

Filing Fee: \$50.00



49052

State of Rhode Island and Providence Plantations

OFFICE OF THE SECRETARY OF STATE

100 NORTH MAIN STREET
PROVIDENCE, RHODE ISLAND
02903-1335

**CERTIFICATE OF AMENDMENT TO
CERTIFICATE OF LIMITED PARTNERSHIP**

Be it Known to All by these Presents, That we, the undersigned, of Lincoln, Rhode Island,
desiring to amend the Certificate of said partnership, under and by virtue of the power conferred by
Chapter 7-13-9 of the General Laws of Rhode Island hereby execute the following Certificate of
Amendment to its Certificate of Limited Partnership.

FIRST. The name of the Limited Partnership is Barrington House
Associates

SECOND. The date of the filing of the Certificate of Limited Partnership is September 30, 1992.

THIRD. The Certificate of Limited Partnership (as amended on May 1, 1983),
(List all dates of amendment or omit if not applicable)

is amended as follows: See attached

(Insert amendment)

FILED

DEC 13 1993

PLP #14 112908

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DEC 13 3 07 PM '93

AFFIDAVIT

Now comes John F. Neary, Esquire, attorney for Barrington House Associates, and upon oath and affidavit states as follows:

1. I have been advised of the form and substance of the intended transfer of the General Partner status of Roland O. Ferland of Pawtucket, Rhode Island to Roland J. Ferland of Lincoln, Rhode Island.
2. That as part of said transfer, no compensation or other consideration shall be paid or exchanged between the parties therefor.
3. This Affidavit is being provided to Rhode Island Housing and Mortgage Finance Corporation as a requirement of the transfer process.



JOHN F. NEARY, ESQUIRE

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In Pawtucket on the 16th day of December, 1992, before me personally appeared the above named John F. Neary, to me known and known by me to be the party executing the foregoing instrument, and he acknowledged said instrument, by him executed, to be his free act and deed



NOTARY PUBLIC

AMENDED AND RESTATED AGREEMENT
AND CERTIFICATE OF LIMITED PARTNERSHIP OF
BARRINGTON HOUSE ASSOCIATES

Agreement dated as of the 17th day of June, 1993, by and among EUGENE H. FERLAND of Barrington, Rhode Island as General Partner, ROLAND O. FERLAND of Pawtucket, Rhode Island as General Partner and as Withdrawing General Partner, ROLAND J. FERLAND of Lincoln, Rhode Island as General Partner and GAUDREAU PROPERTY PARTNERS IV, a Rhode Island Limited Partnership as Limited Partner.

WITNESSETH THAT:

WHEREAS, Barrington House Associates was formed as a limited partnership under the laws of the State of Rhode Island (the "Partnership") pursuant to a Limited Partnership Agreement dated as of September 30, 1992, by and among Eugene H. Ferland and Roland O. Ferland, both as general partners and limited partners, as amended by Amended and Restated Agreement and Certificate Limited Partnership of Barrington House Associates dated as of May 1, 1983, by and among Eugene H. Ferland and Roland O. Ferland, both as withdrawing limited partners and as general partners and Gaudreau Property Partners IV as limited partner; and

WHEREAS a Certificate of Limited Partnership and amendments thereto were filed with the Secretary of State of Rhode Island; and

WHEREAS, the parties hereto wish to:

- (i) provide for the withdrawal of said Roland O. Ferland as General Partner; and
- (ii) enable the Partnership to admit Roland J. Ferland as General Partner; and
- (iii) change the principal office address to 30 Seba Kent Road, Pawtucket, Rhode Island 02861; and
- (iv) amend and restate fully the rights, obligations and duties of the General Partners and the Limited Partner.

NOW THEREFORE, in consideration of the premises and the agreements contained herein and for other valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby restate and amend in its entirety said Agreement Partnership thereto, and agree as follows:

ARTICLE I

Defined Terms

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

1.1 "Accountant(s)" means such firm of independent certified public accountants as may be engaged from time to time by the General Partner.

1.2 "Affiliated Person" means (i) General Partner, (ii) Limited Partner, (iii) member of the Immediate Family of any General Partner or Limited Partner, (iv) legal representative, successor or assignee of any person referred to in the preceding clauses (i) through (iii), (v) trustee for the benefit of any person referred to in the preceding clauses (i) through (iii), (vi) Entity of which a majority of the voting interest is owned by one or more of the persons referred to in the preceding clauses (i) through (v), or (vii) Person who is an officer, director, trustee, employee, stockholder or partner of any Entity or Person referred to in the preceding clauses (i) through (vi).

