly side of General Street and the southeasterly side of Middle Drive, in the City of Providence, County of Providence, State of Rhode Island, as shown on that plan entitled "Plan of Arbor Glen Apartments, Providence, Rhode Island, August, 1992, Scale: 1 inch equals 40 feet" by Marc N. Nyberg Associates, Inc., more particularly bounded and described as follows:-

Beginning at a point in the southerly line of said General Street, said point being the most northwesterly corner of the parcel hereby described;-

thence: S 77° - 58' - 19" E, two hundred ten and thirty five one hundredths (210.35) feet to a point of curvature, the last line bounding northerly on said General Street;-

thence: Following a curve to the right, said curve having a central angle of 115° - 09' - 25", a radius of thirteen and six one hundredths (13.06) feet, for a distance of twenty six and twenty five one hundredths (26.25) feet to a point of tangency;-

thence: S 37° - 11' - 06" W, five hundred seventy eight and ninety four one hundredths (578.94) feet to a point of curvature;-

thence: Following a curve to the right, said curve having a central angle of 180°, a radius of ninety and zero one hundredths (90.00) feet, for a distance of two hundred eighty two and seventy four one hundredths (282.74) feet to a point of tangency, the last three lines bounding in part by the abandoned East Drive and in part by Middle Drive;-

thence: N 37° - 11' - 06" E, three hundred eighty six and thirty five one hundredths (386.35) feet to a point of curvature;-

thence: Following a curve to the left, said curve having a central angle of 25° - 09' - 25", a radius of one hundred twelve and zero one hundredths (112.00) feet, a distance of forty nine and eighteen one hundredths (49.18) feet to a point of tangency;-

Description of Parcel 1 continued,

thence: N 12° - 01' - 41" E, fifty six and eighty one one hundredths (56.81) feet to a point of curvature;-

thence: Following a curve to the right, said curve having a central angle of 90° - 00' - 00", a radius of twelve and zero one hundredths (12.00) feet, for a distance of eighteen and eighty five one hundredths (18.85) feet to the point and place of beginning, the last four lines bounding northwesterly on said Middle Drive;-

Said parcel contains 115,009 square feet or 2.64 acres.

Parcel 2

Beginning at a point in the southerly line of General Street, said point being the most northwesterly corner of the parcel hereby described;-

thence: S 77° - 58' - 19" E, one hundred fifty five and eighty one one hundredths (155.81) feet to a point of curvature, the last line bounding northerly on said General Street;-

thence: Following a curve to the right, said curve having a central angle of 115° - 09' - 25", a radius of seventeen and fourteen one hundredths (17.14) feet, for a distance of thirty four and forty five one hundredths (34.45) feet to a point on the northwesterly side of Phebe Street;-

thence: S 37° - 11' - 06" W, eight hundred thirty five and forty one one hundredths (835.41) feet to a point of curvature, the last line bounding southeasterly on said Phebe Street;-

thence: Following a curve to the right, said curve having a central angle of 55° - 58' - 43", a radius of thirty one and sixty one one hundredths (31.61) feet, for a distance of thirty and eighty eight one hundredths (30.88) feet to a point of tangency on the northerly side of South Lane;-

thence: N 86° - 50' - 11" W, one hundred eighty two and sixty nine one hundredths (182.69) feet to a point of curvature, the last line bounding southerly on said South Lane;-

thence: Following a non-tangent curve to the right, said curve having a central angle of 47° - 18' - 55", a radius of twenty four and zero one hundredths (24.00) feet, for a distance of nineteen and eighty two one hundredths (19.82) feet to a point of compound curvature;-

thence: Following a non-tangent curve to the right, said curve having a central angle of 07° - 28' - 15", a radius of eight hundred twenty six and fifty two one hundredths (826.52) feet, for a distance of one hundred seven and seventy seven one hundredths (107.77) feet to a point of tangency;-

thence: N 32° - 04' - 04" W, eighty four and forty four one hundredths (84.44) feet to the point of curvature, the last three lines bounding southwesterly on Admiral street;-

