

BLACKSTONE APARTMENTS ASSOCIATES
(A RHODE ISLAND LIMITED PARTNERSHIP)
FIRST AMENDMENT

Amended Agreement and Certificate of Limited Partnership
made as of ~~1972~~ **DECEMBER 28**, 1972, (hereafter sometimes called the Agreement), by and among FRANK D'ORIO and JOSEPH F. PRETE, both of Providence, Rhode Island, as General Partners (the "General Partners"), and GNLC Corp. of Mass., a Massachusetts corporation (the "Limited Partner"; the General Partners and the Limited Partner being hereinafter sometimes collectively called the "Partners"), and the Original General Partner and Original Limited Partners as hereafter defined.

Preliminary Statement

The Original General Partner and the Original Limited Partners formed a Limited Partnership on February 14, 1972, (the "Partnership") for the purposes of acquiring, rehabilitating, maintaining and operating the land with the buildings thereon in Woonsocket, Rhode Island known as the Blackstone Hotel and numbered 23 Clinton Street, all as more fully described in FHA Project No. 0-16-58502-EC-LDP-SUP; together with all rights appurtenant thereto and improvements thereon, hereafter called the "Project", and filed a Certificate of Limited Partnership on February 14, 1972 with the Secretary of State of the State of Rhode Island.

A commitment (the "Loan Commitment") to furnish construction-permanent financing (the "Loan") for the Project in the amount of Seven Hundred Ninety-Eight Thousand Two Hundred (\$798,200) Dollars has been obtained from L. M. Primack, Inc., Boston, Massachusetts, payable in 480 monthly payments of principal and interest with interest at the rate of 7% per annum. The Federal Housing Administration (F.H.A.) has issued, under date of December 21, 1971 a Commitment for Insurance of Advances which remains in full force and effect. There has not been any default or alleged default thereunder or under any other document or agreement

referred to in Paragraph 3 hereof (hereafter with the Commitment sometimes called the Contract Documents) and Initial Close occurred on February 14, 1972. The Loan will be secured by a mortgage (the "Mortgage") on the Project and a security agreement with respect to the personal property of the Partnership. The Mortgage will be evidenced by a mortgage note (the "Mortgage Note"). The Federal Housing Administration ("FHA") has issued a commitment dated December 28, 1971 under the designation FHA Project No. 016-58502-EC-LDP-SUP (the "Commitment") to insure the Mortgage Note, including advances thereunder during construction, pursuant to Section 236 of the National Housing Act. The initial insurance endorsement of the Mortgage Note by the FHA ("Initial Endorsement") has occurred or will occur prior to the first capital contribution of the Limited Partner.

The Original Limited Partners are withdrawing as Limited Partners of the Partnership. The General Partner desires to admit the Limited Partner as the Limited Partner in the Partnership, to substitute for itself the General Partners as General Partners in the Partnership, and thereafter to withdraw as a General Partner herein, and the Agreement is hereby amended in its entirety to evidence the withdrawal of the Original General Partner and the Original Limited Partners, and to set forth the entire Agreement among the Partners as follows:

Accordingly, the parties hereto hereby agree as follows:

1. Formation: The parties hereto hereby form a Limited Partnership (Hereafter called the Partnership) pursuant to the provisions of the Uniform Limited Partnership Law of the State of Rhode Island, (ULPA), as set forth in General Laws, 1956, Section 7-13-1 through 7-13-31 by amending in its entirety by this instrument said Agreement of Limited Partnership dated February 14, 1972 and filed with a Certificate of Limited Partnership dated February 14, 1972 on February 14, 1972 in the office of the Secretary of State for Rhode Island.

2. Name: The business of the Partnership shall be conducted under the name of BLACKSTONE APARTMENTS ASSOCIATES.

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3. Purpose: The purpose of the Partnership is to acquire the land and building known as the Blackstone Hotel in Woonsocket, Rhode Island, to complete the rehabilitation thereof in conformity with the Commitment and all documents and exhibits referred to therein; to execute a regulatory agreement as may be prescribed by the FHA and any other documents required in connection therewith; including any contract with the Secretary of Housing and Urban Development (Secretary) desirable or necessary to comply with the National Housing Act as amended from time to time and the Regulations thereunder; to own, operate

and lease all or a portion of the Partnership's property; to borrow money and issue evidences of indebtedness and to secure the same by mortgages, security agreements, pledges or other liens or security interests in furtherance of any and all the objects of the business of the Partnership; and to do any and all other acts and things which may be necessary, incidental or convenient to carry on the Partnership's business as contemplated under this Agreement. Without limiting the generality of the foregoing, the Partnership shall have authority to enter into a management agreement with DeVelco, Inc. or an affiliate thereof, and to enter into a Construction Contract with the General Partners or their nominee. The Partnership shall not engage in any business not related to the Project.

4. Place of Business: The principal place of business of the Partnership shall be located at 23 Clinton Street, Woonsocket, Rhode Island or at such other location in Rhode Island as may hereafter be determined by the General Partners. The Limited Partner shall be notified by the General Partners of any change in the principal place of business of the Partnership. The General Partners shall cause to be filed such true name or business certificates as may be required from time to time. The Partnership may hold any of its assets in its own name or in the name of its nominee.

5. Term: The term of the Partnership shall commence on the date of the filing 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, 2047; provided, however, that the Partnership shall be dissolved prior to such date upon the happening of any one of the following events:

- (a) the sale of all or substantially all real estate or all interests in real estate owned by the Partnership; or
- (b) the death, insanity, incompetency, withdrawal, retirement, removal, assignment for the benefit of creditors, filing of a petition for the reorganization, or adjudication of the bankruptcy, of a General Partner serving hereunder unless the Partnership is continued pursuant to the provisions of Paragraph 22 hereof.

6. Capital Contributions: (a) The General Partners shall not be required to make any cash contribution to the capital of the Partnership.

(b) Subject to the conditions hereinafter set forth, the Limited Partners shall contribute an aggregate amount of 15% of the face amount of the Mortgage as finally determined at final endorsement (the "Project Price") to the capital of the Partnership at the times and in the manner hereinafter set forth. Exhibit A hereto, which is incorporated herein by this reference, sets forth opposite the name of the Limited Partner (i) the total amount to be contributed by it to the Partnership and (ii) the dates on which the Limited Partner shall pay the installments of its contribution and the amount of each such installment. The General Partners shall give the Limited Partner ten (10) days' advance written notice of any installment of any contribution required to be made by it.

(c) Each General Partner hereunder, including any additional or substitute General Partners, agrees by acquiring any Partnership interest that he has not and will not enter into any Agreement or commit or omit to commit any act in violation of the Regulatory Agreement, note, mortgage, or other Agreement with FHA or any Lender.