1.3 "Agreement" means this Agreement of Limited Partnership as it may be further amended from time to time.

1.4 "Building Loan Agreement" means the agreement dated March 22, 1983 between the Partnership and the Lender, providing for a loan to finance construction of the Project, as such agreement may hereafter from time to time be amended.

1.5 "Capital Contribution" means the total amount of cash contributed or agreed to be contributed to the Partnership by each Partner as shown in the Schedule. Any reference in this Agreement to the Capital Contribution of a then Partner shall include a Capital Contribution previously made by any prior Partner on account of the partnership interest of such then Partner.

1.6 "Cash Flow" shall have the meaning provided in Section 10.2(b).

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

1.8 "Commitments" means the commitment of the Lender to make the Construction and Permanent Mortgage Loans and shall also include the Construction Loan Agreement, the Construction

Contract, the Notes, and Mortgages, the Regulatory Agreement, the Agreement to Enter into Housing Assistance Payments Contract, and any other instrument or agreement delivered to, or requested by, the Lender, FHA, or HUD in connection with the Mortgage or the Project, including any commitment to insure the Mortgage, the Section 8 Commitment and, after the Completion Date, the Section 8 Contract.

1.9 "Completion Date" means the date by which a certificate of occupancy for all apartment units of the Project is issued, the supervising architect of the Lender identified in the Commitment certifies that the construction of the Project is substantially completed and the Partnership enters into the Section 8 Contract with HUD.

1.10 "Consent of the Limited Partners" means the written consent or approval of Limited Partners whose Capital Contributions represent at least 67% of the Limited Partner Class Contribution (excluding any interest held by any General Partner as a Limited Partner).

1.11 "Construction Loan Agreement" means the agreement dated March 22, 1983 between the Partnership and the Lender, providing for a loan to finance construction of the Project, as such agreement may hereafter from time to time be amended.

1.12 "Construction Contract" means the Construction Contract dated March 22, 1983 between the Partnership and Housing Systems Inc., a Rhode Island corporation, to construct the Project for a maximum upset price of \$1,866,064.

1.13 "Construction Lender" means Rhode Island Housing and Mortgage Finance Corporation.

1.14 "Construction Mortgage" means the construction mortgage indebtedness of \$2,320,000 of the Partnership to the Construction Lender, as such indebtedness may be increased or decreased on or before Final Closing, and secured by a mortgage on the real property and improvements located on Willett Avenue, in East Providence, Rhode Island from the Partnership to the Construction Lender.

1.15 "Construction Note" means the promissory note of the Partnership to the Construction Lender which is secured by the Construction Mortgage.

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

1.17 "FHA" means the Federal Housing Administration, a division of the United States Department of Housing and Urban Development, and shall also mean such Department where the context requires.

1.18 "Final Closing" means the date on which the undisbursed proceeds of the Construction Mortgage are disbursed by the Lender to the Partnership, which will occur only after final cost certification audits of the Partnership and general contractor who builds the Project.

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

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

1.21 "Immediate Family" means, with respect to any person, his spouse, parents, brothers, sisters, children, grandchildren, parents-in-law, brothers-in-law, sisters-in-law, children-in-law and grandchildren-in-law.

1.22 "Land" means the real property located on Willett Avenue, East Providence, Rhode Island on which the Project is located.

1.23 "Lender" or "Lenders" means one of or both, the Construction Lender and the Permanent Lender as the context requires and such other institution as may become the holder of one, or both, of the Notes.

1.24 "Limited Partner" or "Limited Partners" means any or all of those Persons designated as Limited Partners in the Schedule or any Person who becomes a Substitute Limited Partner in such Person's capacity as a Limited Partner of the Partnership.

1.25 "Management Agent" means Housing Management Company, a Rhode Island corporation, or one of its subsidiaries, or such other person or entity who, as provided herein, acts as the managing and rental agent for the Project.

1.26 "Mortgage" or "Mortgages" means one of, or both, the Construction Mortgage and the Permanent Mortgage, as the context shall require.