Description of Parcel 2 continued,

- thence: Following a curve to the right, said curve having a central angle of $90^{\circ} - 00' - 00''$, a radius of twelve and zero one hundredths (12.00) feet, for a distance of eighteen and eighty five one hundredths (18.85) feet to a point of tangency;-
- thence: N $57^{\circ} - 55' - 56''$ E, twenty three and thirty three one hundredths (23.33) feet to a point of curvature, the last two lines bounding northwesterly on Middle Drive;-
- thence: Following a curve to the right, said curve having a central angle of $56^{\circ} - 43' - 56''$, a radius of one hundred twenty four and thirty one hundredths (124.30) feet, for a distance of one hundred twenty three and eight one hundredths (123.08) feet to a point a reverse curvature;-
- thence: Following a curve to the left, said curve having a central angle of $77^{\circ} - 28' - 46''$, a radius of one hundred twenty two and zero one hundredths (122.00) feet, for a distance of one hundred sixty four and ninety eight one hundredths (164.98) feet to a point of tangency;-
- thence: N $37^{\circ} - 11' - 06''$ E, five hundred ninety eight and thirty five one hundredths (598.35) feet to a point of curvature;-
- thence: Following a curve to the right, said curve having a central angle of $64^{\circ} - 50' - 35''$, a radius of twenty five and forty eight one hundredths (25.48) feet, for a distance of twenty eight and eighty four one hundredths (28.84) feet to the point and place of beginning, the last four lines bounding northerly and northwesterly on the abandoned East Drive or Parcel 4 of the this described premises;-

Said parcel contains 189,679 square feet or 4.35 acres.

Parcel 3

- Beginning at a point in the northeasterly line of Admiral Street, said point being the most southwesterly corner of the parcel hereby described;-

- thence: Northwesterly, following a curve to the right, said curve having a central angle of $138^{\circ} - 49' - 54''$, a radius of twelve and fifty five one hundredths (12.55) feet, for a distance of thirty and forty one hundredths (30.40) feet to a point of tangency;-
- thence: S $86^{\circ} - 50' - 11''$ E, ninety eight and eighty five one hundredths (98.85) feet to a point of curvature;-
- thence: Following a curve to the right, said curve having a central angle of $124^{\circ} - 01' - 17''$, a radius of thirteen and twenty seven one hundredths (13.27) feet, for a distance of twenty eight and seventy two one hundredths (28.72) feet to a point of tangency, the last three lines bounding northerly on said South Lane;-
- thence: S $37^{\circ} - 11' - 06''$ W, fifty eight and seven one hundredths (58.07) feet to a point of curvature;-

Description of Parcel 3 continued,

- thence: Following a curve to the right, said curve having a central angle of $96^{\circ} - 57' - 00''$, a radius of eighteen and fifty four one hundredths (18.54) feet, for a distance of thirty one and thirty seven one hundredths (31.37) feet to a point of tangency, the last two lines bounding southerly on said Phebe Street;-
- thence: N $45^{\circ} - 51' - 54''$ W, seventy four and twenty six one hundredths (74.26) feet to a point of curvature, the last two lines bounding southwesterly on Admiral Street;-
- thence: Northwesterly, following a curve to the right, said curve having a central angle of $00^{\circ} - 11' - 11''$, a radius of eight hundred twenty six and fifty two one hundredths (826.52) feet, for a distance of two and eighty four one hundredths (2.84) feet to the point and place of beginning;-

Said parcel contains 6,314 square feet or 0.14 acres.

Parcel 4
Formerly East Drive

Beginning a point in the southerly line of General Street at the most northeasterly corner of the parcel hereby described;-

- thence: Southwesterly, following a curve to the left, said curve having a central angle of $64^{\circ} - 50' - 35''$, a radius of twenty five and forty eight one hundredths (25.48) feet, for a distance of twenty eight and eighty four one hundredths (28.84) feet;-
- thence: S $37^{\circ} - 11' - 06''$ W, five hundred ninety eight and thirty five one hundredths (598.35) feet to a point of curvature;-
- thence: Following a curve to the right, said curve having a central angle of $77^{\circ} - 28' - 46''$, a radius of one hundred twenty two and zero one hundredths (122.00) feet, for a distance of one hundred sixty four and ninety eight one hundredths (164.98) feet to a point of reverse-curvature;-
- thence: Following a curve to the left, said curve having a central angle of $56^{\circ} - 43' - 56''$, a radius of one hundred twenty four and thirty one hundredths (124.30) feet, for a distance of one hundred twenty three and eight one hundredths (123.08) feet to a point of tangency;-
- thence: Northerly, following a curve to the left, said curve having a central angle of $52^{\circ} - 22' - 11''$, a radius of one hundred seventy and zero one hundredths (170.00) feet, for a distance of one hundred fifty five and thirty eight one hundredths (155.38) feet to a point of tangency;-
- thence: Southeasterly, following a curve to the left, said curve having a central angle of $148^{\circ} - 30' - 04''$, a radius of ninety and zero one hundredths (90.00) feet, for a distance of two hundred thirty three and twenty seven one hundredths (233.27) feet to a point of tangency;-
- thence: N $37^{\circ} - 11' - 06''$ E, five hundred seventy eight and ninety four one hundredths (578.94) feet to a point of curvature;-