(d) In the event the Limited Partner fails to pay any installment of its capital contribution on or prior to the due date thereof set forth in Exhibit A hereto, it shall be deemed to be in default hereunder, the General Partners or either of them shall have the option, exercisable within fifteen (15) days after receipt of notice of such default (which notice shall be given to the Limited Partner by the General Partners) (unless such default is cured within said fifteen day period) to purchase the delinquent Limited Partner's limited partnership interest, including all cash flow, net proceeds and profits and losses attributable to such interest which have not been distributed (or previously allocated in a tax return filed by the Partnership) to such delinquent Limited Partner (and regardless of whether this option is exercised, the defaulting Limited Partner shall have no right to receive such cash flow, net proceeds and profits and losses, but any successor to his interest shall receive the benefits of the same), for (a) an amount in cash equal to ten percent (10%) of the amount contributed by such Limited Partner to the Partnership less any cash distributions actually made to such Limited Partner and (b) an undertaking to make the additional contributions required to be made by the defaulting Limited Partner. Such purchase may be made by one or more of the General Partners in such proportions as they may determine by giving notice to the Limited Partner of their intent to exercise such right within such fifteen (15) day period. In the event two or more of the General Partners desire to purchase such interest, and they are unable to agree as to the apportionment thereof, each such General Partner shall be entitled to purchase that portion of the interest which his then share of the net profits and losses of the Partnership bears to the total of the then shares of the net profits and losses of the Partnership of all General Partners desiring to purchase such interest. Notwith-

standing the foregoing, however, the obligations of the delinquent Limited Partner to the Partnership hereunder shall not be extinguished by the existence of any such option, or by its exercise, but only by, and to the extent of, the contributions made in the delinquent Limited Partner's place by any Partner or Partners who have purchased its interest hereunder.

(e) The liability of the Limited Partner shall be limited to the amount of capital contributions which it is required to make in accordance with the provisions of Paragraph 6(b) hereof, but only when the same shall become due pursuant to said Paragraph 6(b) and Paragraph 6(f), and the Limited Partners shall have no further personal liability to contribute money to, or in respect of the liabilities or the obligations of, the Partnership, nor shall the Limited Partner be personally liable for any obligations of the Partnership.

(f) The obligation of the Limited Partner to make capital contributions hereunder is subject to Paragraph 6(e) hereof and to the condition that each of the representations and warranties set forth in Paragraph 11 and 12 hereof shall be true and correct as of the date when the contribution shall be made, except to the extent that any such representation or warranty expressly relates to an earlier date. In the event any such representation or warranty shall not be true and correct as of the date when any capital contribution is required to be made hereunder, the Limited Partner shall not be required to make such contributions; provided, however, that if within sixty days from such date the General Partners shall cure the breach of such representation or warranty, the Limited Partner shall pay the amount of such contribution to the Partnership 20 days after written notice specifying that the breach in such representation or warranty has been cured and the manner in which such breach was cured, which notice and manner of curing must be reasonably satisfactory to the Limited Partner.

(g) The General Partners shall use their best efforts to cause Final Endorsement to take place as soon as possible after completion of the Rehabilitation. If Final Endorsement shall not have taken place on or before 15 months after Initial Endorsement or upon such earlier date on which the Lender commences foreclosure proceedings or notice that any of the Commitments has been terminated is given to any General Partner, the General Partners shall purchase the limited partnership interest of the Limited Partner if it then desires to sell the same. If Final Endorsement shall not have occurred by such date, or if such earlier event shall occur, the General Partners shall, within fifteen (15) days thereafter, give written notice to the Limited Partner of their obligation to purchase the interest of the Limited Partner hereunder. The purchase shall be made within thirty (30) days after receipt of such notice (or, in the event that such notice is not timely given, at any time after the expiration of the aforesaid fifteen (15) days), and the purchase price shall be an amount in cash, without interest, equal to the sum of the installments of the capital contribution of the Limited Partner theretofore paid by it, less the amount of cash flow of the Partnership theretofore distributed to the Limited Partner pursuant to this Agreement (whereupon such Limited Partner shall not have any further obligations under this Agreement, including the obligation to pay any further installment of his capital contribution), and the General Partners shall assume the status of a substituted Limited Partner in respect of such limited partnership interest in addition to their status as a General Partner hereunder. The General Partners shall forthwith cause an amended Certificate of Limited Partnership to be filed wherever required showing such substitution. In the event that the transfer by the Limited Partner of its limited partnership interest hereunder is required to be approved by the FHA or any other government agency or authority, and such approval shall not have been obtained within

the 30 days, the General Partners shall, at the end of such 30 day period, pay the Limited Partner an amount in cash equal to the aforesaid purchase price of its interest and shall indemnify and hold the Limited Partner harmless from any liability with respect to any further installment of its capital contribution. The General Partners shall thereafter use their best efforts to obtain the requisite approvals of such transfer, and in the event such transfer is approved, the General Partners shall thereupon assume the status of a substituted Limited Partner with respect thereto, and the Limited Partner shall thereupon be discharged from all further responsibility hereunder. If such transfer is made to the General Partners or either of them, the benefits with respect to such limited partnership interest from and after the date on which they pay the Limited Partner an amount equal to the aforesaid purchase price shall inure to them.

7. Profits and Losses: (a) Except as provided in Paragraphs 7(d) and 15(c) hereof, the net profits and losses of the Partnership and each item of income, gain, loss, deduction or credit entering into the computation thereof, shall be allocated as follows:

- (i) for six full calendar years after the calendar year in which Final Endorsement occurs, 95% to the Limited Partner and 5% to the General Partners; and
- (ii) thereafter and until the time of Participation Change as hereafter defined, 90% to the Limited Partner and 10% to the General Partners; and
- (iii) after the time of Participation Change (a) 75% to the Limited Partner and (b) 25% to the General Partners.

(b) The "net profits and losses of the Partnership" shall be the net profits or losses of the Partnership for Federal income tax purposes as determined by the independent certified public accountants employed by the Partnership.

(c) "Participation Change" means the later of (x) 20 years after Final Endorsement or (y) the first date on which the Limited Partner shall have received a distribution of cash flow of the Partnership (as defined in Paragraph 8(a) hereof) which, together with all prior distributions to the Limited Partner of cash flow of the Partnership equals or exceeds the amount of the capital contributions made by the Limited Partner.

(d) Notwithstanding the provisions of Paragraph 7(a) hereof, if any limited partnership interest is acquired by a person who at the time of such acquisition intends to transfer and transfers, such interest prior to the end of the fiscal year in which it was acquired to a transferee who acquires for investment, the net profits and losses of the Partnership attributable to such interest, and each item of income, gain, loss, deduction or credit entering into the computation thereof, during the period between the date of its acquisition by the transferor and the date of its transfer to a transferee who acquires for investment shall be allocated to such transferee.

8. Cash Flow and Distribution Thereof: (a) The "cash flow of the Partnership" shall be the net profits and losses of the Partnership as determined in accordance with Paragraph 7(b) hereof (excluding therefrom profits or losses on the sale, re-financing or other disposition of partnership property, including Partnership real estate), (i) plus depreciation and other noncash charges deducted in determining such net profits and losses, including amortization

of any financing or commitment fees: (ii) minus principal payments on all mortgages, conditional sales contracts and security interests, property replacement reserves, contingency reserves determined in accordance with generally accepted accounting principles, and capital expenditures when made from other than such reserves, any other cash expenditures which have not been deducted in determining the net profits and losses of the Partnership (except payments on Subordinated Loans (as hereinafter defined)) and, after Final Endorsement, any amounts required to maintain a reasonable working capital. The cash flow of the Partnership shall be determined separately for each fiscal year and not cumulatively, and shall not include capital contributions, proceeds of mortgage refinancing, or the proceeds of any sale, exchange, eminent domain taking, damage or destruction by fire or other casualty, whether insured or not, or other disposition of all or a substantial part of the Partnership assets.