1.27 "Note" or "Notes" means one of, or both, the Construction Note and the Permanent Note, as the context shall require.

1.28 "Partner" means any General Partner or Limited Partner.

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

1.30 "Permanent Lender" means Rhode Island Housing and Mortgage Finance Corporation.

1.31 "Permanent Mortgage" means the permanent mortgage indebtedness of the Partnership in the anticipated amount of \$2,320,000 evidenced by the Note to be issued and/or assigned to the Permanent Lender upon the completion of construction in accordance with the Commitments as such indebtedness may be increased or decreased on or before Final Closing and secured by a mortgage on the real property and improvements located on Willett Avenue, East Providence, Rhode Island from the Partnership to the Permanent Lender.

1.32 "Permanent Note" means the promissory note of the Partnership to the Permanent Lender which is secured by the Permanent Mortgage and any note of the Partnership issued in substitution or replacement thereof.

1.33 "Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such persons where the context so admits.

1.34 "Project" means the 55-unit apartment complex owned by the Partnership and located on Willett Avenue, East Providence, Rhode Island.

1.35 "Project Expenses" means all of the costs and expenses of any type incurred incident to the ownership and operation of the Project, including, without limitation, taxes, capital improvements, payments of principal and interest on the Mortgage (without forbearance), the cost of operations, maintenance, and repairs and the funding of any reserves required to be maintained by the Lender and/or FHA. For the purposes of Section 6.10, Project Expenses shall be determined on an accrual basis of accounting regardless of the basis upon which the books of the Partnership are kept for other purposes.

1.36 "Project Expense Loan" means a loan not secured by any liens or other charges upon the property of the Partnership.

made by the General Partners to the Partnership pursuant to Section 6.10, repayable only with the approval of the Lender and/or HUD and only as provided in Article X.

1.37 "Regulatory Agreement" means the Regulatory Agreement dated March 22, 1983 between the Partnership and the Lender.

1.38 "Residual Receipts Notes" means promissory notes of the Partnership not secured by any liens or other charges upon the property of the Partnership, which notes shall not bear interest and shall be payable with the approval of the Construction Lender and/or HUD at any time prior to the making of the Permanent Mortgage Loan in the discretion of the General Partner and thereafter only as provided in Article X of this Agreement.

1.39 "Retirement" means as to a General Partner, the occurrence of death, adjudication of insanity or incompetence, bankruptcy, dissolution or liquidation, voluntary or involuntary withdrawal for any reason or such other event as may result in the dissolution of the Partnership under the Uniform Act. Involuntary Retirement shall be deemed to have occurred whenever a General Partner may no longer continue as a General Partner by reason of death, adjudication of insanity or incompetence or bankruptcy. Bankruptcy shall be deemed to have occurred whenever a General Partner shall admit in writing his inability to pay his debts as they become due, or shall be adjudicated a bankrupt or shall execute an assignment for the benefit of creditors, or shall become subject to the direction or control of a receiver for all or a substantial part of his property, or shall file a petition in bankruptcy or for reorganization or for an arrangement.

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

1.41 "Section 8 Contract" means the Housing Assistance Payments Contract entered into among HUD and the Partnership dated March 17, 1983 pursuant to which HUD will furnish housing assistance payments to the Partnership under Section 8 of the Housing Act of 1937, as amended, for each of the 55 units in the Project in the minimum initial amount of \$441,160 monthly for a term (including renewal terms) of twenty-five (25) years.

1.42 "State" means the State of Rhode Island.

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

1.44 "Uniform Act" means the Uniform Limited Partnership Act as embodied in General Laws of the State of Rhode Island, as amended.

ARTICLE II

Formation; Name and Purpose

2.1 Formation

The parties hereto hereby agree to continue the Limited Partnership known as Barrington House Associates formed pursuant to the provisions of the Uniform Act.

2.2 Name and Office

The Partnership shall be conducted under the name and style of Barrington House Associates. The principal office of the Partnership shall be 30 Seba Kent Road, Pawtucket, Rhode Island. The General Partners may at any time change the location of such office by giving due notice of any such change to the Limited Partner.

2.3 Purpose

The purposes of the Partnership are to acquire, own and develop certain real property located on Willett Avenue, East Providence, Rhode Island, to own, develop and rent the Project thereon and to maintain, manage, and operate the Project. The Partnership and the General Partners shall use their best efforts to operate the Project in accordance with the Commitments and all applicable governmental regulations. The Partnership shall not engage in any other business or activity.