Description of Parcel 4 continued,

thence: Following a curve to the left, said curve having a central angle of $115^{\circ} - 09' - 25''$, a radius of thirteen and six one hundredths (13.06) feet, for a distance of twenty six and twenty five one hundredths (26.25) feet to a point of tangency in the southerly line of said General Street;-

thence: S $77^{\circ} - 58' - 19''$ E, seventy two and ten one hundredths (72.10) feet to the point and place of beginning, the last line bounding northerly on said General Street;-

Said parcel contains 28,578 square feet or 0.66 acres.

PHEBE STREET ASSOCIATES L.P.

EXHIBIT "C"

Sample Calculation of Unpaid Tax Credit Shortfall

Operation of Unpaid Tax Credit Shortfall

"SAMPLE"

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>
Cash from Operations	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00	\$80.00
Current Tax Credit Shortfall	\$125.00	\$75.00	\$15.00	\$60.00	\$0.00	\$55.00
Interest Earned on Unpaid Tax Credit Shortfall (10%)		\$6.50	\$8.65	\$5.02	\$5.52	\$0.07
Unpaid Tax Credit Shortfall		\$71.50	\$95.15	\$55.17	\$60.68	\$0.75
Total Interest Component of Unpaid Tax Credit Shortfall		\$6.50	\$15.15	\$5.02	\$10.53	\$0.07
<u>Incentive Management Fee:</u>						
Potential Incentive Management Fee	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Reduction for Current Tax Credit Shortfall	\$20.00	\$20.00	\$15.00	\$20.00	\$0.00	\$20.00
Reduction for Unpaid Tax Credit Shortfall	\$0.00	\$0.00	\$5.00	\$0.00	\$20.00	\$0.00
Actual Incentive Management Fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Distributed to Broad via Para. 8(a)(1)(ii) & (iii)	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Unpaid Tax Credit Shortfall after Adjustment for Incentive Management Fee	\$105.00	\$126.50	\$90.15	\$95.17	\$40.68	\$35.75
<u>Developer Fee Note:</u>						
Potential Developer Note Payment	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00
Paid to Broad via Offset Payment Agreement	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$35.75
Actual Developer Fee Note Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.25
Distributed to General Partner 1%, Broad 99%	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Unpaid Tax Credit Shortfall after Adjustment for Offset Payment Agreement	\$65.00	\$86.50	\$50.15	\$55.17	\$0.68	\$0.00
<u>Adjustment to Developer Fee Note Balance:</u>						
Normal Reduction of Developer Fee Note	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.25
Reduction for Excess Current Tax Credit Shortfall Increase in Developer Fee Note	\$105.00	\$55.00	\$0.00	\$40.00	\$0.00	\$35.00
Increase in Developer Fee Note	\$0.00	\$0.00	\$0.00	\$0.00	\$9.47	\$0.00

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OCT 7 2 15 PM '92

Rec'd & Filed OCT 02 1992

AMT #29
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Filing Fee: \$50.00

ID Number: 69306



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Office of the Secretary of State
Corporations Division
100 North Main Street
Providence, Rhode Island 02903-1335

LIMITED PARTNERSHIP

**CERTIFICATE OF AMENDMENT TO
CERTIFICATE OF LIMITED PARTNERSHIP
(To Be Filed In Duplicate Original)**

The undersigned, desiring to amend the Certificate of Limited Partnership under and by virtue of the power conferred by Section 7-13-9 of the General Laws, 1956, as amended, hereby execute the following Certificate of Amendment to the Certificate of Limited Partnership:

1. The name of the limited partnership is:

Phebe Street Associates L.P.