(b) Subject to any applicable FHA requirements, the cash flow of the Partnership after Final Endorsement shall be distributed in the following order of priority:

- (1) to the Partners in the ratios provided in Paragraphs 7(a)(i), (ii) and (iii) hereof;
- (2) to the payment of the Subordinated Loans, provided, however, that no portion of the management fee of the Management Agent, which is subordinated to the Limited Partner's right to receive distributions of cash flow of the Partnership pursuant to Paragraph 18(d)(ii) hereof shall be used to pay Subordinated Loans, and Provided Further, that no payment shall be made on any Subordinated Loans if the Limited Partner has not received the maximum allowable distributions of cash flow for each prior year.

(c) Subject to any applicable FHA rules, regulations or requirements, distributions to the Partners of cash flow may be made at reasonable intervals during the fiscal year, and in any event shall be made within ninety (90) days after the close of each fiscal year.

9. Books and Reports: (a) The General Partners shall keep or cause to be kept complete and accurate books with respect to the Partnership's business. The books of the Partnership shall be kept on an accrual basis and shall at all times be maintained at the principal office of the Partnership. Each of the Partners and their duly authorized representatives shall have the right to examine the books of the Partnership and all other records and information concerning the operation of the Project at all reasonable times during normal working hours and after reasonable notice.

(b) The books of the Partnership shall be examined and reviewed annually as of the end of each fiscal year by the independent certified public accounting firm of Laventhol, Krekstein, Horwath & Horwath (the Accountant). Such Accountant for the Partnership may be changed by the General Partners subject to the written consent of the Limited Partner. The Accountant shall determine and prepare and furnish to each Limited Partner within 75 days after the close of each fiscal year, a balance sheet and a statement showing the profits and losses of the Partnership and all necessary tax information for such fiscal year, together with a report of the Accountant covering results of its audit of the Partnership books. The General Partners shall promptly upon receipt of such balance sheet and report transmit the same to all Partners. The Accountant shall also prepare the tax returns of the Partnership.

(c) Notwithstanding any other provision of this Agreement, the Accountants shall prepare a separate annual Financial Statement for the Partnership in conformity with generally accepted accounting principles, consistently applied, except that straight line and not accelerated depreciation shall be utilized therein. If the Internal Revenue Service, the Accounting Principles Board or any other governmental or regulatory unit having jurisdiction shall require conformity between the federal income tax and accounting treatment of the same items, then the federal income tax treatment shall prevail as expressed in Paragraph 28 hereof. However, the determination and allocation of profits, losses, and cash flow, pursuant to Paragraphs 7 and 8 hereof, shall be determined in accordance with the principles set forth in Paragraph 28 hereof which shall be determined in a manner most advantageous to the Limited Partner.

10. Fiscal Year: The fiscal year of the Partnership shall be the calendar year.

11. Acquisition of the Project: (a) Prior to the payment of any capital contributions by the Limited Partner, the General Partners will, upon obtaining all necessary approvals from the FHA, the Lenders, and any other necessary governmental authorities or agencies therefor, at their own expense and not the expense of the Partnership (except that the General Partners may use mortgage proceeds to pay such expenses to the extent that such expenses are cost-certified by the FHA and are used in computing the principal amount of the Mortgage at Final Endorsement), (i) cause the fee simple interest in the Land to be conveyed to the Partnership by deed or deeds in form and substance satisfactory to Messrs. Slater, Goldman, Gillerman & Shack, subject to no liens, charges or encumbrances other than ordinary easements and other minor encumbrances acceptable to the FHA but in no event subject to any second mortgages, (ii) if required by Messrs. Slater, Goldman, Gillerman & Shack, cause a title policy (the "Title Policy") to be issued simultaneously with the execution hereof insuring the fee simple interest of the Partnership in the Land subject to no liens, charges or encumbrances except as aforesaid, the cost of which, including reasonable attorneys fees, shall be shared equally by the General Partners and the Limited Partner, and (iii) cause to be assigned to the Partnership the Commitments, the Contract Documents and all other agreements relating to the Project to which any of the General Partners or any of their affiliates is a party (copies of which the General Partners represent and warrant have been furnished to said counsel for the Limited Partner prior to the execution of this Agreement).

(b) The General Partners agree, represent and warrant to the Limited Partner, each such warranty to be true as of the date hereof, and as of the date of each subsequent contribution required of the Limited Partner, that:

(1) they will indemnify and hold harmless the Partnership from and against any and all of their personal liabilities, present or future, any liabilities to which the Land is subject at the time of its transfer to the Partnership, including reasonable attorneys' fees, (other than the Mortgage, such liens, charges and encumbrances as are permitted under Paragraph 11(a)(i) hereof and other liens, charges and encumbrances relating to the construction of the Project in accordance with the Commitments), and any other liabilities of the Partnership on the effective date of this First Amendment (other than the Mortgage) all of which are set forth on Exhibit B attached except for liabilities incurred in the ordinary course of the rehabilitation and none of which are material in amount.

(2) no material default (or event which, with the giving of notice or the passage of time or both, would constitute a default) has occurred and is continuing under any of the Commitments, the general construction contract relating to the Project, the Mortgage Note, the Mortgage, or any other agreement or Contract Document affecting the Project, and the same are in full force and effect; and

(3) neither the Partnership nor any Partner shall have any personal liability with respect to the Mortgage Note or the Mortgage, or any subsequent Mortgage Note or Mortgage.

(4) the Project after acquisition by the Partnership, and for a period of five full calendar years after the year in which Final Endorsement occurs, will

qualify as low income rental housing; all expenditures paid or incurred by the Partnership for the repair and renovation thereof will constitute rehabilitation expenditures, and the Partnership shall be eligible for and will elect the depreciation deduction allowed for such expenditures by Section 167(k) of the Internal Revenue Code of 1954 and the Regulations promulgated thereunder.

(c) The General Partners further represent and warrant to the Limited Partner, each such representation and warranty to continue in full force and effect during the term of this Partnership Agreement, as follows:

(1) Neither General Partner will voluntarily withdraw as a General Partner hereunder without the written consent of the Limited Partner;

(2) Neither General Partner will knowingly commit any act, or omit to commit any act, if any such action or inaction would defeat the tax status of this entity as a partnership for federal income tax purposes or the treatment of the Project as low income rental housing eligible for depreciation under Section 167(k) of the Internal Revenue Code as set forth in subparagraph (b)(4) above;

(3) The General Partners agree that if at any time either of them is in default under subparagraph (2) above, they shall give written notice to the Limited Partner within 15 days of the date on which either of them becomes aware of such violation (if such violation is not cured within such 15 day period) and shall purchase the Limited Partnership interests of all Limited Partners desiring to sell the same and who give them written notice to that effect within either thirty (30) days after receipt of such notice, or if such notice is not timely given, or at any time after the expiration of said fifteen (15) day period. The purchase price shall be paid in cash in an amount equal to the capital contributions of each selling Limited Partner reduced by the amount of cash flow previously distributed to such Limited Partner, and all the other terms and conditions of subparagraph (g) of Paragraph 6 shall thereafter apply hereto.