2.4 Authorized Acts

In furtherance of its purposes, but subject to all other provisions of this Agreement, the Partnership is hereby authorized to:

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

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

(iii) borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership, and to secure the same by a mortgage, pledge or other lien on the Project or any other assets of the Partnership; provided, however, that the proceeds of such borrowings, except as otherwise permitted by Article X, shall not be used directly or indirectly to pay Project Expense Loans or Residual Receipt Notes;

(iv) prepay in whole or in part, refinance, recast, increase, modify or extend any Mortgage affecting the Project;

(v) employ a management company, including an Affiliated Person, to manage the Project, and to pay reasonable compensation for such services; provided, however, that such compensation shall not be greater than that usually paid to third parties for similar services;

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

(vii) execute leases of some or all of the apartments and facilities of the Project to individuals, a public housing authority and/or to a nonprofit corporation, cooperative or other non-profit Entity;

(viii) enter into such other kind of activity and to perform and carry out such other contracts in connection with the foregoing as may be lawfully

carried on or performed by a partnership under the laws of the State; and

(ix) perform and comply with all requirements of the Lender and HUD in connection with the Project.

2.5 Term and Dissolution

(a) The partnership shall continue in force and effect until December 31, 2022 except that the Partnership shall be dissolved prior to such date upon the happening of any of the following events:

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

(ii) the Retirement of a General Partner if no General Partner remains and the Partnership is not reconstituted with a successor General Partner pursuant to Section 7.2; or

(iii) the election to dissolve the Partnership made in writing by the General Partners with the Consent of the Limited Partners.

(b) Upon dissolution of the Partnership, the General Partners (or their trustees, receivers, successors, or legal representatives), in accordance with the Uniform Act, shall cause the cancellation of the Partnership's Certificate of Limited Partnership, liquidate the Partnership assets and apply and distribute the proceeds thereof in accordance with Section 10 2(e). Notwithstanding the foregoing, in the event the General Partners shall determine that an immediate sale of part or all of the Partnership's assets would cause undue loss to the Partners, the liquidating General Partners may, in order to avoid such loss, either defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy the Partnership debts and obligations (except Project Expense Loans and Residual Receipts Notes) or distribute the assets to the Partners in kind.

ARTICLE III

Commitments and Financing

3.1 Authority

The Partnership shall borrow from the Lender or the General Partners, as provided herein, whatever amounts that may be

required for the acquisition and development of the Project and to meet the expenses of operating the Project and shall, to the extent necessary or desirable, secure any such borrowing from the Lender with mortgages including the Mortgage. The General Partners are specifically authorized, except as otherwise limited in this Agreement, to execute such documents as they deem necessary in connection with the acquisition, development, and financing of the Project, including, without limitation, notes, mortgages, conditional assignments, security agreements, and leases.

3.2 Obligations under Commitments

The General Partners shall be bound by the terms of the Commitments and any other documents required in connection therewith, but in no event shall the Partnership or any Partner be personally liable under the Mortgages or for any indebtedness secured thereby or any other evidence of indebtedness for money borrowed by the Partnership. Any incoming General Partner shall, as a condition of receiving any interest in the Partnership, agree to be bound by the Commitments to the same extent and on the same terms as the other General Partners. Upon any dissolution of the Partnership or any transfer of the Project while the Mortgage is still outstanding, no title or right to the possession and control of the Project and no right to collect rents therefrom shall pass to any Person or Entity who is not, or does not become, bound by the Commitments in a manner satisfactory to the Lender and/or HUD or FHA.

3.3 Modification of Mortgage Indebtedness

The Partnership may decrease, increase, or refinance the Mortgage at or before the Final Closing to conform to reasonable changes in the Commitments provided, however, that in the event of an increase in the principal amount of the Mortgage the Consent of the Limited Partner shall be required unless (a) the Lender and HUD shall have approved an increase in the rent for the apartments in the Project or other changes are made in the operations of the Project which, in either or both instances, shall provide a sufficient increase in gross rental income to cover the resulting increase in the annual amount the Partnership is required to pay for interest and mortgage insurance premium, if any, on, and amortization of the principal of, the Mortgage or (b) the total annual amount the Partnership is required to pay for interest and mortgage insurance premium, if any, on, and amortization of the principal of, the Mortgage does not exceed the total annual amount of such payments required to be made prior to the increase in the Mortgage. The Partnership may also refinance the Mortgage, including any required transfer or conveyance of the Partnership assets for