2. The date of filing of the Certificate of Limited Partnership is August 4, 1992

3. The Certificate of Limited Partnership (as previously amended on October 2, 1992)
(List dates of prior amendment(s), if applicable. If none, so state.)

is amended as follows:

[Insert amendment]

1) In the first paragraph of the Certificate, Property Advisory Group, Inc. is deleted as the General Partner, and Rhode Island Housing Development Corporation, with offices located at 44 Washington St., Providence, Rhode Island, 02903 is substituted as General Partner.

2) In paragraph numbered 2, the address of the Partnership is changed. The new address is: c/o RIHDC, 44 Washington St., Providence, RI 02903.

FILED

MAY 16 2002

By CL# 63 787012

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MAY 16 2002
PROVIDENCE, RI

4. This Certificate of Amendment is signed by at least one general partner and, if applicable, by each other general partner designated herein as a new general partner.

Under penalty of perjury, I/we declare and affirm that I/we have examined this Certificate of Amendment to the Certificate of Limited Partnership, including any accompanying attachments, and that all statements contained herein are true and correct.

Date: May 10, 2002

Phebe Street Associates, L.P.
Print Name of Limited Partnership

By Property Advisory Group, Inc.

By , Vice President

By _____

By Rhode Island Housing Development Corporation

By , Executive Director

69306

PHEBE STREET ASSOCIATES L. P.
LIMITED PARTNERSHIP AGREEMENT AND CERTIFICATE

THIS AGREEMENT OF LIMITED PARTNERSHIP, made as of the 10th day of October, 1991, by and between PROPERTY ADVISORY GROUP, INC. a Rhode Island Corporation, with an office at 95 Sockanosset Crossroad, Suite 307, Cranston, Rhode Island 02920, as General Partner, and JOHN B. BENTZ, of the same address, as a Limited Partner, and ROBERT R. GAUDREAU, of the same address, as a Limited Partner.

W I T N E S S E T H T H A T:

1. Formation. The parties hereto do agree to establish a limited partnership known as PHEBE STREET ASSOCIATES L. P. pursuant to the provisions of Chapter 13 of Title 7 ("Act") of the General Laws of Rhode Island, as amended.

2. Name and Office. The business of the partnership shall be conducted under the name PHEBE STREET ASSOCIATES L. P. (the "Partnership"). The principal office of the Partnership required by the Act shall be 95 Sockanosset Crossroad, Suite 307, Cranston, Rhode Island 02920, but the General Partner may at any time change the location of such principal office within the State of Rhode Island by giving due notice of such change to the Limited Partner and to the office of the Secretary of State of Rhode Island. The agent for service of process at that office shall be John B. Bentz.

3. Term. The Partnership shall commence on the date of the filing for record of the Certificate of Limited Partnership in the office of the Secretary of State of the State of Rhode Island, and shall continue until December 31, 2036 unless sooner terminated as hereinafter provided.

4. Purpose. The purpose of the Partnership shall be to acquire, repair, improve, maintain, operate, lease, dispose of and otherwise deal with the Project, in accordance with any applicable Regulations and provisions of this Agreement. The partnership shall not engage in any other business or activity. The Project is defined as "Arbor Glen Apartments", a One Hundred Forty-four (144) unit apartment complex located in Providence, Rhode Island.

5. (a) Authorized Acts. In furtherance of its purposes, but subject to all other provisions of this Agreement, the Partnership is authorized to:

5.1 purchase certain parcels of real estate with or without improvements located in Providence, Rhode Island, see Attachment A;

5.2 acquire by purchase, lease or otherwise any real or personal property (including complete residential structures) which may be necessary, convenient or incidental to the accomplishment of the purposes of the partnership;

5.3 construct, renovate, relocate, rehabilitate, operate, maintain, finance, improve, and 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;

5.4 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;

5.5 prepay in whole or in part, refinance, recast, increase, modify or extend any mortgage affecting the Project, provided, HUD and/or RIHMFC delivers written approval, if applicable;

5.6 enter into, perform and carry out contracts of any kind in connection with, or incident to the accomplishment of the purposes of the Partnership, specifically including, but not limited to, the execution and delivery of a Regulatory Agreement, if applicable, Mortgage Note, Mortgage Deed, Housing Assistance Payment Contract and all other agreements, certificates, instruments or documents required in connection with the purchase, maintenance and operation of the Project or otherwise required by such agencies in connection with the Project;

5.7 execute leases of some or all of the apartments and facilities of the Project to a public housing authority and/or to a non-profit corporation, cooperative or other non-profit entity; and

5.8 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 of Rhode Island.