(d) Each of the General Partners represents and warrants that:

(1) he has the full legal right, power and authority to enter into this Agreement and to perform his obligations hereunder; and

(2) the execution and delivery of this Agreement and the consummation of all transactions contemplated herein to be performed will not constitute a violation of any FHA commitment or other Contract Document now outstanding on the Project.

(3) no mortgage financing obtained by the Partnership whether interim or permanent, and whether constituting initial financing or refinancing, shall impose any personal liability on the Partnership or upon any General Partner or Limited Partner.

(4) the obligations of the General Partners hereunder, including their obligations under Paragraph 12, shall be joint and several.

(5) on the date of execution hereof, no part of the project has been rented or otherwise placed in service.

(e) All accounting decisions of the Partnership shall be made in conformity with generally accepted accounting principles consistently applied, subject to Paragraphs 9(c) and the controlling provisions of Paragraph 28 hereof.

12. Completion of Project: The General Partners represent and warrant to the Limited Partner that:

(1) The rehabilitation of the Project will be completed in conformity with the Commitments and Contract Documents;

(2) All payments and expenses required to be made or incurred in order to complete rehabilitation of the Project in conformity with the Commitments and Contract Documents and in order to satisfy all requirements thereunder and/or which form the basis for determining the principal sum of the Mortgage Note, including interest during construction and any escrow payment, will be paid or provided for by, or for the account of, the Partnership utilizing only the funds available from the loan, the capital contributions of the Limited Partner and the net proceeds, if any, from rental income earned by the Project prior to Final Endorsement.

If such funds are not sufficient therefor, the General Partners shall pay the deficiency from their own funds for the benefit of the Partnership. Payments made by the General Partners under this Paragraph 12, including any funds applied by them on behalf of the Partnership to satisfy working capital requirements of the FHA, if any, shall not change the interest of the General Partners in the Partnership but shall take the form of non-interest bearing residual receipts obligations ("Residual Receipts Obligations") which shall be reimbursable by the Partnership only as provided by Paragraph 15 hereof; provided, however, that any escrow payments or prepayments made by the General Partners for the account of the Partnership prior to Final Endorsement, which under FHA rules may be reimbursed from operating income, shall not constitute Residual Receipts Obligations, and subject to FHA rules, may be reimbursed out of operating income of the Partnership (so long as the maximum cumulative dividend payment to the Limited Partner is not diminished) prior to or subsequent to Final Endorsement; and provided, further, however, that costs incurred by the General Partners in obtaining any FHA or other governmental approvals in connection with the Project shall be borne by them at their own cost without reimbursement therefor by the Partnership, except that the General Partners may use mortgage proceeds to pay such costs to the extent that such costs are cost-certified by the FHA and are used in computing the principal amount of the Mortgage at Final Endorsement.

13. Subordinated Loans: The General Partners may, at their discretion, in the event the Partnership requires any funds for any purpose subsequent to Final Endorsement personally make loans (the "Subordinated Loans") to the Partnership of

the amounts required. The Subordinated Loans shall bear interest at the prime or base rate being charged from time to time by The First National Bank of Boston, and shall be evidenced by notes of the Partnership. The Subordinated Loans shall be payable only out of the cash flow of the Partnership in accordance with Paragraph 8 hereof and the proceeds available for such loans in accordance with Paragraph 15 hereof.

14. Disposition and Refinancing of Partnership Property:

The General Partners may, by unanimous vote or assent, sell, refinance any mortgage on, or lease as an entirety, the Partnership property provided at least 51% in interest of the Limited Partners have consented thereto. Such consent by at least 51% in interest of the Limited Partners is not required for an increase in the principal amount of the Mortgage at or prior to Final Endorsement or to the purchase of the Mortgage by the Permanent Lender at Final Endorsement. The General Partners will give the Limited Partners at least two weeks' written notice of any such sale, refinancing or lease which requires their consent.

15. Distribution of Proceeds of Refinancing and Sale:

(a) The net cash proceeds resulting from the refinancing of any mortgage on, or the sale, exchange, condemnation (or similar eminent domain taking), casualty or other disposition of, all or any part of the Partnership's real estate and other property or from the liquidation of the property of the Partnership following a dissolution of the Partnership shall be distributed and applied in the following order of priority:

- (1) to the payment of any debts and liabilities of the Partnership, other than items referred to below;
- (2) to the setting up of any reserve which the General Partners deem reasonably necessary to provide for any contingent or unforeseen liabilities or obligations of the Partnership other than in respect of

the items referred to below; provided, however, that at the expiration of such period of time as the General Partners deem advisable, the balance of such reserve remaining after the payment of such contingencies shall be distributed in the manner hereinafter set forth in this Paragraph 15;

- (3) to the payment of the Subordinated Loans;
- (4) to the payment of any management fee which has not been paid because it was subordinated pursuant to paragraph 18(d)(ii) hereof to the Limited Partners' right to receive cash flow of the Partnership;
- (5) to payment to the Limited Partners (to be apportioned among them in accordance with their respective limited partnership interests) of an amount equal to the excess, if any, of the amount of their capital contributions over the aggregate of all previous distributions to all Limited Partners of cash flow of the Partnership and of proceeds pursuant to this Paragraph 15;
- (6) to the payment of outstanding Residual Receipts Obligations; and
- (7) to the Partners in the ratios provided in Paragraph 7(a)(iii) hereof.

(b) Any reserves established pursuant to subparagraph (a)(2) of this Paragraph shall be held, following or in connection with the dissolution of the Partnership, in escrow in an interest bearing or commercial account in the United States Trust Company, Boston, Massachusetts.

(c) Notwithstanding the provisions of Paragraphs 7(a) and 7(d) hereof, the net profits arising from the sale or other disposition of any part of or all the Partnership real estate or other property shall be allocated for Federal income tax purposes among the General Partners and the Limited Partners (treated as separate classes for this purpose), as follows:

- (i) first, in an amount of such profits equal to the excess, if any, of (1) the aggregate losses charged and cash distributions paid to the respective capital accounts of such classes prior to the date as of which such allocation is made, over (2) the sum of (x) the aggregate profits credited to their respective capital accounts prior thereto and (y) the aggregate of their respective capital contributions theretofore made;
- (ii) second, in an amount of any remaining profits equal to the excess, if any, of (1) the aggregate of the capital contributions theretofore made by the respective classes of Partners over (2) the sum of (x) all distributions theretofore made to the respective classes of Partners of cash flow of the Partnership pursuant to Paragraph 8 hereof and (y) all net cash proceeds theretofore distributed to the respective classes of Partners pursuant to this Paragraph 15 (but in no event shall any allocation be made hereunder which results in the net profits allocated to the General Partners being equal to less than the cash distributed to them under this Paragraph 15); and
- (iii) third, any balance of such net profits to the Partners in the ratios provided in Paragraph 7(a)(iii) hereof.

The allocation of such net profits among the General and Limited Partners shall be made on the basis of the respective partnership interests.