security or mortgage purposes, and sell, lease, exchange or otherwise transfer or convey all or substantially all of the assets of the Partnership; provided, however, that any such refinancing, sale, lease, exchange or other transfer or conveyance and the terms thereof must receive the Consent of the Limited Partners, before such transaction shall be binding on the Partnership. The General Partners shall give the Limited Partner at least 30 days' written notice of any transaction described above which requires Consent of the Limited Partners.

ARTICLE IV

Partners; Capital

4.1 General Partners

Roland O. Ferland is the withdrawing General Partner of the Partnership, and Roland J. Ferland shall be a new General Partner and substitute for the withdrawing General Partner as to amounts contributed to Capital as set forth on the schedule. The General Partners of the Partnership are Eugene H. Ferland and Roland J. Ferland.

4.2 Limited Partner

Gaudreau Property Partners IV is the Limited Partner of the Partnership.

4.3 Partnership Capital

the Capital of the Partnership shall be the aggregate amount of the Capital Contributions of the Partners as set forth in the Schedule. The original capital account of each Partner shall be the amount of its Capital Contribution. No interest shall be paid on any Capital Contribution. The General Partners hereby assign to the Partnership all their right, title and interest in and to the Commitments and any property of the Partnership and expressly agree that their Capital Contributions shall be only the cash amount set forth in the Schedule.

4.4 Withdrawal of Capital

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

4.5 Liability of Limited Partner

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

4.6 Limited Partner

(a) The General Partners shall not admit other Limited Partners after the Limited Partner (which shall agree to make capital contributions to the Partnership in the aggregate amount of \$510,400 as contemplated by Article V hereof) shall have been admitted, except with the written Consent of the Limited Partner.

(b) Each person or entity becoming a Limited Partner shall, by reason thereof, be deemed to have agreed, and hereby does agree, to acquire his or its interest as Limited Partner subject to (i) the Commitments, (ii) any other documents required in connection with the commitments and (iii) the provisions of this Agreement. A Limited Partner shall accept such other terms and conditions set forth in writing to it at the time of admission as the General Partners may determine and shall execute and deliver such documents and instruments as the General Partners may reasonably request in order to confirm or carry out the provisions of this Agreement.

(c) The Schedule shall be amended to reflect the name, address and Capital Contribution of each Limited Partner, and an amendment to the Certificate of Limited Partnership, reflecting such admission, shall be filed with the Secretary of State of the State. Each Limited Partner shall become a party hereto by signing either a conformed counterpart of this Agreement or such other agreement appropriate for the purpose, in such manner as the General Partners shall determine, and by so signing such Limited Partner shall be deemed to have adopted and to have agreed to be subject to all the provisions of the Commitments and this Agreement; provided, however, that no such counterpart of agreement shall be binding until it has been signed by the General Partners.

ARTICLE V

Capital Contributions of Limited Partner

5.1 Payments

(a) Subject to the provisions of this Section 5.1 and Section 5.3 hereof, the Limited Partner shall make its Capital Contribution in the amount of \$510,400 in six (6) installments as follows:

(i) \$50,000 (the "First Installment") shall be payable at the time of admission of the Limited Partner pursuant to this Agreement;

(ii) \$130,000 (the "Second Installment") shall be payable on the later of (A) January 15, 1984 or (B) substantial completion of construction of the Project and execution of the Section 8 Contract;

(iii) \$110,000 (the "Third Installment") shall be payable on the later of (A) March 1, 1985 or (B) the funding of the Permanent Mortgage by the Permanent Lender;

(iv) \$75,000 (the "Fourth Installment") shall be payable on the later of (A) March 1, 1986 or (B) 95% occupancy of the residential units as certified by the Management Agent;

(v) \$72,700 (the "Fifth Installment") shall be payable on the later of (A) one year after the Fourth Installment provided that the rental income for the Project for the fiscal year ending December 31, 1986 has been at least equal to the aggregate of the Project Expenses and management fees (in the maximum amount permitted) incurred during such year; or (B) 35 days after the end of a period of twelve consecutive months ending on March 31, June 30, September 30, or December 31 thereafter provided that the conditions specified in clause (A) are satisfied for such period; and

(vi) \$72,700 (the "Final Installment") shall be payable on the later of (A) 35 days after the end of a period of twelve consecutive months which commences after the last day of the applicable period referred to in clause (A) or (B) of paragraph (v) above and which ends on December 31, March 31, June 30 or September 30, during which the rental income for the project has been at least equal to the aggregate of

the Project Expenses and management fees (in the maximum amount permitted) incurred during such period, or (B) one year after the date specified for payment of the Fifth Installment.

