

FIRST AMENDED AND RESTATED AGREEMENT

OF

LIMITED PARTNERSHIP

OF

LINWOOD COURT LIMITED PARTNERSHIP

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THIS FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF LINWOOD COURT LIMITED PARTNERSHIP (the "Agreement") is made and entered into as of December 15, 1992, by and among the undersigned parties.

RECITALS

WHEREAS, Linwood Court Limited Partnership (the "Partnership") has been formed as a limited partnership under the Rhode Island Uniform Limited Partnership Act, R.I. Gen. Laws §7-13-1 et. seq., pursuant to that certain original agreement dated December 23, 1991, and filed with the Office of the Secretary of State, having Linwood Court Development Corporation, a Rhode Island corporation as the general partner and Advent House, Inc., a Rhode Island not-for-profit corporation as the initial limited partner; and

WHEREAS, the original Partners of the Partnership desire to amend the original agreement to (i) expand the Partnership to admit Corporate Housing Initiatives Limited Partnership, a limited partnership organized and existing under the laws of the District of Columbia, as the limited partner; (ii) effect the withdrawal of Advent House, Inc. as the initial limited partner; and (iii) amend and restate entirely the agreement among the Partners;

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending legally to be bound, hereby agree as follows:

ARTICLE I

Definitions

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

"Accountants" means a firm of independent certified public accountants which are acceptable to The Enterprise Social Investment Corporation ("ESIC").

"Act" means the Rhode Island Uniform Limited Partnership Act, R.I. Gen. Laws §7-13-1 et. seq., or any corresponding provision or provisions of succeeding law, as it or they may be amended from time to time.

"Additional Capital Contribution" means a Capital Contribution to the Partnership, the due date of which is subsequent to the Admission Date.

"Additional Capital Contribution Due Date" means the later of (i) the due date of such Additional Capital Contribution in accordance with the schedule of payments listed on Exhibit A hereof, or (ii) forty-five days after receipt by the Limited Partner of the Additional Capital Contribution Notice.

"Additional Capital Contribution Notice" has the meaning set forth in Article III(2)(c).

"Adjusted Capital Account Deficit" means, with respect to the Limited Partner, the deficit balance, if any, in such Partner's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts that such Partner is obligated to restore pursuant to any provision of this Agreement, is otherwise treated as being obligated to restore under Treasury Regulation Section 1.704-1(b)(2)(ii)(c), or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation Sections 1.704-2(g)(1) and 1.704-(2)(i)(5); and

(ii) Debit to such Capital Account the items described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5), and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Admission Date" means the date on which the Limited Partner is admitted to the Partnership, which shall be deemed to be the later of: (i) the date of payment by the Limited Partner of its Capital Contribution due on the Admission Date in accordance with the schedule of payments listed on Exhibit A hereof; or (ii) the date the Certificate is filed as the Partnership's certificate of limited partnership, as amended, in accordance with the Act.

"Advent Loan I" means the loan to the Partnership by Advent in the principal amount of \$150,000, secured by a fourth mortgage on the Partnership Property.

"Advent Loan II" means the loan to the Partnership by Advent in the principal amount of \$50,000, secured by a fifth mortgage on the Partnership Property.

"Advent" means Advent House, Inc., a Rhode Island not-for-profit corporation.

"Affiliate" means, as to any Partner, (i) any such Partner or member of his Immediate Family; (ii) the legal representative, successor or assignee of, or any trustee of a trust for the benefit of, any such Partner or member of his Immediate Family; (iii) any entity of which a majority of the voting interests is owned by any one or more of the Persons referred to in the preceding clauses (i) and (ii); (iv) any officer, director, trustee, employee, stockholder (10% or more) or partner of any Person referred to in the preceding clauses (i), (ii) and (iii); and (v) any Person directly or indirectly controlling (10% or more), or under direct or indirect common control with, any Person referred to in the preceding clauses (i), (ii), (iii), or (iv).

"Agreement" means this First Amended and Restated Agreement of Limited Partnership of Linwood Court Limited Partnership, including Exhibits A-L attached hereto and made a part hereof, as amended and in effect from time to time.

"Appraised Value" has the meaning set forth in Article IX(7).

"Architect" means Robert Stillings of Architectural Resources.

"Architect Agreement" means the "Architectural Services Agreement" dated December 20, 1991 between Advent and the Architect, which has been assigned to the Partnership.

"Authority" means the Rhode Island Housing and Mortgage Finance Corporation.

"Capital Account" has the meaning set forth in Article VII(1) of this Agreement.

"Capital Contribution" means the total amount of cash or any cash equivalents contributed or agreed to be contributed to the Partnership by each Partner, including all adjustments thereto, as provided in this Agreement and Exhibit A. Any reference in this Agreement to the Capital Contribution of a

substituted Partner shall include all Capital Contributions previously made by any predecessor or former Partner in respect of the Interest acquired by the substituted Partner, subject to all adjustments thereto pursuant to this Agreement.

"Certificate" means the Certificate of Limited Partnership for the Partnership which is prepared and filed in accordance with the Act, as such Certificate may be amended from time to time.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

"Completion Date" means the date upon which the Partnership has completed the rehabilitation of the Partnership Property in accordance with the Construction Contract and plans and specifications as evidenced by a certificate prepared and executed by the Architect indicating that rehabilitation of the Partnership Property has been completed in accordance with the Construction Contract and plans and specifications, except for punch list items which are not material and do not affect the rental of the space in the Project on a full rent paying basis, provided the Partnership has furnished funds or cash equivalents in escrow to provide for the completion of construction of such punch list items.

"Compliance Audit Termination Date" means that date which is three full tax years after the expiration of the Compliance Period or, if the period of assessment is extended by the Partnership, the date upon which such extended period ends.

"Compliance Period" means the period specified in Section 42(i)(1) of the Code, as applicable to the Project.

"Construction Contract" means the construction contract, dated July 29, 1992, between the Partnership and Bacon Construction.

"Credit" means the Low-Income Housing Tax Credit provided for under Section 42 of the Code, including both the 30% present value acquisition Credit and the 70% present value new construction and rehabilitation Credit.

"Credit Adjuster Advance" means an advance to the Partnership pursuant to Article III(3) or Article III(4) by the General Partner, which shall not affect its Interest or Partnership Percentage.

"Credit Deficiency" means the Projected Credits (reduced by any reduction in Capital Contributions and any Credit Adjustor Advances pursuant to Article III(3)(b)) less the

aggregate amount of the Credits received by the Limited Partner which shall be computed no sooner than at the end of the Compliance Period. For this purpose, the Limited Partner shall be considered to have received Credits in the amount allocated to the Limited Partner on the Partnership's federal income tax returns reduced by (i) any adjustment of the Partnership's tax return that is made or claimed by the IRS, except to the extent that such adjustment or claimed adjustment is rejected or overturned by the IRS or a court in a Final Determination; and (ii) the amount of any recapture or claimed recapture of such Credits (other than recapture caused by the action of the Limited Partner and not including recapture which is rejected by the IRS or a court in a Final Determination).

"Credit Deficiency Gross Tax Amount" means the product of (i) the sum of the Credit Deficiency and the Interest Adjustment, multiplied by (ii) one and one-half.

"Deferred Development Fee" means that portion of the Development Fee which has not yet been paid.

"Designated Proceeds" has the meaning set forth in Article V(13)(c).

"Development Advance" has the meaning set forth in Article V(13)(b).

"Development Services Agreement" means the Development Services Agreement of even date herewith between the Partnership and Advent for the development of the Partnership Property.

"Development Fee" means the fee payable to Advent pursuant to the Development Services Agreement.

"Event of Bankruptcy" means with respect to any Person,

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

(ii) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or the consent by such Person to the appointment of or taking possession by a

receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such Person or for any substantial part of his or its property, or the making by such Person of any assignment for the benefit of creditors, or the taking of action by such Person in furtherance of any of the foregoing; or

(iii) the commencement against such Person of an involuntary case under the Federal Bankruptcy Act which has not been vacated, discharged or bonded within sixty consecutive days; or

(iv) the admission by such Person of his or its inability to pay his or its debts as they become due; or

(v) such Person becoming "insolvent" by the taking of any action or the making of any transfer or otherwise, as insolvency is or may be defined pursuant to the Federal Bankruptcy Act, the Uniform Fraudulent Conveyances Act, any state or federal act or law, or the ruling of any court.

"Extended Use Period" means the thirty (30) year period defined in Section 4.2(h)(6)(D) of the Code, ending on the date which is at least fifteen (15) years after the end of the Compliance Period.

"Fair Market Value" has the meaning set forth in Article IX(7).

"Fee Agreements" mean the Development Services Agreement, the Property Management Agreement, and the Investor Services Agreement of even date herewith, which are attached hereto as Exhibits C, F and L, respectively.

"Fee Guarantee Advance" means an advance to the Partnership pursuant to Article V(15) by the General Partner, which shall not affect its Interest or Partnership Percentage.

"Final Determination" means, with respect to any issue, the earliest to occur of: (i) a decision, judgment, decree, or other order being issued by any court of competent jurisdiction, which decision, judgment, decree, or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted), (ii) the IRS having entered into a binding agreement with the Partnership or having reached a final administrative or judicial determination which, whether by law or agreement, is not subject to appeal, or (iii) the expiration of the applicable statute of limitation.

"Gain" means the income and gain of the Partnership for federal income tax purposes arising from a sale or other disposition of all or any portion of the Partnership Property.

"General Partner" means Linwood Court Development Corporation and any additional or substitute general partners of the Partnership named in any duly adopted amendment to this Agreement.

"Guaranty Agreements" means (i) the Operating Deficit Guaranty Agreement of even date herewith by and among the Partnership, Advent and the General Partner; and (ii) the Unconditional Construction Completion Guaranty Agreement of even date herewith by Advent, which are attached hereto as Exhibits D and G.

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

"Immediate Family" means, with respect to any Person, his or her spouse, children, including adopted children, step-children, parents, parents-in-law, nephews, nieces, brothers, sisters, brothers-in-law, and sisters-in-law, each whether by birth, marriage, or adoption, as well as any inter vivos trusts created for the benefit of such Person or any of the foregoing.

"Interest", as to any Partner, means such Partner's right, title, and interest in and to any and all assets, distributions, losses, profits and shares of the Partnership, whether cash or otherwise, and any other interests and economic incidents of ownership whatsoever of such Partner in the Partnership.

"Interest Adjustment" means an amount equal to the interest which, as of the date of an event which results in a distribution of the amount of the Credit Deficiency to the Limited Partner, would have accrued upon each Shortfall (as defined below) of low income housing tax credits had such interest been accruing annually at the federal long-term rate (as defined in Section 1274(d) of the Code) in effect in January of each year beginning with the year succeeding the tax year in which the Shortfall occurred. As used herein, a "Shortfall" shall mean the difference between (i) the Projected Credits allocable to each tax year of the credit period (as defined in Section 42(f)(1) of the Code), less (ii) the amount of Credits actually received by the Limited Partner for each such tax year. For purposes of calculating a Shortfall, the amount of Credits actually received shall be the amount allocated to the Limited Partner on the Partnership's federal income tax return for such year, reduced by (i) any adjustment of the Partnership's tax return that is made or claimed by the IRS, except to the extent that such adjustment or claimed adjustment is rejected or overturned by the IRS or a court in a Final Determination, and (ii) the amount of any recapture or claimed recapture of such

Credits (other than recapture caused by the action of the Limited Partner and not including recapture which is rejected by the IRS or a court in a Final Determination). A Shortfall for a taxable year shall be deemed to have occurred on the following March 15.

"IRS" means the Internal Revenue Service.

"LIH Reduction Amount" means the sum of (i) the amount by which the portion of the Credit to be allocated to the Limited Partner which the Partnership claims for that taxable year is less than the Projected Credit for that year, and (ii) the portion of the Credit allocated to the Limited Partner which the Partnership claimed that the Partnership or the Accountants determine must be recaptured during such taxable year; provided, however, that such sum, for such taxable year, shall not exceed the aggregate amount of the Development Fee, reduced by all reductions of Additional Capital Contributions of the Limited Partner pursuant to Article III(3)(b) and the amount of all Credit Adjuster Advances which have been made to the Partnership by the General Partner pursuant to Article III(3)(c) (but no reduction shall be made for Credit Adjuster Advances made pursuant to Article III(4)).

"Limited Partner" means Corporate Housing Initiatives Limited Partnership, or any Person or Persons who becomes a Substitute Limited Partner as provided herein, in each such person's capacity as a Limited Partner.

"Loan Agreements" means the Loan Agreements between the Partnership and the Mortgagees.

"Loan Documents" means (i) the Mortgages; (ii) the Mortgage Notes; (iii) the Loan Agreements; and (vi) any and all other documents executed by the Partnership in connection with the aforesaid Loan Documents.

"Loss" means the loss of the Partnership for federal income tax purposes arising from a sale or other disposition of all or any portion of the Partnership Property.

"Management Agent" means Advent.

"Management Agreement" means the Property Management Agreement of even date herewith between the Partnership and the Management Agent.

"Minimum Gain" means the amount determined by computing with respect to each nonrecourse liability of the Partnership, the amount of Gain, if any, that would be realized by the Partnership if it disposed of the asset securing such liability in full satisfaction thereof, and by then aggregating the amounts so computed. For purposes of determining the amount of such Gain

with respect to a liability, the adjusted basis for federal income tax purposes of the asset securing the liability shall be allocated among all the liabilities that the asset secures in the manner set forth in Treasury Regulation Section 1.704-2(d)(2) (or successor provisions).

"Mortgage Loans" means (i) the RIHMFC Senior Loan, (ii) the RIHMFC Junior Loan, (iii) the Old Stone Bank Loan, (iv) Advent Loan I, and (v) Advent Loan II.

"Mortgages" means the mortgages on the Partnership Property, which have been granted by the Partnership in favor of the Mortgagees to secure the indebtedness under the Mortgage Notes and if the Mortgages are replaced or supplemented by subsequent financing and mortgages in accordance with this Agreement, such term shall refer to any such subsequent financing, mortgage, or mortgages.

"Mortgagees" mean Old Stone Bank, RIHMFC, and Advent, as payee of the Mortgage Notes, together with any successors or assigns in such capacity.

"Mortgage Notes" mean the notes executed by the Partnership in favor of (i) Old Stone Bank in the principal amount of \$613,370 (ii) RIHMFC in the principal amount of \$382,615, (iii) RIHMFC in the principal amount of \$284,000, (iv) Advent in the principal amount of 150,000 and (iv) Advent in the principal amount of \$50,000.

"Net Cash Flow" has the meaning set forth in Article VIII(1)(c).