16. Title to Property and Bank Accounts: All property of the Partnership shall be held in the name of the Partnership. The funds of the Partnership shall be deposited in the name of the Partnership in such bank account or accounts as shall be designated by the Management Agent, and withdrawals therefrom shall be made upon its signature. If and during such time as the position of Management Agent shall be vacant for any reason, then such deposits and withdrawals shall be made upon the signature or the General Partners. Subject to any applicable FHA regulations, all deposits (including security deposits and funds required to be escrowed by the FHA) and other funds not needed in the operation of the business shall in the General Partners' discretion, be deposited in interest-bearing accounts in United States Trust Company, Boston, Massachusetts or invested in short-term United States Government or state or municipal obligations maturing within one (1) year.

17. Activities of Limited Partners: The Limited Partner shall take no part in the management and shall have no authority to act on behalf of or bind the Partnership. No interest shall be paid on any capital contributed to the Partnership. No Limited Partner shall have the right to withdraw his capital contribution from the Partnership, or have any right to receive any funds or property of the Partnership except as expressly set forth in this Agreement.

18. Powers and Duties of the General Partners:

(a) The General Partners shall be responsible for policy control of planning, development and operation of the Project, including tenant selection and community relations. Except as otherwise provided in this Agreement, decision making by the General Partners shall be by majority vote or assent.

(b) The General Partners shall devote such time as may be necessary to supervise the activities of the management and rental agent of the Project (herein called the "Management Agent"), to make inspections of the Project and to see to it that the Project is being properly maintained and that necessary repairs are being made thereto, to prepare or cause to be prepared at the expense of the Partnership all reports of operations which are to be furnished to the Partners or which are required by the FHA, and all taxing bodies or other governmental agencies, to cause the property of the Partnership to be adequately insured in a manner similar to other property of like kind, and to do all other things which may be necessary in order to manage the affairs and business of the Partnership.

(c) In the interest of obtaining all necessary Federal, State and local approvals for the development, construction and operation of the Project, the General Partners are hereby authorized, on behalf of the Partnership, to execute the Mortgage Note and the Mortgage in order to secure the Loan to be insured by the Secretary of Housing and Urban Development and to execute a Regulatory Agreement and other documents required by the Secretary and the Lenders in connection with the Loan and the Project. Any incoming Partner and any assignee of any Partner's interest shall, as a condition of receiving an interest in the Partnership or its property, agree to be bound by the Mortgage Note, the Mortgage, the Regulatory Agreement and other documents required in connection with the FHA-insured Loan to the same extent and on the same terms as those who had an interest in the Partnership (whether as a Partner or otherwise) at the time of the execution of such documents. Upon dissolution of the Partnership, no title or right to possession and control of the Project, and no right to collect the rents therefrom, shall pass to any person who is not bound by the Regulatory Agreement in a manner satisfactory to the Secretary.

(d) Subject to FHA requirements, in addition to the other rights and powers granted to it and subject to the specific limitations imposed by this Agreement, the General Partners, shall, upon such terms and conditions as they deem proper:

- (i) make reasonable and necessary capital expenditures and improvements in respect to the real estate of the Partnership and take all action reasonably necessary in connection with the maintenance, operation and management thereof, provided that unanimous consent of the General Partners shall be required to authorize any expenditure for purchase or lease of capital assets which cost in excess of .1111% of the face value of the Mortgage Note at Final Endorsement, unless such expenditure is to be paid for out of previously funded reserve accounts required to be established by the FHA or unanimously established by the General Partners;
- (ii) subject to the provisions of Paragraph 18(e) hereof, cause the Partnership to enter into an agreement with a responsible firm or individual (the Manager) to manage the Project for the maximum term permitted by the FHA and to pay the Manager the maximum cumulative fee allowed by FHA for such services (or, if the Project is no longer subject to FHA regulations, for a reasonable cumulative fee); provided, however, that if in any year the Limited Partners shall not have received a distribution of cash flow of the Partnership equal to the maximum cumulative distribution for such year and for all prior years, the payment of up to 100% of such management fee for such year shall be subordinated, without interest, (if the General Partners or either of them or any entity controlled by them is then the Manager) to the extent

necessary to permit such maximum cumulative distribution of cash flow of the Partnership to the Limited Partners. If necessary, such subordination shall continue from year to year, it being the intent of the parties hereto that the Limited Partners shall receive the maximum cumulative distribution of cash flow of the Partnership in every year before the Manager shall have received any of the maximum cumulative management fee allowed by the FHA. If, on the 25th anniversary of Final Endorsement, the Manager shall not have received the maximum cumulative management fee allowed by the FHA because of the subordination of such fee to the distribution of cash flow of the Partnership to the Limited Partners, the Partnership shall pay to the Manager on or after such anniversary the amount of the deficiency in such fee. Except with respect to the aforesaid subordination, receipt by the Manager of any portion of the fee or amount payable to such firm shall be subject to FHA regulations, but the General Partners shall not be required to account to the Partnership for, nor shall the Partnership have any interest in, any amounts so received by the Manager.

(e) If at any time after one year after Final Endorsement (i) the Limited Partners shall not have received their full maximum cumulative distribution of cash flow of the Partnership during any two consecutive year period beginning

after one year after Final Endorsement or (ii) the Project shall be subject to a substantial building code violation or violations which shall not have been cured within a reasonable time after notice from the applicable governmental agency or department, the General Partners shall forthwith give to each of the Limited Partners notice of such event and thereafter the Partnership shall forthwith terminate its management agreement with the Manager, unless 51% in interest of the Limited Partners consent in writing to the retention of the Manager of the Project. Thereupon, the General Partners shall immediately proceed to select a new manager for the Project, by unanimous vote, which selection shall be subject to the consent of at least 51% in interest of the Limited Partners. If within 30 days after such termination the General Partners shall not have submitted the name of a new manager to the Limited Partners, or if by the later of 30 days after such termination or 10 days after such submission the Limited Partners shall have rejected such submission, 51% in interest of the Limited Partners may, within 30 days thereafter, submit a list of at least five names of proposed managers to the General Partners, who shall forthwith select, by majority vote, one of such persons to be the new manager of the Project.

(f) In the event of a termination of the Partnership's management agreement with the General Partners or either of them as Manager pursuant to Paragraph 18(e) hereof, the subordination provisions of Paragraph 18(d)(ii) hereof shall no longer be applicable, and any unpaid subordinated management fee then owing shall be forfeited and the Manager shall thereafter have no claim thereto whatsoever.

(g) The General Partners shall operate the Project in a manner which will at all times permit the maximum cumulative distribution of cash flow of the Partnership to be made to the Limited Partners. If at any time a rental adjustment is necessary in order to maintain the cash flow of the Partnership at a level which will permit the maximum cumulative distribution of cash flow to the Limited Partners, the Management Agent will forthwith file the appropriate application therefor with the FHA. The Management Agent shall thereafter review the financial situation of the Partnership with the General Partners, and subsequent to such review, the General Partners shall not unreasonably withhold their consent to necessary rental adjustments. In any event, however, the determination of the FHA with respect to a given application for rental adjustment shall be conclusive and binding upon the General Partners, but an adverse determination by the FHA as to a particular application shall not affect the obligations of the Management Agent to file future applications when necessary.