(a) Approval for Authorized Acts. All actions taken that are within the purposes of the Partnership shall be approved in writing by the General Partner, and all documents and/or agreements in furtherance thereof shall be executed by the General Partner (hereby empowered to do so) on behalf of the Partnership.

6. Capital Contributions of the General Partner and Limited Partners.

(a) The capital contributions of the General Partner and the Limited Partners to the Partnership capital and their respective participation in the Partnership profits and losses are as follows:

<u>Partner's Name</u>	<u>Contribution</u>	<u>Percentage Interest</u>
PROPERTY ADVISORY GROUP, INC.	\$ 100.00	1%
John B. Bentz	\$ 200.00	49.5%
Robert R. Gaudreau	\$ 200.00	49.5%

(b) The Partners agree that they may contribute such additional capital as may be required to accomplish the purposes of the Partnership in such amounts and on such terms as all the Partners may agree upon.

(c) The Partners shall have the right to admit any number of new partners provided that all Partners agree to remain in compliance with regulations of the Mortgagee.

7. Income, Losses and Cash Proceeds. The net income of the Partnership, and any net losses shall be borne by, each of the partners in the respective

proportions set forth in Section 6 hereof. The term "net income" and "net losses" as used herein shall mean the income and losses of the Partnership from the operation and management of the Partnership's property after all operation expenses incurred in connection with the Partnership business and all interest on all Partnership mortgages and other indebtedness have been paid or provided for, and after making an allowance for amortization or depreciation of the cost of any property of the Partnership.

8. Distribution of Available Net Income/Distribution of Other Income. As used in this Agreement, the term "available net income" for any year shall mean the excess, if any, of (a) net income of the Partnership for such year (adjusted to eliminate deductions for depreciation and other non-cash items), over (b) all amounts paid or accrued in such year on account of the principal on mortgages and other indebtedness and expenses of the Partnership. The available net income of the Partnership for each fiscal year shall be distributed to the partners within a reasonable time after the end of such year; provided, however, that the amount of the available net income of the Partnership which may be so distributed for any fiscal year shall not exceed the maximum amount allowed by the mortgagee or other lender and/or HUD; the right to such distribution shall be cumulative.

9. Losses of Limited Partners. Notwithstanding anything to the contrary herein contained, the liability of the Limited Partners for payment of any losses of the Partnership shall in no event exceed his, her or its contribution to the capital of the Partnership. For purposes of Partnership accounting, however, all Partnership losses shall be charged against the capital accounts of the General and Limited Partners in the ratios set forth in paragraph 6, and shall a negative balance appear in the capital account of a Partner, such negative balance shall be offset by any future net income of the Partnership allocable to said Partner.

10. Advances.

10.1 If any Partner shall advance any monies to the Partnership in excess

of his, her or its agreed capital contribution to the Partnership expressly provided for herein, the amount of any such advance shall not be an increase of its capital contribution or entitle it to any increase in its share of the distribution of the Partnership, nor subject to any greater portion of any losses which it may sustain; but the amount of any such advances shall be a debt due from the Partnership to such partner under the terms of Section 10.2 hereof.

10.2 The General Partner, may loan to the Partnership, from time to time, such amounts as may be required for the purpose of accomplishing the purposes of the Partnership in such amounts and on such terms as agreed to be all the Partners. All such loans made by the General Partner pursuant to the provisions of this Section shall be repaid to the General Partner, with interest, before any distribution pursuant to the terms of any other provision of this Agreement; the interest rate shall be the Fleet National Bank so-called "prime rate" as the same is adjusted from time to time.

11. Books and Records; Method of Accounting and Tax Elections.

11.1 At all times during the continuance of the Partnership, the General Partner shall keep or cause to be kept full and true books of account, in which shall be entered fully and accurately each transaction of the Partnership. The Partnership accountants shall be approved by the Limited Partners in writing.