"Net Losses" means the net loss of the Partnership for federal income tax purposes for each taxable year, calculated without regard to Gain or Loss and without regard to those items that are specially allocated in accordance with Regulatory Allocations; provided; however, that in determining net loss (i) any tax-exempt income received by the Partnership shall be included as an item of gross income, and (ii) any expenditure of the Partnership described (or treated under Treasury Regulation Section 1.704-1(b)(2)(iv)(i) as described) in Section 705(a)(2)(B) of the Code shall be treated as a deductible expense.

"Net Profits" means the taxable income of the Partnership for federal income tax purposes for each taxable year, calculated without regard to Gain or Loss and without regard to those items which are specially allocated in accordance with the Regulatory Allocations; provided, however, that in determining taxable income (i) any tax-exempt income received by the Partnership shall be included as an item of gross income, and (ii) any expenditure of the Partnership described (or treated

under Treasury Regulation Section 1.704-1(b)(2)(iv)(i) as described) in Section 705(a)(2)(B) of the Code shall be treated as a deductible expense.

"Nonrecourse Liability" means any Partnership liability to the extent that no Partner or related Person (within the meaning of Treasury Regulation Section 1.752-4(b)) bears (or is deemed to bear) the economic risk of loss within the meaning of Treasury Regulation Section 1.752-2.

"Notice" means a writing containing the information required by this Agreement and sent by registered or certified mail, postage prepaid, return receipt requested, or sent by commercial delivery service, by hand delivery, or by telecopy, paid for by the sender, to a Partner at the last address or addresses designated for such purpose by such Partner in Article XV(2) or as provided therein, the date of receipt of such registered mail or certified mail or the date of actual receipt of such writing by commercial delivery service, hand delivery or telecopy, being deemed the date of such Notice.

"Notice Certifications" has the meaning set forth in Article III(2)(c).

"Old Stone Bank Loan" means the mortgage loan made to the Partnership by Old Stone Bank in the principal amount of \$613,370 secured by a third mortgage on the Partnership Property.

"Operating Deficit" means at any time or with respect to any period of time, the amount by which the collected gross receipts (including government subsidies actually received during such period) in respect of the Partnership Property (together with other cash and funds on hand of the Partnership, if any) reduced (but not below zero) by debt service payments made, and reserves and deposits established, in accordance with the terms of the Loan Documents or the Project Documents is less than the amount necessary to meet all of the costs and expenses of any type due and payable incidental to the operation and business activities of the Partnership, including, without limitation, taxes, insurance and fees due and payable under any of the Fee Agreements but excluding (i) any cost or expense incurred in connection with the matters described in Article V(13)(b) which becomes due and payable after the Completion Date, (ii) payment of any principal or interest on loans from Partners or under the Loan Documents, (iii) any payment of the Development Fee, (iv) distributions of Net Cash Flow to Partners or (v) reserves and deposits required pursuant to the Loan Documents or the Project Documents.

"Operating Deficit Contribution" has the meaning set forth in Article V(14).

"Partner" or "Partners" means the General Partner and the Limited Partner, either individually or collectively.

"Partner Nonrecourse Debt" means any Partnership liability to the extent the liability is nonrecourse for purposes of Section 1.1001-2, and a Partner (or related Person (within the meaning of Treasury Regulation Section 1.752-4(b))) bears (or is deemed to bear) the economic risk of loss under Section 1.752-2.

"Partnership" means Linwood Court Limited Partnership, a limited partnership formed under and pursuant to the Act.

"Partnership Accounting Year" means the accounting year of the Partnership, ending December 31st of each year.

"Partnership Percentage", as to any Partner, means the percentage in the Partnership shown opposite the name of such Partner in Exhibit A, as Exhibit A may be amended from time to time in accordance with this Agreement.

"Partnership Property", means the Partnership's fee simple interest in the land and improvements comprising a project known as Linwood Court, which contains 44 units in two buildings and which is located in Providence, Rhode Island, the legal description and street address of which is set forth on Exhibit B attached hereto and made a part hereof, together with such additions or improvements thereto as may hereafter be acquired by the Partnership in accordance with this Agreement.

"Person" means an individual or entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, trust, cooperative, or association and the heirs, executors, administrators, legal representatives, successors, and assigns of such Person where the context so admits.

"Project" means the aggregate of all of the individual Units and the common areas located in or around the Partnership Property.

"Project Documents" means the Architect Agreement, Construction Contract, the Fee Agreements, the Guaranty Agreements, and any other document or instrument executed in connection with any of the aforesaid documents.

"Projected Credits" means the aggregate amount of Credits projected to be received by the Limited Partner based upon the projections prepared in accordance with Article III(3)(a).

"Refinancing Proceeds" has the meaning set forth in Article VIII(1)(b).

"Regulatory Allocations" has the meaning set forth in Article VII(3)(g).

"RIHMFC" means the Rhode Island Housing and Mortgage Finance Corporation.

"RIHMFC Senior Loan" means the Mortgage Loan to the Partnership from RIHMC in the principal amount of \$382,615, secured by a first mortgage on the Partnership Property.

"RIHMFC Junior Loan" means the Mortgage Loan to the Partnership from RIHMC in the principal amount of \$284,000, secured by a second mortgage on the Partnership Property.

"Sale Proceeds" has the meaning set forth in Article VIII(1)(a).

"Segregated Account" means an interest bearing segregated Partnership bank account.

"Social Services Agreement" means the Agreement (together with the Social Services Plan attached thereto) of even date herewith between the Partnership and Advent, relating to the social services to be provided by Advent for the tenants of the Project.

"State" or "state" means all states and the District of Columbia.

"Substitute Limited Partner" means that Person or those Persons admitted from time to time to the Partnership as a Limited Partner or Limited Partners in accordance with the provisions of Article X hereof and so reflected on Exhibit A, as such Exhibit A may be amended from time to time in accordance with this Agreement.

"Tax Matters Partner" means the General Partner.

"Term" means the period of time the Partnership shall continue in existence as stated in Article II(7).

"Title Policy" means that certain title policy issued by American Title Insurance Company in favor of the Partnership insuring the Partnership's title to the Partnership Property.

"Total LIH Reduction Amount" has the meaning set forth in Article III(3)(b).

"Treasury Regulations" means temporary and final regulations promulgated under the Code, as such regulations may

be amended from time to time (including corresponding provisions of succeeding regulations).

"Units" mean the individual units of residential rental housing located on the Partnership Property.

2. Generic Terms. Unless the context clearly indicates otherwise, where appropriate the singular shall include the plural and the masculine shall include the feminine or neuter, and vice versa, to the extent necessary to give the terms defined in this Article I and/or the terms otherwise used in this Agreement their proper meanings.

## ARTICLE II

### Restatement and Continuation; Name; Principal Place of Business; Registered Agent; Title To Partnership Property; Purposes; Term; Filing of Certificate

1. Withdrawal of Advent House, Inc.; Restatement and Continuation of Partnership. Advent hereby withdraws as the initial limited partner of the Partnership and acknowledges having received a full refund of its Capital Contribution and Corporate Housing Initiatives Limited Partnership is hereby admitted as the Limited Partner of the Partnership. The General Partner and the Limited Partner, constituting all of the Partners of the Partnership, hereby amend and restate the original agreement of Linwood Court Limited Partnership in its entirety and continue the Partnership under the Act.

2. Name. The name of the Partnership is "Linwood Court Limited Partnership."

3. Principal Place of Business. The principal office of the Partnership in Rhode Island and the office to be maintained pursuant to the Act shall be located at 191 Linwood Avenue, Providence, Rhode Island 02907. The principal place of business of the Partnership shall be located at 191 Linwood Avenue, Providence, Rhode Island 02907.

4. Registered Agent. The registered agent for service of process on the Partnership in Rhode Island shall be Drew P. Kaplan, Esq., Licht & Semonoff, One Park Row, Providence, Rhode Island 02907.

5. Title to Partnership Property. Legal title to the Partnership Property shall be in the name of the Partnership, and no Partner, individually, shall have any ownership of such Partnership Property.

6. Purposes. The purposes, nature, and general character of the business of the Partnership shall consist of:

(a) Acquiring, owning, developing, rehabilitating, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of the Partnership Property or any substantial part thereof;

(b) During the Extended Use Period, operating one hundred percent (100%) of the Units in compliance with the provisions of Section 42 of the Code; and

(c) Carrying on any and all activities related to the foregoing in accordance with this Agreement.

The purposes of this Partnership or the nature or character of its business shall not be extended, by implication or otherwise, except by written consent of the Partners.

7. Term. The term of the partnership has commenced on December 23, 1991, and shall continue until December 31, 2032, unless sooner terminated in accordance with Article XII. Upon termination of the Partnership, the General Partner shall file a certificate of cancellation and take all other actions necessary to terminate the Partnership in accordance with requirements of the Act.

8. Filing of Certificate. Immediately after the execution of this Agreement by the Partners, the General Partner shall, if required, cause the Certificate to be filed as the Partnership's amended and restated certificate of limited partnership in accordance with the Act. The General Partner shall immediately cause a copy of the Certificate, with evidence that the Certificate was filed in accordance with the Act, to be furnished to the Limited Partner.

### ARTICLE III

#### Partners and Partnership Percentages; Capital Contributions; Adjustments to Capital Contributions; No Interest on Capital Contributions; No Right to Require Repayment of Capital; No Third-Party Beneficiary

1. Identity of Partners and Partnership Percentages. The name and business address of the General Partner and the Limited Partner are as identified on Exhibit A, as such Exhibit may be amended from time to time in accordance with this Agreement and each such Partner has the Partnership Percentage indicated next to its name and business address.

## 2. Capital Contributions.

(a) The General Partner shall be obligated to (and does hereby covenant and agree to) contribute to the capital of the Partnership, by wire transfer or check, that sum set forth after the General Partner's name on Exhibit A, within fifteen days after the Limited Partner has made its first Additional Capital Contribution.

(b) On the Admission Date, the Limited Partner shall be obligated to (and does hereby covenant and agree to) contribute to the capital of the Partnership, by wire transfer or other form of available funds, that sum indicated as due on the Admission Date and set forth after the Limited Partner's name on Exhibit A. The Limited Partner shall make Additional Capital Contributions in accordance with the schedule of amounts and dates of payments listed on Exhibit A; provided, however, that the date for payment of any Additional Capital Contribution (i) shall be the Additional Capital Contribution Due Date, and (ii) may be extended in accordance with Article III(2)(d). Except as provided in this paragraph, the Limited Partner shall not be obligated to make any Capital Contribution to the Partnership.

(c) The General Partner shall deliver Notice to the Limited Partner (the "Additional Capital Contribution Notice") of the date on which any Additional Capital Contribution is due no less than forty-five (45) days in advance of the due date of each Additional Capital Contribution, which Notice shall state the amount of the Additional Capital Contribution and, in reasonable detail, the manner of calculation thereof. The General Partner shall certify on each such Notice that, at the time of the Notice:

(i) The operation of one hundred percent (100%) of the Units in the Project in all respects complies with the provisions of Section 42 of the Code.

(ii) No 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 Loan Documents or any of the Project Documents and the Loan Documents and the Project Documents are in full force and effect.

(iii) The Partnership owns the Partnership Property, the Project, and each of the Units free and clear of any liens, charges, or encumbrances other than matters set forth in the Title Policy.

(iv) No Event of Bankruptcy has occurred, and no event has occurred which with the passage of time could become an Event of Bankruptcy, with respect to the General Partner or any of its Affiliates.

(v) The General Partner is not in breach of any provision of this Agreement to be observed or performed by it.

(vi) All Credit Adjuster Advances, Development Advances and Operating Deficit Contributions required to be made by the General Partner pursuant to this Agreement have been made.

(vii) To the best knowledge of the General Partner after due inquiry, the Partnership Property contains no substance known to be hazardous such as hazardous waste, lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substances, underground storage tanks, polychlorinated biphenyls (PCBs), and radon, and the Partnership Property is not affected by the presence of oil, toxic substances, or other pollutants that could be a detriment to the Partnership Property or the Project nor is it in violation of any local, state, or federal law or regulation and no violation of the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, Toxic Substance Control Act, Safe Drinking Water Control Act, Comprehensive Environmental Resource Compensation and Liability Act, or Occupational Safety and Health Act has occurred or is continuing. The General Partner has not received any notice from any source whatsoever of the existence of any such hazardous condition on the Partnership Property or of a violation of any such local, state, or federal law or regulation with respect to the Partnership Property. If any such substance (including lead-based paint and asbestos) or pollutant was found to exist or be present, it has been either removed and disposed of or encapsulated and/or otherwise corrected, contained and made safe and inaccessible, all in strict accordance with federal, state and local statutes, laws, rules and regulations, any recommendations set forth in the environmental report(s) approved by the Limited Partner and any requirements in the Loan Documents.

(viii) The tax return for the last fiscal year required to be completed in accordance with Article XIII(3) (a) (iv) has been forwarded to the Limited Partner.

(ix) Advent continues to provide the services to the tenants of the Project as set forth in the Social Services Agreement.

(X) The Partnership Property continues to be exempt from all local real estate taxes.

The aforesaid certifications (i) - (x) in this Article III(2) (c) are hereinafter referred to as "Notice Certifications".

(d) Should the General Partner fail to certify that each of the Notice Certifications is true and correct in its Additional Capital Contribution Notice, or should any of the

Notice Certifications be in fact untrue, the Additional Capital Contribution Due Date shall be deferred until such time as the General Partner is able to and does certify that each of the Notice Certifications is true, and each of the Notice Certifications is in fact true, and failure to pay such Additional Capital Contribution prior to such time shall not constitute a default of the Limited Partner.

(e) In the event that the Limited Partner fails to pay any portion of any Additional Capital Contribution (as such Additional Capital Contribution may be adjusted in accordance with Article III(3) by the Additional Capital Contribution Due Date (as the same may be deferred pursuant to Article III(2)(d)) and any such failure is not cured within ninety days after written Notice of such failure, the Limited Partner shall be deemed to be in default of its obligations under this Agreement and the General Partner shall be entitled to take all actions available to the Partnership, including, without limitation, instituting a suit at law or at equity; provided, however, in the event of a Final Determination which provides that the Limited Partner shall pay to the Partnership all Additional Capital Contributions and any accrued interest thereon, such payment shall constitute the sole remedy of the Partnership under this Article III(2). Notwithstanding any provisions of Article III(2), upon payment of all amounts owed pursuant to the terms of this Article III(2)(e) as a result of the default of a Limited Partner, and provided such payment is received prior to the acquisition by another of the defaulting Limited Partner's Interest, the Limited Partner shall be fully reinstated to its former Interest and Partnership Percentage in the Partnership, including, but not limited to, the Limited Partner's former share of distributions, as though a default under this Article III(2)(e) had not occurred.