(h) Except with respect to any misrepresentation or the breach of any agreement contained in this Agreement or in any agreement or certificate relating to the Project by any General Partner, no General Partner shall be liable to the Partnership or to any Limited Partner for any loss in connection with the affairs of the Partnership so long as he acts in good faith and is not guilty of wilful misconduct or gross negligence.

(i) Each Limited Partner hereby constitutes and appoints the General Partners, or either of them, the true and lawful attorney for each and every such Partner, to make, execute, sign, acknowledge, file and record a Certificate of

Limited Partnership, together with a certificate of any present or future amendment thereto, and upon termination of the Partnership, to cancel such certificate or certificates as may be required under the laws of Rhode Island, and to include therein all information required by the laws of such state, and also to make, execute, sign, acknowledge, file and record, such other instruments as may be required under the laws of Rhode Island or any other state or as may be required by the FHA; provided, however, that the General Partners shall take no action as attorney-in-fact for any such Partner which could in any way increase the liability of such Partner beyond the liability expressly set forth in this Agreement. In addition, each of such Partners agrees to execute and deliver to the General Partners a separate irrevocable power of attorney in recordable form with respect to the foregoing, which shall be satisfactory in form and substance to Messrs. Slater, Goldman, Gillerman & Shack.

19. Other Activities of Partners: Any Partner may engage in other business ventures of every nature including but not limited to, the ownership, management and development of any real estate wherever located, and neither the Partnership nor any of the other Partners shall have any right in such independent ventures or to the income and profits derived therefrom.

20. Certain Fees and Expenses of the Partnership:

The Partnership shall pay to the General Partners, within three (3) days after payment to the Partnership by the Limited Partner, the full amount of each installment of its capital contributions. Any General Partner shall be authorized to sign checks on behalf of the Partnership in respect to such payment. Payment of such amount shall constitute (i) full payment of the General Partners' services in developing the Project including,

but not by way of limitation, supervising the rehabilitation of the Project to completion, (ii) full payment by the Partnership of the maximum Builder's and Sponsor's Profit and Risk Allowance permitted by the FHA and (iii) full consideration of the General Partners' undertaking to complete the project with their own funds to the extent that the proceeds of the Loan are not sufficient. If any FHA regulation or other circumstance requires the Partnership to make a note or other evidence of indebtedness in respect of the Building's and Sponsor's Profit and Risk Allowance at any time, the General Partners shall forthwith cause such note or other evidence of indebtedness to be cancelled or endorsed to the order of the Partnership without consideration therefor.

21. Transfer of a General Partner's Interest:

(a) Until Participation Change, no General Partner may voluntarily withdraw from the Partnership or sell, assign, or encumber his general partnership interest in the Partnership without the written consent of the Limited Partner.

(b) If a proposed successor General Partner is accepted by the Limited Partner, it shall acquire the General Partner's interest by paying to the General Partner or its representatives the fair market value of such interest (provided that if the General Partner is in violation of any of the agreements or undertakings contained in this Agreement, or has violated any representation or warranty contained herein, the proposed General Partner may pay such amount into escrow until such violation has been corrected). Any dispute as to such fair market value shall be submitted to an arbitration committee composed of three persons, one chosen by the General Partner, one chosen by the

proposed substituted General Partners and the third chosen by the other two. The procedures of such committee shall conform to the rules of the American Arbitration Association and judgment upon the award of the Arbitrators shall be entered in a court of competent jurisdiction and shall be final and binding upon the parties hereto without any right of appeal. Subject to FHA regulations, the proposed substituted General Partner shall assume all the rights, powers and obligations of the General Partner under this Agreement upon its written acceptance and adoption of all the terms and provisions of this Agreement and of any FHA regulatory agreement applicable to the Project. Notwithstanding the acceptance of a substitute General Partner hereunder, the transferor General Partner shall remain personally liable for all obligations and liabilities incurred prior to the effective date of the transfer.

(c) Any person who acquires, in any manner whatsoever (except as provided in Paragraph 21(b)), the interest, or any portion thereof, of a General Partner, shall not be a General Partner but shall become a Limited Partner upon the written acceptance and adoption of all the terms and provisions of this Agreement. Such person shall, to the extent of the interest transferred to him acquire no more than the General Partner's share in the capital of the Partnership, its profits and losses and distribution of profits. No such person shall have any right to participate in the management of the affairs of the Partnership.

(d) Except as expressly provided herein, or required by law, the interest of a General Partner shall not be sold, assigned, transferred, bequeathed, pledged or otherwise hypothecated in any way.

22. Rights of General Partners to Continue Business of Partnership: In the event of the death, dissolution, insanity, incompetency, withdrawal, retirement, removal, assignment for the benefit of creditors, filing of a petition for the reorganization, or adjudication of bankruptcy, of any General Partner, and the effect of any such aforesaid events

is not to remove the last remaining General Partner, the remaining General Partners or Partner shall forthwith send notice of such event to the Limited Partners, and the surviving General Partner may elect to continue the Partnership for the balance of the term specified in Paragraph 5 hereof (notwithstanding any dissolution required by U.L.P.A.) with all of the Partnership property as before unless 51% in interest of the Limited Partners have objected to such continuance within twenty (20) days after receiving notice from the remaining General Partner or Partners of such event. If the effect of such death, dissolution, etc., is to remove the last remaining General Partner from the Partnership, the Limited Partners may elect to reconstitute the Partnership and continue the business of the Partnership for the balance of the term specified in Paragraph 5 hereof with all of the Partnership property as before by selecting a successor General Partner as provided in Paragraph 21(b) hereof. Such election shall be exercised within ninety (90) days after such event. In the event of any such election, the relationship of the Partners and of any person who acquired an interest of a Partner in the Partnership shall be governed by this Agreement.

22A. Successor Entity: (a) The General Partners, or the Limited Partners if there shall be no General Partner, shall transfer all the assets of the Partnership in kind to any entity designated for the purpose, if:

(1) dissolution shall occur by reason of there being no remaining General Partner after the retirement, death or withdrawal of a General Partner and Limited Partners having Partnership Interests representing at least 51% of the Partnership Interests of all Limited Partners request such transfer and designate the successor entity; or

(2) The General Partners at any time unanimously determine to make such transfer to a successor entity designated by them, and obtain the prior written consent to such transfer of Limited Partners having

Partnership Interests representing at least 51% of the Partnership Interest of all Limited Partners.

(b) The Assets of the Partnership shall be transferred to such successor entity subject to the liabilities of the Partnership, including any liabilities to the Partners, and such successor entity shall assume such liabilities and shall hold the Partnership and the Partners, as such, harmless therefrom.

(c) After any such transfer to a successor entity, the rights and obligations of the Partnership shall be as owners or members of such successor entity, and such rights and obligations shall be governed by the relevant documents of such successor entity and the laws applicable to such successor entity rather than this Agreement.

(d) Each Partner agrees that the relevant documents of any such successor entity shall contain provisions which:

(1) preserve for the respective owners or members of such successor entity, to the extent practicable, the rights and obligations of the respective Partners provided for in this Agreement;

(2) impose substantially the same restrictions as those contained in Paragraphs 14 and 27 hereof; and

(3) grant to each owner or member of such successor entity who, while a Limited Partner of the Partnership, did not consent to the transfer to such successor entity the right to require each successor entity or the owners or members thereof to purchase his interest in such successor entity or the value of his interest in such successor entity or the value of his Partnership Interest at the time of transfer to such successor entity whichever is greater (such value to be determined by an independent appraiser selected by Agreement of all Partners hereunder, and if they are unable to agree within thirty days, then by three appraisers, one of whom shall be designated by the General Partners, one

of whom shall be designated by the Limited Partner, and the third of whom shall be designated by such two appraisers together, and if they cannot agree within thirty days, then by any Court of competent jurisdiction.