11.2 All of said books of account shall at all times be maintained at the principal office of the Partnership or at any other location agreed to by the General Partner and shall be open to the inspection and examination of the partners or their representatives during reasonable business hours. Such books shall be kept on the basis of an annual accounting period beginning on January 1 of each year on the accrual basis.

11.3 Annual statements showing the Partnership profits and losses for the fiscal year and indicating the share of profit or loss of each partner for income tax purposes shall be prepared by the accountants of the Partnership and distributed within a reasonable time after the close of each fiscal year.

11.4 The General Partner shall have no authority to change the Partnership's methods of accounting and/or tax elections without the written consent of the majority of Limited Partners.

12. Bank Accounts. All funds of the Partnership are to be deposited in the Partnership name in such bank account or accounts as shall be designated by the General Partner. Withdrawals from any such bank account or accounts shall be made only in the regular course of the Partnership business and shall be made upon such signature or signatures as the General Partner may designate.

13. Management and Powers. The management and control of the Partnership business shall be exercised, and all decisions to be made by the Partnership shall in all cases be made as set forth in Section 5(b) of this Agreement. The Limited Partner may not exercise any voice or control in the management of the Partnership business or bind the Partnership in any way whatsoever except as is allowed by the Act.

14. Rights and Duties of Partners.

14.1 The General Partner shall devote to the Partnership such of his, her or its time and render such services as may be required for the efficient conduct of the business of the Partnership.

14.2 It is expressly understood that the General and Limited Partners may engage in any other business or investment, including the ownership of, or investment in, real estate and the operation and management of real estate, and neither the Partnership nor any of the partners hereof shall have any rights in and to said businesses or investments, or the income or profits derived therefrom.

14.3 The General Partner may employ, on behalf of the Partnership, such persons, firms or corporations as they, in their sole judgment, shall deem advisable in the operation and management of the business of the Partnership, including without limitation, such managing agents, accountants, attorneys, engineers, appraisers, and experts, on such terms and for such compensation as the General Partner in its discretion shall determine. The fact that the

General Partner is employed by the Partnership or directly or indirectly interested in or connected with any person, firm, or corporation employed by the Partnership to render or perform a service or from which or to whom the Partnership may buy, sell or lease merchandise or services or other property, including real property, shall not prohibit the General Partner from employing such person, firm or corporation or from dealing with him or it, and neither the Partnership nor the partners thereof shall have any rights in or to any income or profits derived therefrom.

14.4 The General Partner shall not be liable, responsible or accountable in damages or otherwise to any of the partners for any acts performed by it or them within the scope of the authority conferred on the General Partner by this Agreement or for its or their failure or refusal to perform any acts except those expressly required by the terms of this Agreement.

14.5 Except as otherwise expressly provided in this Agreement, no partner shall have the right to demand the return of his, her or its contribution to the capital of the Partnership or any part thereof, until the Partnership has been dissolved and terminated, and no partner other than cash in return for his, her or its contribution. Each partner expressly waives the right (if any) to bring an action in any court for partition of any real property owned by the Partnership.

15. Restrictions on Authority.

15.1 The Partners shall be bound by the terms of any HUD regulations, if applicable, regarding a Regulatory Agreement, Mortgage Note, Mortgage Deed, Housing Assistance Payments Contract and any other agreement, instruments or documents of the Partnership, but shall not be personally liable for the payment of all or any part of the indebtedness secured by any such Mortgage Note. Any incoming partner shall, as a condition of receiving any interest in the Partnership, agree to be so bound by the terms of any HUD regulations, if applicable, as stated above and required in connection with any loan to the same extent and on the same terms as the other partners. Upon any dissolution of the

Partnership, or any transfer of the property, no title or right to the possession and control of the property and no right to collect the rents therefrom shall pass to any person or entity who is not, or does not become, bound by any outstanding and applicable HUD regulations, if applicable, regarding the Project in a manner satisfactory to the then Secretary of HUD and any agreements entered into pursuant to such regulations shall be binding upon and shall govern the rights and obligations of the partners, and their respective successors and assigns so long as a HUD held and/or insured Note is outstanding and unpaid, and/or for the duration of any Housing Assistance Contracts, if applicable, including any extension thereof.