(f) Subject to the provisions of Article III(2)(e) in the event of a default pursuant to Article III(2)(e), the Partnership may offer to sell the defaulting Limited Partner's Interest to any other Person on such commercially reasonable terms and conditions as the General Partner deems most favorable under the circumstances. Any amount which the Person acquiring the Interest of the defaulting Limited Partner shall pay in consideration of the acquisition of such Interest shall be applied in the following order: first, to the payment of the Additional Capital Contribution payment and any interest thereon then required to be paid by the defaulting Limited Partner; second, to the payment, if any, of any future Additional Capital Contributions of the defaulting Limited Partner; third, to the payment of all reasonable fees and expenses incurred by the Partnership in connection with such sale; and fourth, any balance to the defaulting Limited Partner. In no event may a sale under this Article III(2)(f) be made to the General Partner or any Affiliate thereof. In furtherance of the foregoing and

notwithstanding Article III, Section 8 of this Agreement, the Limited Partner hereby agrees to execute two promissory notes representing its obligation to make Capital Contributions, grants a security interest to the Partnership in its Interest in the Partnership as security for its Capital Contribution obligation and agrees to execute a Form UCC-1 financing statement to evidence that security agreement. The promissory notes shall be endorsed and the security interest assigned by the Partnership to Old Stone Bank as security for the Old Stone Bank Loan.

(g) The obligations of a defaulting Limited Partner to the Partnership shall be extinguished upon completion of the transfer of the defaulting Limited Partner's Interest to a purchaser described in Article III(2)(f); provided, however, that the obligation of the defaulting Limited Partner to make Additional Capital Contributions shall only be extinguished by, and to the extent of, the aggregate of payments to be made by the purchaser or purchasers of the defaulting Limited Partner's Interest.

(h) In the event of a dispute between the Limited Partner and the General Partner and/or the Partnership as to the obligation to make, or the amount of, any Additional Capital Contribution, the Limited Partner may (but shall not be obligated to) deposit such Additional Capital Contribution in an escrow account pending a resolution of such dispute. In the event that the Limited Partner so deposits such Additional Capital Contribution or disputed amount thereof in an escrow account, the Limited Partner shall not be in default under Article III(2)(e) and the Partnership and/or the General Partner shall not be entitled to exercise any of the rights or remedies contained in Article III(2)(e), (f) or (g).

### 3. LIH Adjustments to Capital Contributions.

(a) On the date the Project is placed in service, the Partnership shall prepare projections of the Projected Credits based upon the basis of the Project (as determined by the Accountants based on the final cost certification of the Project) and the credit percentage at the time the Project is placed in service or such other credit percentage as is anticipated by the Accountants to be applicable. If the Projected Credits are less than \$1,699,421 the amount of all Additional Capital Contributions shall be adjusted by multiplying all Additional Capital Contributions in Exhibit A by the percentage that the Projected Credits bears to \$1,699,421. Any decrease in the Additional Capital Contributions which is attributable to Capital Contributions already made will be subtracted from the next succeeding Capital Contribution. In addition, the total benefit number in Articles VII(2)(a)(ii) and VIII(3)(c) shall be adjusted in accordance with the Projections prepared in accordance with this Article III(3)(a). In the event that 85% of the Units are

not occupied by qualified tenants under section 42 of the Code by April 1, 1993, the Capital Contribution next due shall be reduced by \$14,305 per month, until 85% of the Units are so occupied, and any such reduction shall come from that portion of the Limited Partner's Capital Contribution represented by the Limited Partner's promissory note in the amount of \$273,433.

(b) In the event the portion of Credit to be allocated to the Limited Partner which the Partnership claims (as determined by the Accountants in connection with the final cost certification of the Project) with respect to any taxable year is less than 95% (or 100% in the event the shortfall is a result of the failure of the Partnership to rent the Units to qualifying tenants) of the Projected Credits for that year, and/or the Partnership or the Accountants determine that the Partnership must recapture more than five percent (5%) of the Credit allocated to the Limited Partner which the Partnership claimed in any previous taxable year, the amount of the next succeeding Additional Capital Contribution shall be reduced by the LIH Reduction Amount. In the event that the LIH Reduction Amount exceeds the amount of the next succeeding Additional Capital Contribution, such excess shall reduce the second succeeding Additional Capital Contribution, and subsequent payments of Additional Capital Contributions, until such excess is eliminated. If the LIH Reduction Amount exceeds the sum of all subsequent payments of Additional Capital Contributions, the Partnership shall make a special distribution to the Limited Partner equal to the amount of such excess out of the funds provided by the Credit Adjuster Advance described in Article III(3)(c).

(c) During the Capital Contribution pay-in period, if the LIH Reduction Amount exceeds the sum of all subsequent payments of the Deferred Development Fee, the General Partner shall immediately make a Credit Adjuster Advance equal to the amount of such excess.

(d) If the amount of an Additional Capital Contribution of a Limited Partner is reduced for any taxable year by reason of Article III(3)(b), such reduced Additional Capital Contribution and any Credit Adjuster Advance received pursuant to Article III(3)(c) that is not distributed to the Limited Partner pursuant to Article III(3)(b) shall be used by the General Partner in accordance with the Application of Funds, as set forth on the Financial Projections and Notes, attached hereto as Exhibit H. Any portion of the Deferred Development Fee that remains unpaid after such funds have been applied in accordance with such Application of Funds shall be paid out of funds received from a Credit Adjuster Advance made by the General Partner in accordance with Article III(4) below.

(e) If there remains any LIH Reduction Amount after the end of the Capital Contribution pay-in period, such amount shall be added to the Credit Deficiency which is payable out of Sale Proceeds or Refinancing Proceeds pursuant to Article VIII(1)(a) and Article VIII(1)(b), respectively.

4. Additional Credit Adjuster Advances. If the amount of an Additional Capital Contribution is reduced for any taxable year by reason of Article III(3)(b), the General Partners shall advance to the Partnership, in addition to any Credit Adjuster Advances required by Article III(3), a Credit Adjuster Advance equal to the lesser of (i) the amount of such reduction, or (ii) the portion of the Deferred Development Fee payable in such taxable year. The amount of any Credit Adjuster Advance made by reason of this Article III(4) shall be advanced to the Partnership prior to the due date of payment of the Deferred Development Fee and used by the Partnership to pay the amount of the Deferred Development Fee for that taxable year.

5. No Interest on Capital Contributions. No interest shall accrue or be payable to any Partner by reason of its Capital Contribution or its Capital Account.

6. No Right to Require Repayment of Capital. A Partner shall not have the right to withdraw from the Partnership all or any part of its Capital Contribution. No Partner shall have any right to demand and receive property of the Partnership in return for its Capital Contribution or in respect of its Interest, except as provided in this Agreement. No Limited Partner shall have priority over any other Limited Partner as to any return of Capital Contributions or as to any distributions made by the Partnership under Article VIII.

7. Deficit Restoration. If, upon liquidation of the General Partner's Interest (whether or not in connection with the liquidation of the Partnership), the General Partner has a negative balance in its Capital Account (as determined after taking into account Capital Account adjustments pursuant to Article VII(1) as well as adjustments for the Partnership taxable year during which the liquidation of the General Partner's Interest occurs, other than those for contributions made pursuant to this Article III(7), then the General Partner shall be required to contribute to the capital of the Partnership, immediately prior to the liquidation of the General Partner's Interest, the amount necessary to restore its Capital Account to zero. Such contributions shall be receipts of the Partnership available for payment of operating expenses of the Partnership or distribution to the Partners, in accordance with the terms of this Agreement. If, upon liquidation of the Limited Partner's Interest (whether or not in connection with the liquidation of the Partnership), the Limited Partner has a negative balance in its Capital Account, the Limited Partner shall have no obligation

to make any contribution to the capital of the Partnership and the negative balance of the Limited Partner's Capital Account shall not be considered a debt owed by the Limited Partner to the Partnership or any other Person for any reason whatsoever.

8. No Third-Party Beneficiary. None of the provisions of this Agreement shall be construed as existing for the benefit of any creditor of the Partnership or for the benefit of any creditor of the Partners, and no provision shall be enforceable by a party not a signatory to this Agreement.

#### ARTICLE IV

##### Right to Mortgage; General Partner Bound by Loan Documents;

1. Right to Mortgage. The Partnership shall be authorized to borrow from the Mortgagees whatever amounts may be required, subject to the provisions hereof, in connection with the acquisition, development, and rehabilitation of the Partnership Property and to meet the expenses of operating the Project (including, without limitation, any items for which the Mortgagees may provide Mortgage funds) and shall secure the same by the Mortgages; such borrowing shall not at any given time exceed the amount of unpaid principal due, nor be at a higher interest rate, nor change the payment terms, under the initial Mortgage Notes. The Mortgages shall provide that no Partner shall have any personal liability for the payment of all or any part of such Mortgage Notes and that under no circumstances will the Limited Partner ever be personally liable.

2. General Partner Bound by Loan Documents. In its capacity as General Partner, the General Partner shall be bound by the terms of the Loan Documents and the Project Documents. Any incoming General Partner shall as a condition of receiving any Interest agree to be bound by the Loan Documents and the Project Documents to the same extent and on the same terms as the other General Partner.

#### ARTICLE V

##### Rights, Powers and Obligations of the General Partner

###### 1. Authority of General Partner.

(a) Subject to the terms of this Agreement, the General Partner shall have the right, power, and authority, acting for and on behalf of and in the name of the Partnership, to: (i) execute and deliver on behalf of the Partnership any

contract, agreement, or other instrument or document required or otherwise appropriate to acquire, construct, renovate, improve, lease, operate, sell, encumber, mortgage, convey, or refinance the Partnership Property (or any part thereof); (ii) convey the Partnership Property by deed, mortgage, certificate, bill of sale, agreement, or otherwise, as appropriate; and (iii) bring, compromise, settle, and defend actions at law or in equity.

(b) Except for items for which a vote or consent of the Limited Partner is required, all decisions made for and on behalf of the Partnership by the General Partner shall be binding upon the Partnership. Except as expressly otherwise set forth in this Agreement, the General Partner (acting for and on behalf of and in the name of the Partnership), in extension and not in limitation of the rights and powers given it by law or by the other provisions of this Agreement, shall, in its sole discretion, have the full and entire right, power and authority, in the management of the Partnership's business, to do any and all acts and things necessary, proper, ordinary, customary or advisable to effectuate the purposes of the Partnership. In furtherance and not in limitation of the foregoing provisions of this Article V and of the other provisions of this Agreement, the General Partner is, as is more fully set forth in Article V(1)(a), specifically authorized and empowered to execute any and all instruments and documents as shall be required by any lender in connection with any loan or loans, including but not limited to executing the Mortgages, Mortgage Notes, any contract, building loan agreement, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith, all of which must be in accordance with this Agreement.

2. Limitations on the Authority of the General Partner. Notwithstanding any other provision of this Agreement, the General Partner shall have no authority to perform any act in violation of any applicable law or regulations, the Loan Documents, or the Project Documents; or following the Completion Date, construct any new capital improvements or replace any existing capital improvements; or to do any act required to be approved, consented to, voted on, or ratified by the Limited Partner under the Act or under this Agreement unless such approval, vote, consent, or ratification has been obtained; or to cause the Partnership to engage in any business other than as set forth in Article II(6); or do any act which would make it impossible to carry out the business of the Partnership as contemplated herein. The General Partner shall have no authority to engage in the following activities without the prior written affirmative vote of the Limited Partner and, if required, the consent of the Mortgagees:

- (a) Effect a sale of all or any portion of the Partnership Property or the Units;
- (b) Effect a refinancing, encumbrance, mortgage, conveyance, or other disposition of all or a substantial portion of the Partnership Property;
- (c) Lease as an entirety the Partnership Property, or lease any portion of the Partnership Property except in the normal course of business;
- (d) Except for the Old Stone Bank Loan, Advent Loan I, and Advent Loan II, become subject to any economic risk of loss within the meaning of Treasury Regulation Section 1.752-2 with respect to the Mortgage Notes, the Mortgages, or any of the Loan Documents;
- (e) Acquire any real property in addition to the Partnership Property (other than easements or similar rights necessary or convenient for the operation of the Project);
- (f) During the Extended Use Period, lease or otherwise operate any of the Units or the Project in such a manner that such Unit or the Project would fail to be treated as a "low income unit" under Section 42(i)(3) of the Code, or as a qualified low-income housing project under Section 42(g)(1)(B) of the Code, as the case may be.
- (g) Incur debt not in the ordinary course of business, nor incur debt in the ordinary course of business in excess of Twenty Thousand (\$20,000) in the aggregate at any one time outstanding, except as specifically permitted in this Agreement;
- (h) Change the nature of the Partnership's business;
- (i) Voluntarily file a bankruptcy petition on behalf of the Partnership;
- (j) Dissolve or wind up the Partnership;
- (k) Confess any judgment;
- (l) Modify or amend this Agreement;
- (m) Prepay the Mortgage Notes;
- (n) Admit any Person as a Partner, except as otherwise provided in this Agreement; or
- (o) Make any election under the Code relating to the amount, timing or availability of Credits.

3. Overall Management of Business.

(a) The General Partner shall have full and exclusive power and right to manage and control the business and affairs of the Partnership. Any action required or permitted to be taken by the General Partner hereunder may be taken by such of its proper officers or agents as it shall validly designate and duly authorize for such purpose.

(b) The General Partner may delegate its authority, power, and right to manage the Partnership Property to the Management Agent; provided, however, that any such delegation shall not relieve the General Partner of its obligations and responsibilities to ensure the proper management of the Partnership Property.

(c) The General Partner shall prepare or cause to be prepared all tax and information returns required of the Partnership or considered necessary by the General Partner (including, but not limited to, federal, state, and local income tax and information returns and any amended returns), which returns shall be reviewed in advance by the Accountants. The General Partner shall, after consultation with the Limited Partner, be responsible for making all elections required or allowed under the Code or the Treasury Regulations including, but not limited to, elections pursuant to Sections 168, 709, and 754 of the Code, and all elections required or allowed under State or local law. To the extent possible, no election shall be made which would create a benefit to the General Partner and a detriment to the Limited Partner.

4. Duty of the General Partner to Maintain the Low Income Housing Status of the Partnership Property.

(a) During the Extended Use Period, the General Partner shall hold for occupancy 100% of the Units and 100% of the Project in such a manner as to qualify 100% of the Units and the Partnership Property as a "low income unit" under Section 42(i)(3) of the Code, and as a "qualified low income housing project" under Section 42(g)(1)(B) of the Code, as such sections of the Code are interpreted from time to time in Treasury Regulations and rulings promulgated thereunder. The General Partner shall not, by act or omission, permit any act to be taken which would cause the termination or discontinuance of the qualification of the Partnership Property as a "low income unit" under Section 42(i)(3) of the Code, or as a "qualified low-income housing project" under Section 42(g)(1)(B).

(b) During the Compliance Period, the General Partner shall prepare and submit to the Secretary of the Treasury (or any other governmental authority designated for such purpose), on a timely basis, any and all annual reports, information returns,

and other certifications and information and shall take any and all other action required (i) to insure that the Partnership (and its Partners) will continue to qualify for the Credit for each of the Units and the Partnership Property, and (ii) to avoid recapture or reduction of the Credit or the imposition of penalties or interest on the Partnership or any of the Partners for failure to comply with Section 42 of the Code.