23. Transfer of a Limited Partner's Interest:

(a) The death or dissolution of a Limited Partner shall not terminate the Partnership. In the event of such death or dissolution, the legal representative of the deceased or dissolved Limited Partner shall be deemed to be assignee of the deceased or dissolved Limited Partner's partnership interest and may become a substituted Limited Partner upon the terms and conditions set forth in Paragraph 24 hereof. The estate of the deceased Limited Partner shall be liable for all of his liabilities and obligations to the Partnership as a Limited Partner.

(b) Subject to the terms of Paragraph 27 hereof, any Limited Partner shall have the right to assign all or any part of his interest in the Partnership. The assignee of such interest shall become a substituted Limited Partner only upon the terms and conditions as set forth in Paragraph 24 hereof. An assignment shall not be binding upon the General Partners until written notice thereof is received by the General Partners.

(c) Any Limited Partner who shall assign or transfer his entire Limited Partnership interest in the Partnership or his entire right to receive Partnership profits, losses, and distributions shall cease to be a Limited Partner of this Partnership and shall no longer have any rights or privileges of a Limited Partner.

(d) In no event shall a Limited Partner's interest or any portion thereof or any right to receive Partnership profits, losses or distributions be assigned or transferred to a minor or incompetent.

(e) No assignment of an interest in the Partnership shall be permitted which would result in any person having less than a five percent (5%) interest in profits, losses or distributions without the written consent of the General Partners. If such consent is not obtained, the Partnership need not recognize the attempted assignment for any purpose whatsoever.

(f) The provisions of this Agreement limiting the right to assign a Limited Partner's interest in the profits and losses of the Partnership shall also apply to each subsequent assignment thereof.

(g) The admission of substitute Limited Partners and all assignments of Limited Partnership interests shall be reflected on Exhibit C to be prepared and signed by the General Partners and attached hereto.

(h) The number of Limited Partners shall not in any event exceed twenty and each Limited Partner, by executing this Agreement, agrees that he is acquiring his limited partnership interest for investment only and not for resale and that his net worth based on fair market values as of the date of his execution of this Agreement is not less than \$150,000.

24. Substituted Limited Partners: (a) Subject to applicable regulations of the FHA, the General Partners shall have the power, in their sole discretion, to admit, as substituted Limited Partners, persons, firms or corporations who acquire the Partnership interest, or any part thereof, of a Limited Partner. The failure or refusal of the General Partners to admit an assignee as a substituted Limited Partner shall not affect the right of such assignee to receive the share of net profits and losses and cash flow of the Partnership, distributions of capital, and distributions of proceeds pursuant to Paragraph 15 hereof, to which his predecessor in interest was entitled.

(b) The admission of an assignee as a substituted Limited Partner shall be conditioned upon the assignee's written acceptance and adoption of all of the terms and provisions of this Agreement, and if the Project is subject to FHA regulations, the FHA regulatory agreement applicable thereto. The General Partners shall have the right to require the assignee to pay any filing fees and reasonable counsel fees in connection with his becoming a substituted Limited Partner hereunder. Any assigning Limited Partner shall not be relieved of his obligations to make capital contributions hereunder except to the extent that the assignee of his limited partnership interest makes the capital contributions of the assigning Limited Partner hereunder.

(c) The General Partners shall forthwith cause an amended Certificate of Limited Partnership and any other necessary papers to be filed or recorded wherever required showing the substitution of an assignee as a substituted Limited Partner in place of an assigning Limited Partner.

25. Obligations and Rights of Transferees: (a) Any person who acquires in any manner whatsoever any interest in the Partnership, irrespective of whether such person has accepted and adopted in writing the terms and provisions of this Agreement, shall be deemed by the acceptance of the benefit of the acquisition thereof to have agreed to be subject to and bound by all the obligations of this Agreement that any predecessor in interest of such person was subject to or bound by.

(b) A person acquiring an interest in the Partnership, including the personal representative and heirs of a deceased Partner, shall have only such rights, and shall be subject to all the obligations, as are set forth in this Agreement; and, without limiting the generality of the foregoing, such person shall not have any right to have the value of his interest ascertained or receive the value of such interest or, in lieu thereof, profits attributable to any right in the Partnership, except as herein set forth.

26. Termination: (a) Upon the termination and dissolution of the Partnership, the then General Partner or General Partners, if any, or, if there is no General Partner, any person elected to perform such liquidation by the written consent of at least 51% in interest of the Limited Partners, shall proceed to the liquidation of the Partnership, and the proceeds of such liquidation shall be applied and distributed in accordance with the provisions of Paragraph 15 hereof.

(b) In the event it becomes necessary to make a distribution of Partnership property in kind, such property shall be transferred and conveyed to the General and Limited Partners or their assignees so as to vest in each of them as a tenant in common an undivided interest in the whole or said property equal to his interest in the distribution of proceeds in accordance with Paragraph 15 hereof.

27. Restrictions on Transfer: (a) Except as provided in this Paragraph 27, no sale or exchange of an interest in the Partnership may be made if the interest sought to be sold or exchanged, when added to the total of all other interests sold or exchanged within the period of 12 consecutive months prior thereto, results in the termination of the Partnership under Section 708 (or any successor statute) of the Internal Revenue Code (the "Code"). Such sale or exchange may be made if, prior to the date thereof, a favorable ruling to the effect that the proposed sale or exchange transfer will not prevent the Partnership from being entitled to use any of the accelerated methods of depreciation available to a first user has been published in the Internal Revenue Bulletin or has been granted upon the application and at the expense of the Partner desiring to sell or exchange his interest in the Partnership.

(b) No sale, transfer, exchange or other disposition of an interest in the Partnership may be made except in compliance with the then applicable rules and regulations of the FHA or any other applicable governmental authority.

28. Tax Elections: In the event of a transfer of all or part of the interest of a Partner, the Partnership shall elect pursuant to Section 754 of the Code to adjust the basis of the Partnership's property. All other elections required or permitted to be made by the Partnership under the Code shall be made by the General Partners in such manner as will, in the opinion of the public accountants referred to in Paragraph 9(c) hereof, be most advantageous to the Limited Partner, but the Partnership shall elect depreciation available to rehabilitated low income housing under Section 167(k) of the Internal Revenue Code utilizing the straight line method over a useful life of sixty (60) months and no salvage value.

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28A. Withdrawal of Original Partners: The Original General Partner, and the Original Limited Partners, by executing this Agreement, hereby withdraw as a General Partner and as Limited Partners hereunder, and agree that, except for the interest of the Original Limited Partners as substituted General Partners hereunder, they as Original General Partner, Original Limited Partners or in any other capacity, have no claim or cause of action against the Partnership or any of the Partners for cash flow or any other benefit, or to any allocation of profits and losses for Federal income tax purposes after the date hereof.