15.2 If applicable, as long as the Secretary of Housing and Urban Development or his successors or assigns, is the insurer or holder of the mortgage on Arbor Glen Apartments, no amendment to this PHEBE STREET ASSOCIATES L. P. Certificate and Agreement which results in any of the following shall be of force or effect without the prior written consent of HUD: (1) any amendment which modifies the duration of the partnership agreement; (2) any amendment which results in the requirement that a HUD prior participation certification be obtained for any additional party; and (3) any amendment which in any way impacts or affects the HUD mortgage or Regulatory Agreement.

16. Dissolution of the Sole General Partner.

16.1 In the event of the death, dissolution or bankruptcy of a General Partner, as a result of which there is no remaining General Partner, the business of the Partnership shall be dissolved unless it shall be continued by a substitute General Partner selected by a majority of the Limited Partners to replace the General Partner. In the event that a substitute General Partner is not obtained, the Partnership shall be dissolved on the 90th day after the occurrence of such event of death, dissolution or bankruptcy.

16.2 If the business of the Partnership shall be continued after the death, dissolution or bankruptcy of a General Partner, the status of the interest of the General Partner shall be changed to that of a Limited Partner,

subject to all of the terms and conditions of this Agreement, provided that the liability of such General Partner for liabilities incurred subsequent to said change of status, shall be limited to an amount equal to the share of such partner in the total net assets of the Partnership at the date that the interest of such partner became a limited partner interest hereunder. Said Partner's percentage interest may be reduced if a new general partner must be admitted.

17. Transferability of General and Limited Partnership Interest.

17.1 No General Partner shall retire or withdraw from the Partnership or transfer, sell, alienate, assign, encumber or otherwise dispose of all or any part of its interest in the Partnership, whether voluntary, involuntary or by operation of law, or at judicial sale or otherwise, or admit additional or successor General Partner without first obtaining the written consent of a majority of Limited Partners. The Limited Partners may sell or assign their limited partnership interests or portion thereof only as permitted by this Section 17.

17.2 The Limited Partners shall not have the right to substitute an assignee or transferee as a Limited Partner in its place. The General Partner shall, however, have the right to permit such assignee or transferee to become a Substitute Limited Partner in compliance with HUD and/or RIHMFC rules, if applicable, and regulations. Any such approved assignee or transferee shall, as a condition of becoming a Substitute Limited Partner, agree to be bound by the provisions of this Agreement, and shall also agree to accept such other terms and conditions as the General Partner in its sole discretion may require. Each substitute Limited Partner shall execute instruments as shall be required by the General Partner to signify its agreement to be bound by all provisions of this Agreement as last amended. Provided, however, nothing herein contained shall prevent the Limited Partner from assigning, transferring or bequeathing his interest as a Limited Partner to a member of his immediate family who is not a minor nor legally incompetent.

17.3 The General Partner is hereby individually constituted the attorney-in-fact of the Limited Partners to execute, acknowledge and deliver such instruments as may be necessary or appropriate to carry out the provisions of this Section 17, including amendments to the Limited Partnership Certificate required by the Act, business certificates and the like.

17.4 An assignee of the interest of a Limited Partner who does not become a Substitute Limited Partner as provided aforesaid, and who desires to make a further assignment of its interest shall be subject to all the provisions of this Section 17 to the same extent and in the same manner as a Limited Partner desiring to make an assignment of his interest.

18. Termination of Partnership. The Partnership shall terminate at the expiration of the term hereof, as set forth in Section 16 hereof, upon the sale of the whole of the real estate owned by the Partnership, or upon the consent of a majority of Limited Partners with the approval of the General Partner.

19. Gain, Loss and Distribution on Dissolution. Upon any dissolution or termination of the Partnership:

19.1 The General Partner shall prepare or cause to be prepared a statement setting forth the assets and liabilities of the Partnership as of the date of dissolution, and such statement shall be furnished to all the partners.

19.2 The assets of the Partnership shall be liquidated as promptly as possible, but in an orderly and businesslike manner so as not to involve undue loss.

19.3 For tax purposes, any gain realized, or loss incurred, by the Partnership upon the sale of its assets, shall be credited or charged to the partners (Limited and General), without priority, in the respective proportions set forth in Section 6 hereof.