(c) The General Partner shall use its best efforts to develop strategies to maintain 100% of the Units as low income housing after the end of the Compliance Period for the Extended Use Period and thereafter.

5. Outside Activities. The General Partner shall devote to the management of the business of the Partnership so much of its time as it deems reasonably necessary to the efficient operation of the Partnership Property, the Project, and the Units and in order to comply with this Agreement. The General Partner may engage in and possess any interest in other business ventures (including limited partnerships) of every kind, nature and description whatsoever, independently or with others, whether existing at the date hereof or hereafter coming into existence, including, without limitation, acting as general partner or limited partner of other partnerships which own, directly or through interests in other partnerships, housing projects similar to, or in competition with, the Project. Neither the Partnership nor the Partners shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom and nothing shall be construed to render them partners in any such business venture.

6. Liability to Partnership and Limited Partner. The General Partner shall not be liable, responsible, or accountable in damages or otherwise to the Limited Partner or to the Partnership for any acts performed in good faith and within the scope of authority of the General Partner pursuant to this Agreement; provided, however, that the General Partner shall be liable for its actions and/or omissions to the extent they are attributable to gross negligence, fraud, willful misconduct, or malfeasance, or breach of any representation, warranty, covenant, agreement under this Agreement, breach of fiduciary duty, or actions performed outside the scope of its duty.

7. Indemnification of General Partner.

(a) The Partnership shall indemnify, defend, and hold harmless the General Partner from and against any loss, liability, damage, cost, or expense (including reasonable attorneys' fees) arising out of or alleged to arise out of any demands, claims, suits, actions, or proceedings against the General Partner, by reason of any act or omission performed by it (including its employees and agents) while acting in good faith

on behalf of the Partnership and within the scope of the authority of the General Partner pursuant to this Agreement, and any amount expended in any settlement of any such claim of liability, loss, or damage; provided, however, that: (i) the General Partner must have in good faith believed that such action was in the best interests of the Partnership, and such course of action or inaction must not have constituted gross negligence, fraud, willful misconduct, malfeasance, breach of any representation, warranty, covenant or agreement set forth in this Agreement, or breach of a fiduciary duty; and (ii) any such indemnification shall be recoverable from the assets of the Partnership, not from the assets of the Limited Partner, and no Partner shall be personally liable therefor. This indemnity shall be operative only in the context of third-party suits, and not in connection with demands, claims, suits, actions or proceedings initiated by any Partner or any Affiliate thereof against another Partner.

(b) The Partnership shall not pay for any insurance covering liability of the General Partner for actions or omissions for which indemnification is not permitted hereunder.

(c) Notwithstanding anything contained in this Article V(7), the General Partner shall not be indemnified or saved harmless from any liability, loss, damage, cost, or expense incurred by it in connection with: (i) any liability imposed by law, including liability for gross negligence or willful misconduct; (ii) any claim or settlement involving the allegation that federal or state securities laws were violated by the General Partner or the Partnership; or (iii) any claim involving any category of claims listed in Article V(7)(a)(i), unless (a) the General Partner is successful in defending such action on the merits; (b) such claims have been dismissed in favor of the General Partner with prejudice on the merits by a court of competent jurisdiction; or (c) a court of competent jurisdiction approves a settlement and determines that the General Partner is entitled to costs.

(d) The provision of advances from the Partnership to the General Partner for reasonable legal expenses and other costs as a result of a legal action pursuant to Article V(7)(e) is permissible only if the following three conditions are satisfied: (1) the legal action relates to the performance of the duties or services by the General Partner on behalf of the Partnership; (2) the legal action is initiated by a third party who is not a Partner or Affiliate thereof; and (3) the General Partner covenants in advance to repay the advance of funds to the Partnership in accordance with Article V(7)(e) in the event it is determined that the General Partner is not entitled to indemnification hereunder.

(e) The General Partner, when entitled to indemnification pursuant to this Article V(7), shall be entitled to receive, upon application therefor, reasonable advances to cover the costs of defending any proceedings against it; provided, however, that the General Partner agrees that if it receives such advances, it shall repay such advances to the Partnership, with interest thereon, at an annual rate equal to 15%, computed on a daily basis, from the date made until repaid, if the General Partner is determined not to be entitled to indemnification under this Article V(7). All rights of the General Partner to indemnification shall survive the dissolution of the Partnership and the death, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the General Partner.

(f) The indemnification rights contained in this Article V(7) shall be limited to out-of-pocket loss or expense. Nothing contained herein shall constitute a waiver by the Limited Partner or its Affiliates of any right which it may have against any party under federal, state, or common law principles.

(g) The indemnification authorized by this Article V(7) shall include, but not be limited to, the costs and expenses (including reasonable attorneys' fees) of the removal of any liens affecting any property of the indemnitee as a result of such legal action.

8. Indemnification of Partnership and Limited Partner.

(a) The General Partner shall defend, indemnify, and save harmless (i) the Partnership and each Partner from any loss, liability, damage, cost, or expense (including reasonable attorneys' fees) incurred by reason of any demands, claims, suits, actions, or proceeding arising out of the General Partner's negligence, fraud, willful misconduct, malfeasance, breach of any representation, warranty, covenant, or agreement set forth in this Agreement, breach of fiduciary duty, or actions performed outside the scope of the authority of the General Partner pursuant to this Agreement, and (ii) the Limited Partner from any liability incurred by it for Partnership obligations (including, without limitation, the Mortgage Notes) in excess of its Capital Contributions, except to the extent that a Final Determination has been made that the Limited Partner has taken any actions or exercised any rights with respect to the operation of the Partnership in excess of those actions and rights granted or allowed under this Agreement or the Act.

(b) In addition, the General Partner shall defend, indemnify, and save harmless the Partnership and each Partner from any loss, liability, damage, cost, or expense (including attorneys' fees) incurred with respect to Providence Housing Court action C.A. 89-597.

(c) The foregoing indemnifications shall be a recourse obligation of the General Partner, and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the General Partner. The indemnifications authorized by this Article V(8) shall include, but not be limited to, the costs and expenses (including reasonable attorneys' fees) of the removal of any liens affecting any property of the indemnitee as a result of such legal action.

9. Environmental Indemnification. In the event that the Partnership or the Limited Partner becomes liable under any statute, regulation, ordinance or other provision of federal, state, or local law pertaining to the protection of the environment or otherwise pertaining to public health or employee health and safety, including, without limitation, protection from hazardous waste, lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substance, underground storage tanks, polychlorinated biphenyls (PCBs), and radon, the General Partner shall indemnify and hold harmless the Limited Partner for any and all costs, expenses (including reasonable attorneys' fees), damages, or liabilities to the extent that the Limited Partner is required to discharge such costs, expenses, damages, or liabilities in whole or in part from any source. The foregoing indemnification shall be a recourse obligation of the General Partner, and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the General Partner. The indemnification authorized by this Article V(9) shall include, but not be limited to, the costs and expenses (including reasonable attorneys' fees) of the removal of any liens affecting any property of the indemnitee as a result of such legal action.

10. Representations and Warranties of the General Partner. The General Partner hereby represents and warrants to the Limited Partner that the following are true and correct as of the date hereof and will be true and correct for the Term, unless specifically otherwise provided:

(a) The Partnership has obtained a 1991 carryover allocation of Credit from the Authority in the aggregate amount of at least \$1,716,587 and such allocation is in full force and effect and available to the Partnership.

(b) No litigation, action, investigation, event, or proceeding is pending or, to the best of its knowledge, is threatened which, if adversely resolved, would: (i) have a material adverse effect on the Partnership or the Partnership Property; (ii) have a material adverse effect on the ability of the General Partner or any of its Affiliates to perform their respective obligations under this Agreement; (iii) have a material adverse effect on the financial condition of the General

Partner; or (iv) constitute or result, if true, in a material breach of any representation, warranty, covenant, or agreement set forth in this Agreement; notwithstanding the foregoing, however, the Limited Partner acknowledges that the Partnership is a party to Providence Housing Court action C.A. 89-597.

(c) No 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 Loan Documents, the Project Documents, or any other contract, agreement, or instrument to which the Partnership or the General Partner is subject, and the Loan Documents and the Project Documents are in full force and effect and the Partnership is entitled to the benefit of the Loan Documents and the Project Documents.

(d) All building, zoning (in reliance upon that certain letter dated May 22, 1992, from Merlin A. DeConti, Jr., Director of the City of Providence Department of Inspection and Standards, to Robert M. Stillings), and other applicable certificates, permits, and licenses necessary to permit the rehabilitation, use, occupancy, and operation of the Partnership Property and the Project have been obtained (other than such as will be issued only after the completion of the Project or any specified portion thereof) and neither the Partnership nor the General Partner has received any notice of or has any knowledge of any violation with respect to the Partnership Property of any law, rule, regulation, order, or decree of any governmental authority having jurisdiction which would have a material adverse effect on the Partnership Property or the Project or the construction, rehabilitation, use, occupancy, or operation thereof.

(e) No Event of Bankruptcy has occurred with respect to the General Partner or any of its Affiliates.

(f) Except for Advent Loan I and Advent Loan II, as of the date of this Agreement, there are no outstanding loans or advances from the General Partner to the Partnership, and the Partnership has no unsatisfied obligation to make any payments of any kind to the General Partner.

(g) The Partnership owns the Partnership Property, the Project, and each of the Units, free and clear of any liens, charges, or encumbrances other than the Mortgages, matters set forth in the Title Policy, and mechanics' or other liens which have been bonded against in such a manner as to preclude the holder of such lien from having any recourse to the Partnership Property, the Project, any of the Units, or the Partnership for payment of any debt secured thereby and the General Partner has not received notice of any such liens, charges, or encumbrances.

(h) The General Partner (i) is a corporation validly existing and in good standing under the laws of the State of Rhode Island and (ii) has full power to enter into and consummate this Agreement and all instruments pertaining hereto and to perform all acts related thereto; and the consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by the General Partner does not and will not, result in any material breach or violation of, or default under, any governing instrument of the General Partner or any agreements by which the General Partner or any of its property is bound, or under any applicable law, administrative regulation, or court decree.

(i) All consents or approvals of any governmental authority, or any other Person, necessary in connection with the transactions contemplated by this Agreement or necessary to admit the Limited Partner to the Partnership, have been obtained by the General Partner.

(j) All appropriate roadways and public utilities necessary to the operation of the Partnership Property, including, but not limited to, sanitary and storm sewers, water, gas (if applicable), and electricity, are available to and are connected to the Partnership Property and each of the Units.

(k) All Loan Documents and Project Documents are in accord with applicable laws, codes and regulations and the rehabilitation of the Partnership Property will be completed in accordance therewith.

(l) To the best knowledge of the General Partner after diligent inquiry, including, without limitation, the preparation and provision of the environmental report in accordance with Article V(10)(o), the Partnership Property contains no substance, and on the Completion Date will contain no substance, known to be hazardous such as hazardous waste, lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substances, underground storage tanks, polychlorinated biphenyls (PCBs), and radon, and the Partnership Property is not affected by the presence of oil, toxic substances, or other pollutants that could be a detriment to the Partnership Property or the Project nor is it in violation of any local, state, or federal law or regulation and no violation of the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, Toxic Substance Control Act, Safe Drinking Water Control Act, Comprehensive Environmental Resource Compensation and Liability Act, or Occupational Safety and Health Act has occurred or is continuing. The General Partner has not received any notice from any source whatsoever of the existence of any such hazardous condition on the Partnership Property or of a violation of any such local, state or federal law or regulation with respect to the Partnership Property. If any such substance (including lead-based paint and asbestos) or pollutant was found

to exist or be present, it has been either removed (or, in the case of that certain underground storage tank containing heating oil, will be removed in accordance with all applicable environmental laws) from the Partnership Property and disposed of or encapsulated and/or otherwise corrected, contained and made safe and inaccessible, all in strict accordance with federal, state and local statutes, laws, rules and regulations, any recommendations set forth in the environmental reports approved by the Limited Partner and any requirements in the Loan Documents.

(m) No event has occurred which has caused, and the General Partner has not acted in any manner which will cause (i) the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (ii) the Partnership to fail to qualify as a limited partnership under the Act, or (iii) the Limited Partner to be liable for Partnership obligations.

(n) The Partnership is under no obligation under any federal or state law, rule, or regulation to register the Interests or to comply with any exemption available for the sale of interests without registration.

(o) The General Partner has delivered to the Limited Partner an environmental report prepared by Holmes & Geisser, Inc., which report has been approved and accepted by the Limited Partner.

(p) The General Partner has delivered to the Limited Partner true copies of all documents material to the Limited Partner's investment in the Partnership and true copies of all amendments to such documents.

(q) The Partnership complied with the requirements of Section 42(h)(1) of the Code, including, without limitation, the requirement that the basis of the Project as of December 31, 1991 equaled more than 10% of the reasonably anticipated basis of the Project as of December 31, 1993.

(r) In the event the Federal Drug Free Workplace Act of 1988 and the Regulations promulgated thereunder, including without limitation, 54 Code of Federal Regulations 4956 (1989), as such Act and Regulations have been amended are applicable, the General Partner has complied with and has caused the Partnership to comply with such Act.

(s) No federal appropriated funds have been paid or will be paid, by or on behalf of the General Partner or the Partnership, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal

contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and/or the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.

(t) No funds have been paid for influencing or attempting to influence an officer or employee of a Member of Congress in connection with a federal contract, grant, loan and/or cooperative agreement benefiting the Partnership and/or the General Partner. The Partnership and the General Partner have complied with all restrictions, certifications and disclosure requirements contained in the Byrd amendment to the fiscal 1990 appropriations measures for the Interior Department (PL 101-121) and with any guidelines and rules issued by any federal entity in connection therewith ("Byrd Amendment"), if applicable.

11. Covenants of the General Partner. The General Partner covenants to the Limited Partner that for the Term:

(a) The General Partner shall at all times maintain its total net worth equal to at least ten percent (10%) of Capital Contributions and at a level sufficient to ensure that the Partnership will be classified for federal income tax purposes as a partnership and not as an association taxable as a corporation, and shall take any and all actions as may be necessary from time to time to maintain such net worth.

(b) The General Partner shall at all times during the Compliance Period and Extended Use Period rent 100% of the Units to qualifying low-income tenants, charge such tenants rental rates no greater than permitted under Section 42 of the Code, and in all other respects comply with the provisions of Section 42 of the Code.

(c) Except for the Old Stone Bank Loan, Advent Loan I, and Advent Loan II, the General Partner agrees that neither it nor any of its Affiliates will at any time become subject to any economic risk of loss within the meaning of Treasury Regulation Section 1.752-2 with respect to any Partnership obligation. The General Partner agrees that it will not cause the Limited Partner to become, and it will take all steps necessary to prevent the Limited Partner at any time from becoming, personally liable for payment or performance under the Mortgage Notes or the Mortgages.