(b) The obligation of the Limited Partner to make each of the Installments of its Capital Contributions hereunder is subject to the condition that the General Partners shall have delivered to the Limited Partner a written certificate (the "Certificate") (i) listing all preconditions, representations, warranties and agreements applicable to such Installment provided in this Section 5.1 and in Section 6.6 hereof and (ii) stating that, as of the date of the Certificate, all such preconditions, representations, warranties and agreements have been satisfied. The Certificate shall be delivered on the admission date of the Limited Partner to the Partnership as a precondition to payment by the Limited Partner of the First Installment. As to each of the Second, Third, Fourth, Fifth and Final Installments, the General Partners shall give the Limited Partner not less than 21 days' advance written notice of the due date therefor and shall deliver the Certificate to it not less than 10 days prior to the due date set forth in said notice. The obligations of the Limited Partner to make the Third, Fourth, Fifth and Final Installments shall be subject to receipt from the General Partners of a certificate that as of the due date the Partnership has no outstanding obligations to pay operating expenses (which term does not include Residual Receipt Notes and Project Expense Loans) of the Project other than normal trade obligations. The determination upon which such a certificate is rendered shall be based on the accrual basis of accounting. In the event that the General Partners cannot furnish said Certificate but have made provisions satisfactory to the Limited Partner to pay any operating expenses then outstanding from the proceeds of the Third, Fourth, Fifth or the Final Installment, then the Certificate required herein shall be deemed to have been delivered by the General Partners.

(c) If, as of the date when any Installment would otherwise be due hereunder, any representation or warranty contained in Section 6.6 hereof shall not be true and correct or the General Partners or any Affiliated Person shall be in default under any agreement contained herein, under any of the Commitments or under any other agreement relating to the Project, the Limited Partner shall not be required to pay such Installment; provided, however, that, if within nine months from such date the General Partners shall have cured such misrepresentation or default in such manner that none of the Commitments shall have been adversely affected or terminated and the Limited Partner shall not have lost any material part of the projected economic

and tax benefits relating to the Project, and neither the General Partners nor any Affiliated Person shall otherwise be in default hereunder, then the Limited Partner shall pay the amount of such Installment to the Partnership 30 days after notice from the General Partners specifying that such misrepresentation or default has been cured and the manner in which the same was cured.

(d) The obligation of the Limited Partner to pay the First Installment is subject, in addition to the conditions specified above, to the receipt of a favorable opinion of counsel for the Partnership with respect to the matters set forth in clauses (i), (ii), (vi), (vii), (viii), (ix), (xi), (xii), and (xiii) of Section 6.6(a) hereof and the issuance of a favorable opinion by special counsel to the Limited Partner with respect to the taxation of the Partnership for Federal income tax purposes.

(e) The Limited Partner will be obligated to execute a Four Hundred Sixty Thousand Four Hundred Dollar (\$460,400) non-interest bearing non-recourse promissory note to the Partnership evidencing its obligation to make the payment of the Second through Final installments of its Capital Contributions. The Limited Partner shall assign as security for such promissory note a partial interest, not to exceed \$460,400, in the subscription agreements of the limited partners of the Limited Partner together with the promissory notes, if any, issued by such limited partners to the Limited Partner evidencing their obligations to make their agreed capital contributions to the Limited Partner. The Partnership shall look solely to the security for payment of the promissory note and no General Partner of the Limited Partner shall have any personal liability on such promissory note of the Limited Partner nor any personal liability for payment of the Capital Contribution of the Limited Partner. The Partnership may assign the Limited Partner's promissory note and the Partnership's interest in the security for such note of the Limited Partner to secure certain obligations of the Partnership.