19.4 The proceeds of sale and other assets of the Partnership shall be applied and distributed as follows, and in the following order or priority:

19.4.1 To the payment of all the mortgages, debts and liabilities of the Partnership (other than any loans or advances that may have been made by the partners to the Partnership) and the expenses of liquidation;

19.4.2 To the setting up of any reserves which the General Partner may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership. Said reserves may, in the discretion of the General Partner, be paid over to an escrowee for the purpose of disbursing such reserves in payment of any of the aforementioned contingencies, and at the expiration of such period as the General Partner shall deem advisable, to distribute the balance thereafter remaining in the manner hereinafter provided;

19.4.3 To the repayment of any loans or advances that may have been made by the partners to the Partnership but if the amount available for such repayment shall be insufficient, then pro rata on account thereof;

19.4.4 To the return of the amount of the capital contribution made by the partners;

19.4.5 To the Limited Partners 50% of remaining funds and to the General Partner 50% of remaining funds.

19.5 In the event of a liquidating distribution of the Partnership's property in kind, the fair market value of such property shall be determined by averaging the appraisals of two appraisers selected from the membership of the Rhode Island Real Estate Board or any other comparable body mutually agreed to by the partners, and each partner shall receive an undivided interest in such property equal to the portion of the proceeds to which it would be entitled under Section 19.4.3 through 19.4.5 if such property were sold.

20. Further Assurances. Each party to this Agreement agrees to execute, acknowledge, deliver, file, record and publish such further certificates, amendments of certificates, instruments and documents, and to do all such further acts and things, as may be required by law, or as may, in the opinion of the General Partner, be necessary or advisable to carry out the intents and purposes of this Agreement under the provisions hereof.

21. Notices. Unless otherwise specified in this Agreement, all notices, demands, requests or other communications which any of the parties to this

Agreement may desire or be required to give hereunder shall be in writing and shall be given by mailing the same by certified first-class mail, postage prepaid, to the partners at the addresses herein set forth and to the Partnership at its principal office. Notices given in compliance with the provisions of this Section 21 shall be deemed given when placed in the mails.

22. Applicable Law. This Agreement is made in the State of Rhode Island pursuant to the provisions of the laws of such State affecting partnerships, and shall be construed accordingly.

23. Captions. All section titles or captions contained in this Agreement and the table of contents, if any, are for convenience only and shall not be deemed a part of this Agreement.

24. Variations in Pronouns; Singular or Plural. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons or entity or entities may require. The singular shall include the plural where the context requires.

25. Terms. The term "person" shall include individuals, firms, corporations, trustees, fiduciaries, and all other entities.

26. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective heirs, successors and assigns and shall inure to the benefit of the parties hereof, and except as otherwise provided herein, their respective heirs, successors and assigns.

27. Amendments. This Agreement and Certificate of Limited Partnership may be amended at any time (upon prior approval of HUD and/or RIHMFC, if applicable) in accordance with the provisions hereof.

28. Miscellaneous Provisions. In the event of any conflict between the terms of this Limited Partnership Agreement and the Regulatory Agreement, the Regulatory Agreement shall take precedence.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the day and year first above written.

Witness:

Donna L Lewis

GENERAL PARTNER

PROPERTY ADVISORY GROUP, INC.

By: John B. Bentz
John B. Bentz, President

LIMITED PARTNERS

Donna L Lewis

John B. Bentz
John B. Bentz

Donna L Lewis

Robert R. Gaudreau
Robert R. Gaudreau

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In Cranston, on this 10th day of October, 1991, before me personally appeared John B. Bentz, President of Property Advisory Group, Inc., to me known and known by me to be one of the parties executing the foregoing instrument, and he acknowledged said instrument by him executed to be his free act and deed.

Gretchen M. Hudson
Notary Public

STATE OF RHODE ISLAND

COUNTY OF PROVIDENCE

In Cranston, on this 10th day of October, 1991, before me personally appeared John B. Bentz, to me known and known by me to be one of the parties executing the foregoing instrument, and he acknowledged said instrument by him executed to be his free act and deed.

Gretchen M. Hudson

Notary Public

STATE OF RHODE ISLAND

COUNTY OF PROVIDENCE

In Cranston, on this 10th day of October, 1991, before me personally appeared Robert R. Gaudreau to me known and known by me to be one of the parties executing the foregoing instrument, and he acknowledged said instrument by him executed to be his free act and deed.

Gretchen M. Hudson

Notary Public

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SECY OF STATE
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