(d) Prior to the exercise of any of the voting rights of the Limited Partner required by this Agreement, the Limited Partner shall have the right to obtain an opinion of counsel stating that the exercise of such voting rights will not constitute taking part by the Limited Partner in the control of

the Partnership's business. The cost of obtaining such an opinion will be borne by the Limited Partner.

(e) The General Partner will cause the Partnership to maintain (i) comprehensive general liability insurance with financially sound insurers with an A.M. Best Co. rating of A or better in a minimum amount of \$2,000,000 for bodily injury and property damage for any single occurrence and in an amount equal to the replacement value of the Partnership Property for property damage; (ii) such other insurance on the Partnership Property against risks which are of a character usually insured by persons engaged in a similar business and in form and amount and covering such risks as is usually carried by such persons; provided, however, that, in addition to such requirements, the Partnership shall at all times comply with the insurance requirements imposed by the Mortgagees; and (iii) title insurance in the minimum amount of \$2,000,000.

(f) The General Partner shall cause the rehabilitation to be completed substantially in accordance with the Construction Contract and plans and specifications. In addition, the General Partner shall meet the deadlines contained in the construction schedule attached as Exhibit J and shall obtain a certificate of occupancy for the Project no later than March 15, 1993. The General Partner shall obtain all building, zoning, and other applicable certificates, permits, and licenses necessary to permit the rehabilitation, use, occupancy, and operation of the Partnership Property and the Project that are obtainable only after completion of the Partnership Property and the Project or a specified portion thereof.

(g) The General Partner shall furnish to the Limited Partner, within ten business days of receipt thereof, a copy of any notice of default under the Mortgage Notes, the Mortgages, any of the Project Documents or any of the Loan Documents given to the Partnership or the General Partner.

(h) The General Partner will cause the Partnership Property, including each of the Units, to be operated in compliance with all applicable zoning regulations, ordinances, and subdivision laws, rules, and regulations.

(i) The General Partner will cause the Partnership to comply with all of the terms and conditions of the residential lease agreement for each of the Units.

(j) The General Partner will cause the Partnership to keep all public utilities necessary to the operation of the Partnership Property, including, but not limited to, sanitary and storm sewers, water, gas (if applicable), and electricity, operating in working condition, to the extent required by law and pursuant to the residential lease agreement of any of the Units.

(k) The General Partner shall not act in any manner which will cause (i) the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (ii) the Partnership to fail to qualify as a limited partnership under the Act, or (iii) the Limited Partner to be liable for Partnership obligations.

(l) The General Partner shall not employ any person as an employee of the Partnership.

(m) The General Partner shall take all actions necessary to ensure that the Partnership Property contains no substance known to be hazardous such as hazardous waste, lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substances, underground storage tanks, polychlorinated biphenyls (PCBs), and radon, and to ensure that the Partnership Property is not affected by the presence of oil, toxic substances, or other pollutants that could be a detriment to the Partnership Property or the Project and to ensure that the Partnership Property is not in violation of any local, state, or federal law or regulation and is not in violation of the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, Toxic Substance Control Act, Safe Drinking Water Control Act, Comprehensive Environmental Resource Compensation and Liability Act, or Occupational Safety and Health Act. The General Partner shall promptly deliver to the Limited Partner any notice received from any source whatsoever of the existence of any such hazardous condition on the Partnership Property or of a violation of any such local, state, or federal law or regulation with respect to the Partnership Property. If any such substance (including lead-based paint and asbestos) or pollutant was found to exist or be present, it has been either removed (or, in the case of that certain underground storage tank containing heating oil, will be removed in accordance with all applicable environmental laws no later than December 31, 1992 and the Limited Partner will be notified after such removal) from the Partnership Property and disposed of or encapsulated and/or otherwise corrected, contained and made safe and inaccessible, all in strict accordance with federal, state and local statutes, laws, rules and regulations, any recommendations set forth in the environmental report(s) approved by the Limited Partner and any requirements in the Loan Documents.

(n) The General Partner shall take all actions necessary or required to maintain the Partnership in good standing in Rhode Island, including, without limitation, the making of all necessary filings.

(o) The General Partner shall use funds of the Partnership attributable to Capital Contributions, Credit Adjuster Advances made pursuant to Article III(3) or (4), or Fee Guarantee Advances prior to any other Partnership funds to pay

the Development Fee. Nothing in this Article V(11)(o) is intended to affect the obligation of the General Partner to make such Credit Adjuster Advances or Fee Guarantee Advances.

(p) In the event the Federal Drug Free Workplace Act of 1988 and the Regulations promulgated thereunder, including without limitation, 54 Code of Federal Regulations 4956 (1989), as such Act and Regulations may be amended are applicable, the General Partner shall comply with and will cause the Partnership and the Property Manager to comply with such Act.

(q) The General Partner will comply and will cause the Partnership to comply with the restrictions, certifications and disclosure requirements contained in the "Byrd Amendment", if such Act is applicable.

(r) The Social Services Agreement shall remain in full force and effect for at least 15 years.

(s) The General Partner shall investigate and report to the Limited Partner any proposal or offer of any Person, including the General Partner, to acquire the Partnership Property or the Interest of the Limited Partner.

(t) The General Partner shall provide monthly construction progress reports to the Limited Partner until the rehabilitation of the Project has been completed.

12. No Salary. The General Partner shall not be entitled to receive any salary in connection with its performance of its duties as General Partner.

13. Obligation to Complete Rehabilitation.

(a) The General Partner shall complete the rehabilitation of the Partnership Property or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics', materialmen's, or similar liens, and shall equip the Partnership Property or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal property, including refrigerators and ranges, all in accordance with the Loan Documents and the Construction Contract, and the plans and specifications, and shall provide for, or cause to be provided for, all other actions and performance required to complete the rehabilitation of the Project in conformity with the Loan Documents and Project Documents.

(b) If the Designated Proceeds are insufficient to:

(i) complete the rehabilitation of the Project or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics', materialmen's, or similar

liens, and equip the Partnership Property or cause the same to be equipped, all in accordance with the Loan Documents, the Construction Contract, and the plans and specifications;

(ii) complete the rehabilitation of the Project in conformity with the Loan Documents and Project Documents;

(iii) discharge all Partnership liabilities and obligations arising out of any casualty giving rise to insurance proceeds; and

(iv) pay or provide for all requirements of the ongoing business operations of the Partnership, including all obligations, expenses, costs, liabilities, or expenditures in respect thereof, applicable to the period prior to the Completion Date;

the General Partner shall advance or cause to be advanced as a contribution to capital to the Partnership from time to time as needed such funds ("Development Advances") as are required to pay such deficiencies.

(c) As used herein, the term "Designated Proceeds" shall mean: (i) proceeds of the Mortgage Notes; (ii) insurance proceeds arising out of casualties as available from time to time; and (iii) Capital Contributions due prior to the Completion Date.

14. Operating Deficit Contributions. If, at any time or from time to time after the Completion Date, an Operating Deficit exists, then the General Partner shall contribute funds (an "Operating Deficit Contribution") to the Partnership as a contribution to capital in an amount equal to the amount of the Operating Deficit. Operating Deficit Contributions shall be repayable, without interest, solely as provided in Article VIII hereof.

15. Fee Guarantee Advances. If as of the date that any installment of the Development Fee is due (i) there is a continuing deferral of the Additional Capital Contribution Due Date pursuant to Article III(2)(d), or (ii) the Limited Partner has deposited any Additional Capital Contribution in an escrow account pursuant to Article III(2)(h), the General Partner shall make a Fee Guarantee Advance to the Partnership equal to the excess of (x) the amount of the Development Fee for the taxable year, over (y) the amount of any Credit Adjuster Advance made pursuant to Article III(4) for the year. The amount of any Fee Guarantee Advance shall be advanced to the Partnership prior to the due date of the Development Fee and used by the Partnership to pay the amount of the Development Fee for the taxable year. As soon as the Additional Capital Contribution has been made or paid to the Partnership from the escrow account, there shall be

specially distributed to the General Partner (neither to reduce nor to be limited by Net Cash Flow) an amount equal to the amount of all unrepaid Fee Guarantee Advances. No amount of any Fee Guarantee Advance shall be distributed to the General Partner except as provided in this Article V(15).

16. Dealing with Affiliates.

The General Partner may, for, in the name and on behalf of, the Partnership, enter into agreements or contracts for performance of services for the Partnership with an Affiliate thereof and may authorize the Management Agent to enter into such agreements and contracts, and the General Partner may obligate the Partnership to pay compensation for and on account of any such services and may authorize the Management Agent to so obligate the Partnership; provided, however, such compensation and services shall be at costs to the Partnership not in excess of those that would be incurred in making arm's-length purchases of comparable services on the open market.

17. Obligation to Purchase Interest of Limited Partner.

(a) The General Partner shall be obligated, as provided in Article V(17)(b), to purchase the Limited Partner's Interest for a sum equal to the total Capital Contribution made by the Limited Partner if all buildings contained in the Project have not been placed in service in accordance with the requirements of Section 42 of the Code before January 1, 1994.

(b) Upon the occurrence of the event specified in Article V(17)(a), the General Partner shall, within ten days thereafter, give Notice to the Limited Partner of the occurrence of such event and of the General Partner's obligation to purchase the Limited Partner's Interest. The Limited Partner may, by Notice to the General Partner within thirty days after the General Partner's Notice, elect to require the General Partner to purchase the Limited Partner's Interest. If the Limited Partner elects to have its Interest purchased, the General Partner shall purchase such Interest within ten days after Notice from the Limited Partner of its election to have its Interest purchased. The Limited Partner may unconditionally waive at any time its right to require the General Partner to purchase its Interest by reason of the application of Article V(17)(a). After such waiver the General Partner shall have no further obligation to purchase by reason of the application of the Article to which such waiver relates.

18. Operating Reserves. The General Partners will establish a fund for operating reserves out of Capital Contributions in the following amounts at the times specified:

- (i) \$19,409 within 15 days after receipt of the Limited Partner's first Additional Capital Contribution;
- (ii) \$21,725 within 15 days after receipt of the Limited Partner's second Additional Capital Contribution;
- (iii) \$20,730 within 15 days after receipt of the Limited Partner's third Additional Capital Contribution; and
- (iv) \$10,136 within 15 days after receipt of the Limited Partner's fourth Additional Capital Contributions.

In addition, the Partnership shall establish another operating reserve fund out of "Available Cash Flow" as such term is defined in the promissory note for the RIHMFC Junior Loan. The funds in such operating reserve accounts shall be used to pay the operating costs and expenses of the Partnership to the extent the Partnership's collected gross receipts (including any government subsidies actually received) are insufficient for such purpose.

19. Capital Asset Reserves. On or before December 31 of 1993, the General Partner shall establish from Partnership funds reserves for replacement of capital assets in the amount of at least \$5,378, and such amount shall be increased to \$6,647 for 1994. For each year after 1994, the amount in such reserve shall be increased by 3% over the amount for the previous year. The funds in the replacement reserve shall be held in a separate account and shall be used solely for substantial repairs and/or replacement of the capital assets of the Partnership.

## ARTICLE VI

### Rights and Obligations of Limited Partner

1. Management of the Partnership. No Limited Partner shall take part in the management or control of the business of the Partnership or transact any business in the name of the Partnership. No Limited Partner shall have the power or authority to bind the Partnership or to sign any agreement or document in the name of the Partnership.

2. Limitation on Liability of Limited Partner. Notwithstanding any other provision of this Agreement, the liability of the Limited Partner shall be limited to its Capital Contributions at any given time as and when payable under the provisions of this Agreement. No Limited Partner shall have any other liability to contribute money to, or in respect of the

liabilities, obligations, debts or contracts of the Partnership, nor shall any Limited Partner be personally liable for any liabilities, obligations, debts or contracts of the Partnership. No Limited Partner shall be obligated to make loans to the Partnership.

3. Outside Activities. Nothing herein contained in this Agreement shall be construed to constitute the Limited Partner hereof the agent of any other Partner hereof or to limit in any manner the Limited Partner in the carrying on of its own businesses or activities. Any Limited Partner may engage in and possess any interest in other business ventures (including limited partnerships) of every kind, nature and description, independently or with others, whether existing as of the date hereof or hereafter coming into existence, including, without limitation, acting as general partner or limited partner of other partnerships which own, directly or through interests in other partnerships, housing projects similar to, or in competition with, the Project. Neither the Partnership nor any of the Partners shall have any rights by virtue of this Agreement in or to any such other business ventures or to the income or profits derived therefrom and nothing shall be construed to render them partners in any such business ventures.

4. Execution of Amendments. The Limited Partner agrees to sign and acknowledge any amendment to this Agreement adopted in accordance with the terms of this Agreement and to execute whatever further instruments shall be necessary or appropriate in connection therewith. The General Partner shall cause the due execution, acknowledgment, and filing for record and publication, if required by Act of any such amendment or further instruments in accordance with the Act, and shall cause a copy of the endorsed copy thereof to be furnished to the Limited Partner.

## ARTICLE VII

### Allocations of Profits and Losses

1. Maintenance of Capital Accounts. A separate capital account (a "Capital Account") shall be maintained for each Partner. For purposes of the foregoing, the Partners hereby agree that the fair market value of the Partnership Property as of the Admission Date is equal to the Partnership Property's adjusted basis. Such Capital Accounts shall be maintained and adjusted as the General Partner determines, after consultation with the Limited Partner, in accordance with Treasury Regulation Section 1.704-1(b).

2. Profits and Losses.

(a) After giving effect to the special allocations set forth in Article VII(3), the Net Profits, Net Losses, Loss and credits of the Partnership shall be allocated 1% to the General Partner and 99% to the Limited Partner; provided, however, that Gain shall be allocated among the Partners as follows:

(i) First, to the General Partner until the balance in its Capital Account equals the unrepaid portion of any Operating Deficit Contribution;

(ii) Second, to the Limited Partner until the balance in the Limited Partner's Capital Account equals the sum of (A) if the Credit Deficiency is more than five percent (5%) (or 0% if such Credit Deficiency was caused by the failure of the Partnership to rent the Units to qualified low-income tenants) of the Projected Credits, any unpaid Credit Deficiency and Interest Adjustment, (B) thirty-four percent (34%) of the amount to be distributed to the Limited Partner as a result of an event resulting in Gain and (C) an amount necessary to provide the Limited Partner with total benefits from the Partnership equal to \$891,065, adjusted in accordance with Article III(3). For purposes of this Article, "total benefits" shall be computed as the sum of the following items, discounted at 18%:

- (i) 100% of Credits allocated to the Limited Partner on the Partnership's tax returns; plus
- (ii) 34% of Net Losses allocated to the Limited Partner on the Partnership's tax returns; plus
- (iii) all distributions of Net Cash Flow and Sale Proceeds to the Limited Partner; minus
- (iv) 34% of Net Profit and Gain allocated to the Limited Partner on the Partnership's tax returns.