5.2 Default by Limited Partner

(a) In the event the Limited Partner fails to pay any Installment of its Capital Contribution on or prior to the time therefor set forth in Section 5.1, it shall be deemed to be in default with respect to such Unit (the "Defaulting Limited Partner"). If such default is not cured by the Defaulting Limited Partner within thirty (30) days of notice thereof from the General Partners, then the General Partners shall have the option to acquire pro rata, in the manner hereinafter specified, the Defaulting Limited Partner's entire interest as a Limited Partner including all profits, losses and distributions

attributable to such interest accruing or payable from and after the date of such default. Such option may be exercised by the General Partners by mailing to the Limited Partner written notice of their desire to acquire the Defaulting Limited Partner's interest (the "Purchase Notice"). In the event that two or more General Partners so accept such offer, and they are unable to agree as to the apportionment thereof, each such General Partner shall be entitled to purchase that portion of the interest which such General Partner's Capital Contribution bears to the total Capital Contributions of all of the General Partners desiring to purchase such interest. Whether or not this option is exercised, the Defaulting Limited Partner shall have no right to receive such profits, losses, and distributions, but any successor to its interest shall, to the extent allowable for Federal income tax purposes, receive the benefits of the same.

(b) In order to acquire the interest of a Defaulting Limited Partner pursuant to this Section 5.2, the General Partners shall (i) pay to the Defaulting Limited Partner an amount equal to ten percent (10%) of the Capital Contribution, if any, previously paid in by the Defaulting Limited Partner, (ii) agree to pay to the Partnership the balance of the Installments and (iii) agree to assume all other obligations of the Defaulting Limited Partner, if any, to the Partnership. Upon such payments, agreement and assumption, all rights of the Defaulting Limited Partner with respect to such Unit so acquired shall terminate without further act. Each Partner agrees to execute and deliver such documents as may be necessary to carry out the provisions of this Section 5.2.

(c) If such option shall not be exercised within the foregoing periods, unless and until such default shall be cured, all distributions pursuant to Article X hereof in respect of the interest of the Defaulting Limited Partner shall be applied first to interest on the defaulted amount at the maximum legal rate and then to the defaulted amount, and the profits and losses in respect thereof shall be allocated to the General Partners, pro rata. After such distributions equal to the defaulted amount, together with such interest, the Limited Partner interest of the Defaulting Limited Partner shall be deemed to have been acquired by the General Partners, pro rata. Exercise of the options provided by this Section 5.2 shall be suspended during any period in which exercise thereof would cause a termination of the Partnership referred to in Section 13.1.

(d) As an alternative to commencing the procedure above provided for in this Section 5.2 or in the event that any or all of the interest of the Defaulting Limited Partner remains

unpurchased following such procedure, the General Partners may proceed to pursue any and all available legal remedies against the collateral assigned by the Limited Partner to secure its promissory note to collect the amount owing from the Limited Partner to the Partnership.

ARTICLE VI

Rights, Powers and Duties of the General Partner

6.1 Restrictions on Authority

(a) The General Partners shall have no authority to perform any act in violation of any of the Commitments, any applicable law or regulation or any other agreement between the Partnership and the Lender, HUD, and/or FHA. The General Partners shall not have any authority to do any of the following acts without the Consent of the Limited Partners except as authorized herein:

(i) to borrow on the general credit of the Partnership, except as specifically permitted hereunder as to Project Expense Loans and Residual Receipts Notes;

(ii) following completion of the Project, to construct other capital improvements, or to replace any existing capital improvements, which construction or replacement would substantially alter the character or use of the Project;

(iii) to acquire any real property in addition to that used for the Project;

(iv) to become personally liable on, or in respect of, or to guarantee, the Mortgage;

(v) to do any act required to be approved or ratified by the Limited Partner under the Uniform Act; or

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

(b) Notwithstanding the foregoing, subject to Section 3.3, the General Partners shall be authorized to increase the amount of the Mortgages at or prior to the Final Closing without the Consent of the Limited Partner.

6.2 Personal Services

The General Partners shall receive no compensation for services rendered to the Partnership except as otherwise provided in Section 6.13 or Article XI hereof. Any Partner may engage independently or with others in other business ventures of every nature and description, including, without limitation, the ownership, operation, management and development of real estate and/or apartment complexes, and neither the Partnership nor any Partner shall have any rights in and to such independent ventures or the income or profits derived therefrom.