29. Notice: All notices, demands or other communications hereunder shall be in writing and shall be deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, return receipt requested, postage prepaid, or (ii) delivered, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Partnership:

(a) if to the Partnership or the General Partners, at the principal office of the Partnership with a copy of such notice by first class mail to The Barclay Management Group, Inc., 40 Court Street, Boston, Massachusetts, or to such other party as may be designated by notice by it;

(b) if to the Limited Partners, at 466 Commonwealth Avenue, Boston, Massachusetts 02215 or the addresses set forth in Exhibit A hereto, with a copy by first class mail to The Barclay Management Group, Inc., 40 Court Street, Boston, Massachusetts, or such other party as may be designated by notice by it.

30. Further Assurances: The Partners will execute and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purpose of this Agreement.

31. Survival of Representations and Warranties: All representations and warranties herein shall survive until the dissolution and final liquidation of the Partnership, except to the extent that a representation or warranty expressly provides otherwise.

32. Definitions: (a) the words, "Partner" or "Partners", when used herein without the qualifying words, "Limited" or "General", shall be deemed to refer to both the General and Limited Partners.

(b) Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

(c) An "affiliate" of a specified person is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a person specified.

(d) The "Cutoff Date" as used in Exhibit A hereto shall mean that date, as defined by FHA regulations, upon which the FHA shall determine that the Project is substantially complete in accordance with the approved specifications and shall request in writing the submission of the certified costs of completion.

(e) The term "Maximum cumulative distribution" shall mean the maximum cumulative distribution permitted under FHA regulations from time to time in effect to be paid in respect of the Project; provided, however, that if the Project is no longer subject to FHA regulations, such term shall mean an amount equal to the maximum permitted distribution of cash flow on the Partnership during the last full calendar year in which the Project was subject to FHA regulations.

33. Agreement in Counterparts: This Agreement may be executed in counterparts and all so executed shall constitute one agreement binding on all the parties notwithstanding that all the parties are not signatories to the original or the same counterpart.

34. Captions: Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

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35. Construction: None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of the Partnership.

36. Governing Law: This Agreement shall be construed in accordance with and governed by the laws and decisions of the State of Rhode Island. This Agreement shall be binding on, and inure to the benefit of, the heirs, successors, legal representatives and assigns of the parties hereto.

37. Integration: This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof. No covenant, representation or condition not expressed in this Agreement shall affect or be effective to interpret, change or restrict the expressed provisions of this Agreement.

38. Amendment: This Agreement may not be modified or amended except with the written consent of all the General Partners and at least 51% in interest of the Limited Partners.

39. Arbitration: In order to comply with the requirements of Section 10-3-2 of The Rhode Island Arbitration Act, the arbitration provisions set forth in Paragraph 21 (b) and Paragraphs 22 A (d)(3) hereof are hereby incorporated herein by reference as fully as though specifically set forth herein.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement the day and year first above written.

GENERAL PARTNERS:

Concett A. Bagnato as to
WITNESS

Frank D'Orio
FRANK D'ORIO

Both F.D. & J.F.P.
WITNESS

Joseph F. Prete
JOSEPH F. PRETE

LIMITED PARTNER:

APPEST:

Marshall E. Tuttle
WITNESS

GNLC CORP. OF MASS.

By: *Robert H. Springer*
President

ATTEST:

Joseph F. Prete
secy

ORIGINAL GENERAL PARTNER:

BLACKSTONE HOTEL, INC.

By [Signature]
President

ORIGINAL LIMITED PARTNERS:

August A. Laporte as to
WITNESS

both F.D. & J.F.P.
WITNESS

[Signature]
FRANK D'ORIO


Joseph F. Prete
JOSEPH F. PRETE

STATE OF RHODE ISLAND

City of Providence

~~May~~ December 28, 1972

Then personally appeared Frank D'Orio and Joseph F. Prete and acknowledged that they executed the foregoing Amended Agreement and Certificate of Limited Partnership as General Partners thereof, before me


Notary Public

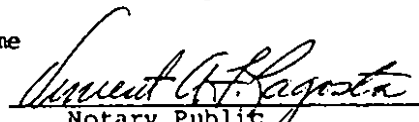
My Commission Expires June 30, 1976

STATE OF RHODE ISLAND

City of Providence

~~May~~ December 28, 1972

Then personally appeared Frank D'Orio and Joseph F. Prete and acknowledged that they executed the foregoing Amended Agreement and Certificate of Limited Partnership as Original Limited Partners, thereof, before me


Notary Public

My Commission Expires June 30, 1976

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, SS

Boston, Massachusetts

~~May~~ 1972

DECEMBER 28,

Then personally appeared Robert Springer personally known to me and known to me to be the President of GNLC Corp. of Mass. and acknowledged that he executed the foregoing Amended Agreement and Certificate of Limited Partnership as the free act and deed of said corporation, before me


Notary Public

My Commission Expires APRIL 19, 1979

STATE OF RHODE ISLAND

City of Providence

~~May~~ December 28, 1972

Then personally appeared FRANK D'ORIO personally known to me and known to me to be the President of

MLT/jcm 5/17/72

Blackstone Hotel, Inc. and acknowledged that he executed the foregoing Amended Agreement and Certificate of Limited Partnership as the free act and deed of said corporation, before me

Vincent A. Ragola
Notary Public

My Commission Expires June 30, 1976

EXHIBIT A

Amounts and Dates of Contributions
(subject to terms of Partnership Agreement)

	<u>First Installment *</u>	<u>Second Installment **</u>	<u>Third Installment **</u>	<u>Fourth Installment **</u>
<u>Name and Address of Limited Partner</u>	<p>Upon the later of (i) the execution of the First Amendment to Limited Partnership Agreement and (ii) satisfaction of the conditions of Paragraph 11 of the Partnership Agreement</p>			
GNLC Corp. of Mass. 466 Commonwealth Avenue Boston, Massachusetts 02215	(1)	(2)	(3)	(4)

- (1) The First Installment shall be equal to 25% of the Mortgage Note (based upon the Mortgage Note at Initial Endorsement); and, except for \$1000 thereof shall be held in escrow by United States Trust Company, Boston, Massachusetts, until the Cutoff Date as defined in Paragraph 32(d) of the Partnership Agreement.
- (2) The Second Installment shall be equal to 25% of the Mortgage Note (based upon the Mortgage Note at Initial Endorsement) or (ii) if Final Endorsement has occurred, the difference between 50% of the Mortgage Note (as defined in Paragraph 6(b) of the Partnership Agreement) and the First Installment.
- (3) The Third Installment shall be equal to the difference between 75% of the Mortgage Note and the sum of the First and Second Installments.
- (4) The Fourth Installment shall be equal to the difference between the Mortgage Note and the total of the first three installments.

*The date of the First Installment shall be considered the Anniversary Date. Notice of the due date of each Installment shall be given by the General Partners in writing.

**Subject to and conditioned upon the Limited Partner's right to postpone the payment of any installment or terminate this Agreement in its entirety as more fully set forth in the Partnership Agreement as amended.

***Notwithstanding any other provision hereof, each installment shall be in the amount of \$30,000 unless the mortgage note at Final Endorsement is more than 5% less than \$798,200, in which event the percentages specified