(iii) Third, among the Partners so that, to the extent possible, the ratio of (A) the balance of the Limited Partner's Capital Account in excess of the balance described in Article VII(2)(a)(ii) to (B) the balance in the General Partner's Capital Account in excess of the balance described in Article VII(2)(a)(i) is 50% to 50%.

(b) For purposes of the allocations of Gain and Loss, a Partner's Capital Account shall be determined immediately prior

to the event giving rise to the Gain and Loss as if, at such time, the books of the Partnership had been closed as though at the end of the taxable year.

3. Special Allocations and Limitations. The following provisions shall apply notwithstanding the provisions of Article VII(2). In the event that there is a conflict between any of the following provisions, the earlier listed provision shall govern.

(a) If there is a net decrease in Minimum Gain attributable to Nonrecourse Liabilities during any taxable year, each Partner who has a share of the Minimum Gain attributable to such Nonrecourse Liabilities shall be specially allocated a pro rata portion of each of the Partnership's items of income and gain for such year (and, if necessary, for subsequent years) in proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in such Minimum Gain during such year as determined pursuant to Treasury Regulation Section 1.704-2(g)(2). In the event that such net decrease in the Partnership's Minimum Gain occurs in connection with the disposition of all or any portion of the Partnership Property securing a Nonrecourse Liability, then any items of Partnership income or gain allocated in accordance with the previous sentence shall first consist of Gain recognized by the Partnership as a result of such disposition. It is the intent that items to be so allocated shall be determined and the allocations made in accordance with and only to the extent required by Treasury Regulation Section 1.704-2(f) and (j)(2)(i), and this Article VII(3)(a) shall be interpreted consistently therewith.

(b) If there is a net decrease in Minimum Gain attributable to Partner Nonrecourse Debt during any fiscal year, each Partner who has a share of the Minimum Gain attributable to such Partner Nonrecourse Debt shall be specially allocated a pro rata portion of each of the Partnership's items of income and gain for such year (and, if necessary, for subsequent years) to the extent of an amount equal to such Partner's share of the net decrease in such Minimum Gain during such year as determined pursuant to Treasury Regulation Section 1.704-2(i)(4). In the event that such net decrease in the Partnership's Minimum Gain occurs in connection with the disposition of all or any portion of the Partnership Property securing a Partner Nonrecourse Debt, then any items of Partnership income or gain allocated in accordance with the previous sentence shall first consist of Gain recognized by the Partnership as a result of such disposition. It is the intent that items to be so allocated shall be determined and the allocations made in accordance with and only to the extent required by Treasury Regulation Section 1.704-2(i) and (j)(2)(ii), and this Article VII(3)(b) shall be interpreted consistently therewith.

(c) In the event a Partner unexpectedly receives in any taxable year any adjustments, allocations or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) that cause or increase an Adjusted Capital Account Deficit of such Partner, items of Partnership income and gain shall be specially allocated to such Partner in such taxable year (and, if necessary, in subsequent taxable years) in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Partner as quickly as possible. It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the qualified income offset provision of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and Article VII(3)(c) shall be interpreted consistently therewith.

(d) No Net Losses, Losses or Partnership deductions for any taxable year shall be allocated to any Limited Partner to the extent such allocation would cause or increase an Adjusted Capital Account Deficit with respect to such Partner, and such Net Losses, Losses or Partnership deductions shall be instead be allocated to the General Partner.

(e) If in any fiscal year there is a net increase during such year in the amount of Minimum Gain attributable to a Partner Nonrecourse Debt, any Partner bearing the economic risk of loss with respect to such debt (within the meaning of Treasury Regulation Section 1.752-2) shall be specially allocated items of Partnership loss or deduction in an amount equal to the excess of (i) such Partner's share of the amount of such net increase, over (ii) the aggregate amount of any distributions during such year to such Partner of the proceeds of such debt that are allocable to such increase in Minimum Gain. It is the intent that items to be so allocated shall be determined and the allocations made in accordance with the required allocation of "partner nonrecourse deductions" pursuant to Treasury Regulation Section 1.704-2(i), and this Article VII(3)(e) shall be interpreted consistently therewith.

(f) The interest of the General Partner in each material item of Partnership income, gain, loss, deduction, and credit will be equal to at least 1% of each such item at all times during the existence of the Partnership.

(g) The special allocations set forth in Articles VII(3)(a), (b), (c) and (e) (the "Regulatory Allocations") are intended to comply with certain requirements of Treasury Regulation Sections 1.704-1(b) and 1.704-2. The Regulatory Allocations shall be taken into account in allocating other profits, losses and other items of income, gain, loss and deduction to the Partners so that, to the extent possible, the net amount of such allocations of profits and losses and other items shall be equal to the amount that would have been allocated

to each Partner had the Regulatory Allocation not occurred. In the event that in any year the Regulatory Allocations alter the allocations of tax items to the Partners, to the extent possible, depreciation deductions shall nevertheless be allocated 99% to the Limited Partner and 1% to the General Partner.

(h) The respective interest of the Partners in the Net Profits, Net Losses, Gain, and Loss or items thereof shall remain as set forth above unless changed by amendment to this Agreement or by an assignment of a Partnership Interest authorized by the terms of this Agreement. Except as otherwise provided herein, for tax purposes, all items of income, gain, loss, deduction, or credit shall be allocated to the Partners in the same manner as are Net Profits from operations; provided, however, that with respect to property contributed to the Partnership by a Partner, such items shall be shared among the Partners so as to take into account the variation between the basis of such property and its fair market value at the time of contribution in accordance with Section 704(c) of the Code.

(i) Solely for purposes of determining a Partner's proportionate share of the "excess nonrecourse liabilities" of the Partnership within the meaning of Treasury Regulation Section 1.752-3(a)(3), the General Partner's interest in Partnership profits shall equal 1% and the Limited Partner's interest in Partnership profits shall equal 99%.

## ARTICLE VIII

### Cash Distributions

1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Sale Proceeds" means the excess of all cash receipts and other consideration arising from the sale or other disposition of all or any portion of the Partnership Property or any proceeds realized from condemnation, insured casualty, or insured title defect, but excluding proceeds from rental interruption insurance or a temporary condemnation in the nature of a lease, if any, over the sum of the following to the extent paid out of such cash receipts and other consideration: (i) the amount of cash disbursed or to be disbursed in connection with or as an expense of such sale or other disposition, (ii) the amount necessary for the payment of all debts and obligations of the Partnership arising from or otherwise related to such sale or other disposition or to which the Partnership Property is subject and which are otherwise then due (not including, however, any Operating Deficit Contributions made to the Partnership by the Partners), (iii) the amount of any deferred portion of management

fees, and (iv) any amounts set aside by the General Partner for reserves.

(b) "Refinancing Proceeds" means the excess of the gross proceeds of any borrowings by the Partnership over the sum of the following to the extent paid out of such gross proceeds: (i) any amounts disbursed to repay then existing loans of the Partnership and to pay and provide for all debts and obligations of the Partnership then to be paid or which are otherwise then due (not including, however, any Operating Deficit Contributions made to the Partnership by the Partners), (ii) all reasonable expenses of such borrowings, including, without limitation, all commitment fees, brokers' commissions, and attorneys' fees, (iii) all amounts paid to improve the Partnership Property or for any other purpose in order to satisfy conditions to or established in connection with such borrowings, (iv) the amount of any deferred portion of management fees, and (v) any amounts used to meet the operating expenses of the Partnership Property or set aside by the General Partner for reserves.

(c) "Net Cash Flow" means Net Profits or Net Losses as shown on the books of the Partnership, adjusted by the addition of all items set forth in Article VIII(1)(c)(i) and further adjusted by the deduction of all items set forth in Article VIII(1)(c)(ii):

(i) Additions to Net Profits or Net Losses:

(A) the amount of depreciation and/or amortization deductions taken in computing such Net Profits or Net Losses;

(B) all other receipts of the Partnership not included in Net Profits or Net Losses, exclusive of Capital Contributions, the proceeds of loans, and similar capital receipts not provided for elsewhere; and

(C) any other funds deemed available for distribution, and designated as Net Cash Flow by the General Partner, including any amounts previously set aside as reserves by the General Partner which it no longer regards as necessary to maintain.

(ii) Deductions from Net Profits or Net Losses (except to the extent funded by Capital Contributions, the proceeds of loans, and similar capital receipts):

(A) all amortization payments for the current fiscal year on the obligations of the Partnership to the extent not deducted in determining such Net Profits or Net Losses;

(B) expenditures for the acquisition of the property of the Partnership and similar capital outlay items not deducted in determining such Net Profits or Net Losses; and

(C) amounts added to the Partnership reserves determined by the General Partner to be necessary. Net Cash Flow shall be determined separately for each fiscal year and shall not be cumulative.

2. Distributions of Net Cash Flow.

(a) Net Cash Flow, to the extent available, shall be distributed to and among the Partners, within 75 days after the close of each fiscal year, as follows:

(i) First, to the General Partner to repay any Operating Deficit Contribution; and

(ii) The balance, 1% to the General Partner and 99% to the Limited Partner.

3. Distributions of Sale Proceeds and Refinancing Proceeds. Any Sale Proceeds other than net proceeds upon liquidation of the Partnership resulting from the sale of the Partnership Property which shall be governed by Article XII and any Refinancing Proceeds shall be distributed to and among the Partners in the following amounts and order of priority:

(a) First, to the General Partner to repay any Operating Deficit Contribution;

(b) Second, to the Limited Partner an amount equal to the sum of (i) if the Credit Deficiency is more than five percent (5%) (or 0% if such Credit Deficiency was caused by the failure of the Partnership to rent the Units to qualified low-income tenants) of the Projected Credits, any unpaid Credit Deficiency and Interest Adjustment and (ii) thirty-four percent (34%) of the amount to be distributed to the Limited Partner;

(c) Third, to the Partners pro rata in accordance with their Interests until the Limited Partner's total benefits from the Partnership equals \$891,065 as adjusted in accordance with Article III(3). For purposes of this Article, "total benefits" shall be computed as the sum of the following items, discounted at 18%:

(i) 100% of Credits allocated to the Limited Partner on the Partnership's tax returns; plus

- (ii) 34% of Net Losses allocated to the Limited Partner on the Partnership's tax returns; plus
- (iii) all distributions of Net Cash Flow and Sale Proceeds to the Limited Partner; minus
- (iv) 34% of Net Profit and Gain allocated to the Limited Partner on the Partnership's tax returns.

(d) The balance, 50% to the General Partner and 50% to the Limited Partner.

#### ARTICLE IX

##### Admission of Successor and Additional General Partners; Removal and Withdrawal of General Partner

##### 1. Admission of Successor or Additional General Partners.

(a) The General Partner shall not have any right to retire or withdraw voluntarily from the Partnership or to sell, transfer, or assign all or any portion of its Interest, without the prior written consent of the Limited Partner, which consent may be withheld at the sole discretion of the Limited Partner. In the event that such prior written consent has been obtained by the General Partner, the General Partner shall designate one or more persons to be its successor. In no event shall the Interests of the other Partners be affected thereby. The designated successor General Partner shall be admitted as such to the Partnership upon approval of the Limited Partner of such successor General Partner and upon satisfying the conditions of this Article IX, and Article XV(1). Any voluntary withdrawal by the General Partner from the Partnership or any sale, transfer, or assignment by the General Partner of its Interest shall be effective only upon the admission in accordance with this Article IX(1)(a) and Article XV(1) of a successor General Partner.

(b) Any successor General Partner shall pay to the Partnership all costs and expenses incurred in connection with such substitution, including, without limitation, legal and other costs incurred in the review and processing of the assignment, in amending this Agreement, and in filing the amended Agreement.

(c) Any successor General Partner shall by its execution of this Agreement and as a condition precedent to receiving any Interest in the Partnership or the Partnership Property agree to be bound by this Agreement to the same extent and on the same terms as each predecessor General Partner.

(d) Upon the admission of any successor General Partner, an amendment to this Agreement reflecting such admission, and stating the agreement set forth in Article IX(1)(c) and in all respects in compliance with the requirements of the Act shall be filed in accordance with the Act.

2. Removal of a General Partner.

(a) The Limited Partner shall have the right to remove a General Partner as a General Partner for any of the following reasons: (i) such General Partner has committed an act or acts of negligence, willful misconduct, malfeasance or fraud, or an act or acts outside the scope of its duties, has breached any representation or warranty or any agreement or covenant contained in this Agreement, or has breached its fiduciary duties as a General Partner, (ii) the Partnership has violated in any material respect any provision of any document or agreement with the Mortgagees or any governmental regulation; (iii) the General Partner or the Partnership have taken any action which would (A) cause the termination of the Partnership for federal income tax purposes, (B) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (C) violate any federal or state securities laws, (D) cause the Partnership to fail to qualify as a limited partnership under the Act, or (E) cause the Limited Partner to be liable for Partnership obligations in excess of its Capital Contributions; (iv) during the Compliance Period, the General Partner has operated the Partnership Property or the Project in a manner so as not to qualify as a "qualified low-income housing project" under Section 42(g)(1)(B) of the Code; or (v) any other event of removal or withdrawal under the Act with respect to the General Partner has occurred.

(b) Upon the removal of a General Partner for any reason pursuant to Article IX(2)(a), the successor General Partner shall cause the Partnership to redeem the removed General Partner's Interest for an amount equal to the greater of 50% of the purchase price paid to the Partnership by the successor General Partner for such interest or \$100.00, and such removed General Partner shall thereafter cease to have any interest in the capital, profits, losses, distributions, and all other economic incidents of ownership of the Partnership.

(c) In the event that all General Partners have been removed, the Limited Partner shall have the right, without the consent of any of the other Partners, to designate a successor General Partner and the Limited Partner may, within 90 days of the General Partner's removal, elect to continue the business of the Partnership.

(d) The removed General Partner shall be liable for all costs and expenses incurred in the admission of a successor

General Partner and for all other costs, expenses, or damages incurred by the Partnership as a result of the removal.

3. Event of Bankruptcy of a General Partner.

(a) Upon an Event of Bankruptcy with respect to a General Partner, such General Partner shall cease to be a General Partner of the Partnership. Upon such an Event of Bankruptcy, the remaining or successor General Partner shall cause the Partnership to redeem the General Partner's Interest for 50% of Fair Market Value, as determined in accordance with Article IX(7).

(b) If, at the time of an Event of Bankruptcy with respect to a General Partner, such General Partner was the sole General Partner, the Limited Partner shall have the right, without the consent of any of the other Partners, to designate the successor General Partner and the Limited Partner may, within 90 days of the General Partner's ceasing to be a General Partner of the Partnership, elect to continue the business of the Partnership.

4. Liability of a Removed or Withdrawn General Partner. Any General Partner who for any reason voluntarily or involuntarily withdraws or is removed from the Partnership or sells, transfers, or assigns its Interest shall be and remain liable for all obligations and liabilities incurred by it as a General Partner prior to the time when the withdrawal, removal, sale, transfer, or assignment becomes effective, and for any obligation or liability to the Limited Partner that may arise at any time under Article V(9).

5. Restrictions on Transfer of General Partner's Interest. Notwithstanding anything to the contrary in Article IX, the assignment or transfer of a General Partner's Interest shall at all times be subject to the same restrictions applicable to an assignment or transfer of the Interest of a Limited Partner as set forth in Article X hereof. No assignee or transferee of all or any part of the Interest of a General Partner shall have any right to become a General Partner except as provided in Article IX.

6. Continuation of the Business of the Partnership. If, at the time of an event described in Article IX(2) or Article IX(3) or any other event described in the Act with respect to a General Partner, such General Partner was not the sole General Partner, the remaining General Partner or General Partners may elect to continue the business of the Partnership and shall immediately: (i) give Notice to the Limited Partner of such event; and (ii) make any amendments to this Agreement and execute and file for record any amendments or other documents or instruments necessary to reflect the termination of the Interest

of the General Partner as to which such event has occurred and such General Partner's having ceased to be a General Partner and in order to comply with the requirements of the Act.

7. Valuation and Sale of Interest of Former General Partner. Upon the occurrence of any withdrawal or removal of a General Partner described in Article IX(3), the remaining or successor General Partners shall, not later than 120 days after such removal or withdrawal, provide Notice to the removed or withdrawn General Partner of their choice of an appraiser to appraise the Partnership Property who shall determine and provide a report on the fair market value of the Partnership Property (the "Appraised Value"). Not later than thirty days after receipt of the appraiser's report, the remaining or successor General Partners shall furnish to the withdrawn General Partner, by Notice, a calculation, reviewed by the Accountants, of the amount (the "Fair Market Value") that the withdrawn General Partner would receive upon a distribution pursuant to Article XII, upon the liquidation of the Partnership after sale of the Partnership Property by the Partnership for an amount equal to the Appraised Value and allocation of the resulting gain or loss pursuant to Article VII(2). The closing of the redemption by the Partnership of the removed or withdrawn General Partner's Interest shall take place at the office of the remaining or successor General Partners not later than fifteen days after such Notice, or at such other time and place as the parties may agree. Payment of the purchase price at closing shall be made by wire transfer or other form of available funds.

## ARTICLE X

### Assignability of Interests of Limited Partner

#### 1. Substitution and Assignment of a Limited Partner's Interest.

(a) A Limited Partner may not sell, transfer, assign, pledge, or otherwise dispose of all or any part of its Interest unless the General Partner shall have previously consented to such assignment in writing, the granting or denying of such consent being in the General Partner's absolute discretion. The Partnership shall not be required to recognize any such assignment until the instrument conveying such Interest has been delivered to the General Partner for recordation on the books of the Partnership. Unless an assignee becomes a Substitute Limited Partner in accordance with the provisions of Article X(1)(b), it shall not be entitled to any of the rights granted to a Limited Partner hereunder, other than the right to receive all or part of the share of the Net Profits, Net Losses, cash distributions, or

returns of capital, or credits to which his assignor would otherwise be entitled.

(b) An assignee of the Interest of a Limited Partner, or any portion thereof, shall become a Substitute Limited Partner entitled to all the rights of a Limited Partner if, and only if:

(i) the assignor grants to the assignee such right;

(ii) the General Partner consents to such substitution, the granting or denying of which consent being in the General Partner's absolute discretion;

(iii) the assignor or assignee pays to the Partnership all costs and expenses incurred by the Partnership in connection with such substitution, including, without limitation, costs incurred in the review and processing of the assignment, in obtaining the aforesaid opinions, and in amending, if necessary, the Partnership's then current Agreement; and

(iv) the assignee executes and delivers such instruments, in form and substance satisfactory to the General Partner, as the General Partner may deem necessary or desirable to effect such substitution and to confirm the agreement of the assignee to be bound by all of the terms and provisions of this Agreement.

(c) Upon the admission of any Substitute Limited Partner, an amendment to this Agreement, reflecting such admission, shall be executed by the Partners. The General Partner shall file such amended certificate as the Act requires. Such amendment shall reflect the name, address and Capital Contribution of such Substitute Limited Partner, and anything else required by the Act, and shall set forth the agreement of such Substitute Limited Partner to be bound by all the provisions of this Agreement.

(d) The Partnership and the General Partner shall be entitled to treat each Person set forth on Exhibit A as the absolute owner of its Interest in all respects, and shall incur no liability for distributions of cash or other property made in good faith to such owner until such time as a written assignment of such Interest has been received and accepted by the General Partner and recorded on the books of the Partnership. The General Partner may refuse to accept an assignment until the end of the next successive quarterly accounting period.

## ARTICLE XI

### Management Agent

General Partner to Engage Management Agent. The General Partner shall have responsibility for engaging a management agent (which may be an Affiliate of the General Partner) acceptable to the Mortgagees, and any other governmental authority having jurisdiction over the Project who shall manage and operate the Partnership Property in accordance with the requirements of the Mortgagees, or any other governmental authority having jurisdiction with respect thereto. Any successor management agent shall be entitled to receive such management fees as may be agreed upon between the General Partner and such agent and which shall be acceptable to the Mortgagees.

## ARTICLE XII

### Dissolution of Partnership

1. Dissolution. The Partnership shall be dissolved, and the business of the Partnership shall be terminated in accordance with the Act, upon the occurrence of any of the following events:

(a) The dissolution, liquidation, withdrawal, retirement, removal, and/or Event of Bankruptcy of a General Partner, who is, at such time, the sole General Partner of the Partnership; provided, however, that the Partnership shall not be dissolved in the event of the dissolution, liquidation, withdrawal, retirement, removal, or Event of Bankruptcy of a sole remaining General Partner if the Limited Partner shall, within 90 days, elect to continue the Partnership and the Partnership business, and shall designate a successor general partner or general partners, which upon its admission to the Partnership shall automatically succeed to the Interest of the withdrawn General Partner, which shall be deemed to have been extinguished;

(b) An election to dissolve the Partnership made in writing by all of the Partners that the Partnership be dissolved in accordance with the Act;

(c) The sale or other disposition of all or substantially all of the Partnership Property;

(d) The expiration of the Term; or

(e) The occurrence of any other event causing the dissolution of a limited partnership under the laws of the State.

2. Distribution of Partnership Assets. Upon the dissolution of the Partnership, the Partnership business shall be wound up and its assets liquidated, and the net proceeds of such liquidation shall be distributed in the following order of priority (but in all events in accordance with the Act):

(a) to the payment of the debts and liabilities of the Partnership (including any amounts which may be owed to any Partner) and the expenses of liquidation;

(b) to establishing any reserves that the General Partner or liquidator, in accordance with sound business judgment, deems reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership, which reserves may be paid over to an escrow agent to be held by such agent for the purpose of (i) distributing such reserves in payment of the aforementioned contingencies, and (ii) upon the expiration of such period as the General Partner or such liquidator may deem advisable, distributing the balance thereof in the manner provided in this Article XII(2); and

(c) to the Partners in accordance with the then remaining balances in their respective Capital Accounts.

Notwithstanding any other provision of this Agreement, upon liquidation of a Partner's entire Interest in the Partnership, whether in liquidation of the Partnership or otherwise, such Partner shall receive a distribution in accordance with the positive balance in its Capital Account no later than the end of the taxable year of such liquidation or, if later, within 90 days of such liquidation.

3. Termination of the Partnership. The Partnership shall terminate when all Partnership Property shall have been disposed of (except for any liquid assets not so disposed of), and the net proceeds therefrom, as well as any other liquid assets of the Partnership, have been distributed to the Partners as provided in this Article XII and in accordance with the Act.

### ARTICLE XIII

#### Bank Accounts; Books of Account; Reports; Tax Matters Partner

1. Bank Accounts. The funds of the Partnership shall be deposited in such separate Partnership bank account or accounts, and in such bank or banks whose deposits are insured by an agency of the federal government, in the name of the Partnership as shall be determined by, and in the sole discretion of, the General Partner and the General Partner shall arrange for the appropriate conduct of such account or accounts.

2. Books of Account. There shall be kept at the principal office of the Partnership true, correct, and complete books of account, maintained in accordance with generally accepted accounting principles, consistently applied, in which shall be entered fully and accurately each and every transaction of the Partnership. For federal income tax and financial reporting purposes, the Partnership shall use the accrual method of accounting. Each Partner shall have access thereto to inspect and copy such books of account at all reasonable times. Any Partner shall further have the right to a private audit of the books and records of the Partnership, provided such audit is made at the expense of the Partner desiring the same and is made at reasonable times during normal business hours after due Notice.

3. Reports.

(a) The General Partner shall cause to be prepared and delivered to the Limited Partner and, when required, shall cause the Partnership to file with relevant governmental agencies, the following:

(i) As soon as available and in any event not later than 30 days after the end of each of the first three quarters of each year, unaudited financial statements of the Partnership, including a balance sheet as of the end of such quarter, statements of changes in Partners' capital accounts during such quarter, statements of profit and loss for such quarter, statements summarizing the tax basis of Credits and depreciation for such quarter, statements of sources and uses of cash flow for such quarter and for the fiscal year through the end of such quarter, and copies of the rent rolls for the Project indicating the rent, family size, family income and area median income for each tenant, certified by the General Partner as presenting fairly the financial condition of the Partnership at the date of such statements. Each such statement shall be prepared in accordance with generally accepted accounting principles applied on a consistent basis.

(ii) As soon as available and in any event not later than 60 days after the end of each year, the audited financial statements of the Partnership, as of the end of such year, including balance sheet, statement of changes in Partners capital accounts, statement of sources and uses of funds, statements summarizing the basis of Credits and depreciation, statement as to the social services provided during the previous year to the tenants pursuant to the Social Services Agreement and otherwise including the kind of services, number of tenants served and the cost of such services, with the report of the Accountants thereon to the effect that such statements present fairly the financial position of the Partnership at the end of such year and the results of its operations for the year then

ended, in conformity with generally accepted accounting principles applied on a consistent basis.

(iii) As soon as available and in any event not later than 150 days after the end of the General Partner's fiscal year, the audited financial statements of the General Partner as of the end of each such year, including the balance sheets, related statements of income and retained earnings, and statement of changes in financial positions for such year, with the report of certified public accountants thereon to the effect that such statements present fairly the financial position at the end of such year and the results of its operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

(iv) As soon as available and in any event not later than 60 days after the end of each year, all information necessary for the preparation of the Limited Partner's federal income tax return for each year in respect of income, gains, losses, deductions, or credits and the allocation thereof to each Partner, including a Form K-1 (or other comparable form subsequently required by the IRS) and a copy of the federal "Partnership Return" and any state or local partnership tax return required to be filed by the Partnership.

(v) Any and all periodic reports required to be provided to the Limited Partner by any federal, state, or local government agency having jurisdiction over the Project, the Partnership Property, or the Partnership.

(vi) Immediately upon receipt of (A) notice of any default under any loan or financial obligation of the Partnership, (B) notice of any IRS proceeding involving the Partnership, or (C) any payment or draw made under any operating deficit guarantee, construction completion guarantee, performance bond or letter of credit.

(vii) Such other information regarding the state of the business, financial condition and affairs of the Partnership, as the Limited Partner, from time to time, may reasonably request.

(b) The General Partner shall promptly respond to all reasonable requests for information made by the Limited Partner.

(c) The General Partner shall deliver to the Limited Partner from time to time, and within ten days after request therefor, all such further statements and information as the Limited Partner may request in order to enable the Limited Partner to determine or verify the amounts of all payments which the General Partner shall be required to make to the Partners and

the amounts of credits, and all such statements and information needed by the Limited Partner in connection with reports and forms required to be filed by the Limited Partner pursuant to federal or state securities law.

4. Tax Matters Partner.

(a) The Tax Matters Partner shall have and perform all of the duties required under the Code, including the following duties:

(i) Furnish the name, address, profits interest, and taxpayer identification number of each Partner to the IRS; and

(ii) Within five calendar days after the receipt of any correspondence or communication relating to the Partnership or a Partner from the IRS, the Tax Matters Partner shall forward to each Partner a photocopy of all such correspondence or communication(s). The Tax Matters Partner shall, within five calendar days thereafter, advise each Partner in writing of the substance and form of any conversation or communication held with any representative of the IRS.

(b) The Tax Matters Partner shall not without the affirmative written vote of the Limited Partner:

(i) Extend the statute of limitations for assessing or computing any tax liability against the Partnership (or the amount or character of any Partnership tax items);

(ii) Settle any audit with the IRS concerning the adjustment or readjustment of any Partnership tax item(s);

(iii) File a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any such request;

(iv) Initiate or settle any judicial review or action concerning the amount or character of any Partnership tax item(s);

(v) Intervene in any action brought by any other Partner for judicial review of a final adjustment; or

(vi) Take any other action not expressly permitted by this Article XIII(4) on behalf of the Partners or the Partnership in connection with any administrative or judicial tax proceeding.

(c) In the event of any Partnership-level proceeding instituted by the IRS pursuant to Sections 6221 through 6233 of

the Code, the Tax Matters Partner shall consult with the Limited Partner regarding the nature and content of all action and defense to be taken by the Partnership in response to such proceeding. The Tax Matters Partner also shall consult with the Limited Partner regarding the nature and content of any proceeding pursuant to Sections 6221 through 6233 of the Code instituted by or on behalf of the Partnership (including the decision to institute proceedings, whether administrative or judicial, and whether in response to a previous IRS proceeding against the Partnership or otherwise).

#### ARTICLE XIV

##### Buyout Option

1. Buyout Option. At all times after the Compliance Audit Termination Date, the General Partner shall have the option (the "Buyout Option"), exercisable upon at least thirty (30) and not more than ninety (90) days prior written notice to the Limited Partner, to purchase the Limited Partner's entire Interest in the Partnership for a purchase price (the "Buyout Price") equal to the greater of (i) the Fair Market Value of the Limited Partner's Interest, subject to continued use of the Project for low income housing for at least 15 years after the end of the Extended Use Period under Section 42 of the Code and thereafter, as of the date of the closing of the Buyout, or (ii) the sum of (A) the principal amount of all outstanding indebtedness secured by the Property including any accrued interest, (B) all federal, state and local taxes attributable to such sale, and (C) the amount, if any, required for the Limited Partner to obtain "total benefits" from the Partnership equal to \$891,065 as computed under Article VIII(3)(c) plus, in the event the Project is sold for other than low-income use, an amount required to provide the Limited Partner with the return described in Paragraph VII(2)(ii)(C) as of the date of said closing. The General Partner's notice to the Limited Partner (the "Buyout Notice") shall include (1) an appraisal of the assets of the Partnership by an appraiser selected by the General Partner, and (2) a calculation by the Accountants of (a) the value of the Limited Partner's Interest based on such appraisal, (b) the "total benefits", and (c) the Buyout Price, all calculated as of the closing date proposed by the General Partner in its Buyout Notice. The Limited Partner shall have thirty (30) days after receipt of the Buyout Notice in which either to accept the Buyout Price set forth in the Buyout Notice or to notify the General Partner of its desire to appoint a second appraiser to evaluate the Buyout Price. In the event that the Limited Partner fails to notify the General Partner within the aforesaid thirty (30) day period that it desires to appoint a second appraiser, it shall be deemed to have accepted the Buyout Price, in which event the Buyout Price shall be the price calculated by the Accountants and set forth in the Buyout

Notice, and the General Partner shall purchase the Interest of the Limited Partner on the date specified in the Buyout Notice. In the event that the Limited Partner notifies the General Partner of its desire to appoint a second appraiser, the Limited Partner shall appoint such appraiser within thirty (30) days after it notifies the General Partner of its election, and the two appraisers shall together appoint a third appraiser within fifteen (15) days after the appointment of the second appraiser. The three appraisers so appointed shall each determine the Fair Market Value of the assets of the Partnership within thirty (30) days after the appointment of the third appraiser, and the Fair Market Value of such assets for the purpose of determining the Buyout Price shall be the average of the three appraisers' determinations; provided that if one or more of the appraisers' determinations is more than ten percent (10%) higher or lower than the average of the three determinations, such appraiser's determination shall be disregarded in determining the Fair Market Value of the assets, and provided, further, that if none of the appraisers' determinations is equal to or less than 10% higher or lower than the average of the three determinations, the Fair Market Value shall be the middle of the three determinations. The Accountants shall determine the Buyout Price within fifteen (15) days after the three appraisers complete their determinations, and the closing of the sale of the Limited Partner's Interest to the General Partner shall occur within sixty (60) days after the Accountants determine the Buyout Price. The entire Buyout Price shall be paid to the Limited Partner at the closing in cash or immediately available funds. The Limited Partner shall be responsible for the costs of the second appraiser and one-half (1/2) of the costs of the third appraiser, if any, and for its own attorneys' fees incurred in connection with the closing. All other costs of the Buyout, including the costs of the appraiser appointed by the General Partner, the Accountants' fees and any filing fees, shall be paid by the General Partner.

2. Right of First Refusal. In accordance with the Right of First Refusal attached hereto as Exhibit K, the Partnership will not transfer, sell, alienate, assign, give, bequeath or otherwise dispose of the Property to any Person without first offering the Property for a period of forty-five (45) days to Advent House, Inc. at a price equal to the sum of (i) the principal amount of all outstanding indebtedness secured by the Property including any accrued interest; (ii) all federal, state and local taxes attributable to such sale; and (iii) the amount, if any, required for the Limited Partner to obtain "total benefits" from the Partnership equal to \$891,065 as computed under Article VIII(3)(c); provided, however, that such price shall not be less than the minimum purchase price defined in Section 42(i)(7)(B) of the Code; provided further, however, that such right of first refusal shall be conditioned upon Advent House, Inc.'s agreement to maintain the Project for low-income

use for at least 15 years after the later of the end of the extended use period under Section 42 of the Code or the date of the buyout and provided, further, that such restriction shall be recorded as a restriction against the Property. Notwithstanding the foregoing, this right of first refusal shall not apply, if the General Partner has exercised the buyout option contained in Article XIV(1) above and actually purchases the Limited Partner's entire Interest in the Partnership according to the terms and conditions provided therein.

## ARTICLE XV

### Miscellaneous Provisions

#### 1. Amendments to Agreement.

(a) Each Partner, including any additional Limited Partner and Substitute Limited Partner, additional General Partner, and successor General Partner shall become a signatory hereby by signing counterpart signature pages to this Agreement or an amendment to this Agreement or by granting a power of attorney to the General Partner therefor, and by signing any other instrument or instruments deemed necessary by the General Partner. By so signing, each Partner, including any additional Limited Partner and Substitute Limited Partner, additional General Partner, or successor General Partner, as the case may be, shall be deemed to have adopted, and to have agreed to be bound by, all the provisions of this Agreement.

(b) No amendments shall be adopted pursuant to this Article XV(1), and unless its adoption does not, in the opinion of counsel for the Partnership, affect the limited liability of the Limited Partner under the Act or the status of the Partnership as a partnership for federal income tax purposes, or cause loss or recapture of the Credit.

(c) In making any amendments, there shall be prepared and timely filed for recordation by the General Partner all documents and certificates required to be prepared and filed under the Act and under the laws of any other jurisdiction in which the Partnership is then formed or qualified.

(d) The proposal of an amendment shall be made:

(i) by the General Partner, which shall give Notice to the Limited Partner which shall include (A) the text of the amendment, (B) a statement of the purpose of the amendment, and (C) an opinion of counsel to the Partnership obtained by the General Partner at the request of the Limited Partner (which counsel shall have been approved by the Limited Partner in advance) to the effect that such amendment is permitted by the

Act and conforms with the requirements of the Act, such amendment will not affect the limited liability of the Limited Partner, such amendment will not adversely affect the classification of the Partnership as a partnership for federal income tax purposes, and such amendment will not result in any loss or recapture of the Credit, or

(ii) by the Limited Partner, which shall give Notice to the General Partner which shall include (A) the text of such amendment, (B) a statement of the purpose of the amendment, and (C) an opinion of counsel to the Partnership obtained by the Limited Partner at the request of the General Partner to the effect that such amendment is permitted by the Act and conforms with the requirements of the Act, and such amendment will not adversely affect the classification of the Partnership as a partnership for federal income tax purposes.

(e) Within thirty days after Notice is given pursuant to Article XV(1)(d), each Partner shall consent to or reject, in writing, the proposed amendment. Amendments to this Agreement shall become effective only upon the unanimous written consent of all Partners, which consent may be withheld in the sole discretion of any Partner and upon compliance with this Article XV.

(f) The cost of the opinions described in this Article XV(1) shall be borne by the Partnership.

## 2. Notice.

(a) The Notice address of the Partnership and the Partners shall be as follows:

(i) if to the Partnership, at its principal place of business as provided in Article II hereof, telecopy No. (401) 351-6941;

(ii) if to the General Partner, 191 Linwood Avenue, Providence, Rhode Island 02907, Attention: Deborah Gray-Clukey, telecopy No. (401) 351-6941; and

(iii) if to the Limited Partner, Corporate Housing Initiatives Limited Partnership, c/o The Enterprise Social Investment Corporation, 810 American City Building, Columbia, Maryland 21044, Attention: Mr. Mark Sissman, telecopy No. (301) 596-6343.

(b) Any Partner may change its Notice address by providing Notice hereof to all other Partners.

3. Meetings. Meetings of the Partnership may be called by the General Partner or by the Limited Partner for any matters

upon which the Partners may vote, as set forth in this Agreement. The calling of a meeting shall be made:

(a) by the General Partner, which shall give Notice to the Limited Partner, which Notice shall include (i) a statement of the purposes of the meeting, and (ii) the date of the meeting which shall be a date no fewer than fifteen days and no more than thirty days after the date of the Notice;

(b) by the Limited Partner, which shall give Notice to the General Partner, which Notice shall include a statement of the purposes of the meeting. No more than fifteen days after receipt of such Notice, the General Partner shall provide Notice to the Limited Partner in accordance with Article XV(3)(a).

4. Action for Breach. The representations, warranties, covenants, agreements, and duties of the General Partner contained in this Agreement are being made in order to induce, and in consideration of, the Limited Partner's acquisition of its Interest. Upon the breach of any representation, warranty, covenant, agreement, or duty, the Limited Partner may pursue any available legal or equitable remedy against the General Partner without being required to dissolve the Partnership and notwithstanding the availability of any other remedy.

5. Consent and Voting. No vote or consent given by the Limited Partner shall ever be construed to make the Limited Partner liable as a general partner or cause the Limited Partner to be liable for Partnership obligations.

6. Survival of Representations. All representations, warranties, and indemnifications contained herein shall survive the dissolution and final liquidation of the Partnership.

7. Entire Agreement. This Agreement contains the entire understanding between and among the parties and supersedes any prior understandings and agreements between and among them respecting the subject matter of this Agreement.

8. Applicable Law. It is the intention of the parties hereto that all questions with respect to the construction, enforcement, and interpretation of this Agreement and the rights and liabilities of the parties hereto shall be determined in accordance with the laws of the Rhode Island, without regard to principles of conflicts of laws.

9. Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules, and regulations. If any provision of this Agreement or the application thereof to any Person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and

the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law. In the event that any provision of this Agreement or the application thereof shall be invalid or unenforceable, the Partners agree to negotiate (on a reasonable basis) a substitute valid or enforceable provision providing for substantially the same effect as the invalid or unenforceable provision.

10. Binding Effect. When entered into by the parties hereto, this Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective spouses, heirs, executors and administrators, personal and legal representatives, successors and assigns.

11. Counterparts. This Agreement and any amendments hereto may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties, hereto, notwithstanding that all the parties shall not have signed the same counterpart.

12. Section Titles. Section titles and any table of contents are for descriptive purposes only and shall not control or limit the meaning of this Agreement as set forth in the text.

13. Successor Statutes and Agencies. Any reference contained in this Agreement to specific statutory or regulatory provisions or to specific governmental agencies or entities shall include any successor statute or regulation, or agency or entity, as the case may be.

14. No Implied Waiver. No failure on the part of any Partner to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. No term or provision of this Agreement shall be deemed waived and no breach excused unless such waiver or excuse shall be in writing and signed by the party claimed to have so waived or excused.

IN WITNESS WHEREOF, the undersigned Partners have hereunto affixed their signatures and seals of the date first above written.

LINWOOD COURT LIMITED PARTNERSHIP  
FIRST AMENDED AND RESTATED AGREEMENT  
OF LIMITED PARTNERSHIP

SIGNATURE PAGE

Witness

Linwood Court Development  
Corporation,  
General Partner

Susan J. Seegrian

By: Deborah Gay-Chubb  
Name: Deborah Gay-Chubb  
Title: Pres.

STATE OF RHODE ISLAND     )  
  ) ss.  
COUNTY OF PROVIDENCE     )

I hereby certify that on this 15<sup>th</sup> day of December 1992,  
before me personally appeared Deborah Gay-Chubb to me known to be the  
person described in and who executed the foregoing instrument, and  
acknowledged that she/he is duly authorized to execute the same.

My term of office expires: 7-30-93

Deborah Kaplan  
Notary Public

LINWOOD COURT LIMITED PARTNERSHIP  
FIRST AMENDED AND RESTATED AGREEMENT  
OF LIMITED PARTNERSHIP

SIGNATURE PAGE

Witness

Advent House, Inc.  
Withdrawing Initial Limited  
Partner

Susan J. Bergian

By: Deborah Gray Cluby  
Name: Deborah Gray Cluby  
Title: Exec. Director

STATE OF RHODE ISLAND     )  
  ) ss.  
COUNTY OF PROVIDENCE    )

I hereby certify that on this 15<sup>th</sup> day of December, 1992,  
before me personally appeared Deborah Gray Cluby to me known to be the  
person described in and who executed the foregoing instrument, and  
acknowledged that she/he is duly authorized to execute the same.

My term of office expires: 7-30-93

Drew Kaplan  
Notary Public

LINWOOD COURT LIMITED PARTNERSHIP  
FIRST AMENDED AND RESTATED AGREEMENT  
OF LIMITED PARTNERSHIP

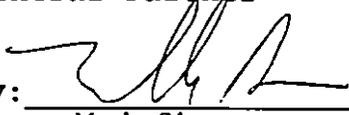
SIGNATURE PAGE

Witness

Corporate Housing Initiatives  
Limited Partnership,  
Limited Partner

By: The Enterprise Social  
Investment Corporation,  
General Partner

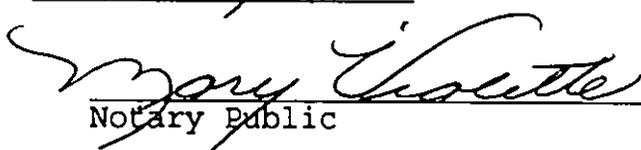
Vicki Vaughn

By:   
Name: Mark Sissman  
Title: President

STATE OF MARYLAND            )  
  ) ss.  
COUNTY OF HOWARD         )

I hereby certify that on this 14<sup>th</sup> day of Dec, 1992,  
before me personally appeared MARK Sissman, to me known to be the  
person described in and who executed the foregoing instrument, and  
acknowledged that she/he is duly authorized to execute the same.

My term of office expires: 4-1-95

  
Notary Public

LINWOOD COURT LIMITED PARTNERSHIP

EXHIBIT A

LIST OF PARTNERS

<u>General Partner</u>	<u>Partnership Interests</u>	<u>Capital Contributions</u>
Linwood Court Development Corporation 191 Linwood Avenue Providence, Rhode Island 02907	1.0%	\$38,000*
 <u>Limited Partner</u>		
Corporate Housing Initiatives Limited Partnership c/o The Enterprise Social Investment Corporation 810 American City Building Columbia, Maryland 21044	99.0%	\$1,113,814**

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\* The Capital Contribution of the General Partner shall be payable in accordance with Article III(2)(a).

\*\* Subject to the provisions of Article III, the Capital Contributions of the Limited Partner shall be payable as follows:

- (i) \$20,500 on the Admission Date;
- (ii) \$136,646 on the latest to occur of (a) completion of all Project work to be included in eligible basis; (b) delivery of the Partnership's 1992 Tax Return (including K-1's) to the Limited Partner; (c) receipt of IRS Form 8609 and Project qualification for the low-income tax credit; (d) 85% of the units are occupied by qualified low-income tenants; or (e) the date of the delivery to the Limited Partner of the Accountant's final cost certification;
- (iii) \$139,446 on the later of delivery of the Partnership's 1993 Tax Return (including K-1's) to the Limited Partner or May 1, 1994;

- (iv) \$138,315 on the later of delivery of the Partnership's 1994 Tax Return (including K-1's) to the Limited Partner or May 1, 1995;
- (v) \$153,618 on the later of delivery of the Partnership's 1995 Tax Return (including K-1's) to the Limited Partner or May 1, 1996;
- (vi) \$152,004 on the later of delivery of the Partnership's 1996 Tax Return (including K-1's) to the Limited Partner or May 1, 1997;
- (vii) \$186,966 on the later of delivery of the Partnership's 1997 Tax Return (including K-1's) to the Limited Partner or May 1, 1998; and
- (viii) \$186,319 on the later of delivery of the Partnership's 1998 Tax Return (including K-1's) to the Limited Partner or May 1, 1999.

REC'D & FILED DEC 15 1992  
AMT# 29  
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