6.3 Business Management and Control

The General Partners shall have the exclusive right to manage the business of the Partnership and, except as hereinafter provided, shall have equal rights with respect thereto as provided by the Uniform Act, and shall act by unanimous vote or written assent. No Limited Partner (except one who may also be a General Partner, and then only in his capacity as General Partner) shall participate in or have any control over the Partnership business, except as required by law. The Limited Partner hereby consents to the exercise by the General Partners of the powers conferred on them by this Partnership Agreement. No Limited Partner (except one who may also be a General Partner, and then only in his capacity as a General Partner) shall have any authority or right to act for or bind the Partnership.

6.4 Delegation of General Partner Authority

(a) If there shall be more than one General Partner serving hereunder, each General Partner may, from time to time, by an instrument in writing delegate all or any of his powers or duties hereunder to another General Partner or Partners. Such writing shall fully authorize such other General Partner to act alone, without requirement of any other act or signature of the General Partner, to take any action of any type and to do anything and everything which the General Partners may be authorized to take or do hereunder; provided, however, that any such delegation shall not relieve the General Partner making such delegation of his obligations under this Agreement.

(b) Every contract, deed, mortgage, lease and other instrument executed by any General Partner with said written authorization shall be conclusive evidence in favor of every Person or Entity relying thereon or claiming thereunder that at the time of the delivery thereof (i) this Partnership was in existence, (ii) this Agreement had not been terminated, cancelled or amended in any manner so as to restrict such authority (except as shown in certificates or other instruments duly

filed in the office of the Secretary of State of the State), and (iii) the execution and delivery of such instrument was duly authorized by the General Partners. Any Person or Entity dealing with the Partnership or a General Partner may rely on a certificate signed by any General Partner hereunder, except with respect to matters set forth in the certificates or other instruments duly filed in the office of the Secretary of State of the State;

(i) as to who are the General or Limited Partners hereunder;

(ii) as to the existence or nonexistence of any fact or facts which constitute conditions precedent to acts by the General Partners or are in any other manner germane to the affairs of this Partnership;

(iii) as to who is authorized to execute and deliver any instrument or documents of the Partnership;

(iv) as to the authenticity of any copy of the Agreement and amendments thereto; or

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

6.5 Duties and Obligations

(a) The General Partners shall promptly take all actions which may be necessary or appropriate for the development of the Project and the proper maintenance and operation of the Project in accordance with the provisions of this Agreement, and the Commitments and applicable laws and regulations. The General Partners shall devote to the Partnership such time as may be necessary or appropriate for the proper performance of their duties.

(b) The General Partners shall obtain and keep in force during the term of the Partnership fire and extended coverage, workmen's compensation and public liability insurance in favor of the Partnership with such companies and in such amounts as may be required by the Commitments or, in the absence of such requirements, in amounts which are commercially reasonable in the circumstances.

6.6 Representations and Warranties

(a) The General Partners hereby represent and warrant to the Limited Partner that the following are true as of the date

hereof and will be true on the due date for each installment of the Capital Contributions of the Limited Partner and at all times thereafter (except as otherwise provided):

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

(ii) the Partnership is the sole owner in fee simple of the real property on which the Project is or will be constructed, free and clear of all liens, claims and encumbrances, except the lien of the Mortgage, the lien of current taxes not yet due and payable and such other matters as do not and will not materially interfere with the use and enjoyment of said real property for its intended purposes; and said real property is properly zoned for its intended purposes;

(iii) construction of the Project has been or will be completed in substantial conformity with the Commitments;

(iv) no event, occurrence or proceeding is pending or threatened which would (A) materially adversely affect the Partnership or its properties, (B) materially adversely affect the ability of the General Partners or any Affiliated Person to perform their respective obligations hereunder or under any other agreement with respect to the Project or (C) prevent the completion of construction of the Project in conformity with the Commitments, other than legal proceedings which have been bonded against in such manner as to stay the proceedings and which do not and will not materially adversely affect the Project or the Commitments. This subparagraph shall be deemed to include the following: (X) legal actions or proceedings include the follow before any court, commission, administrative body or othe governmental authority having jurisdiction over the zoning applicable to the Project, (X) labor disputes and (Z) acts of any governmental authority.

(v) no material default (or event which, with the giving of notice or the passage of time or both, would constitute a default) has occurred and is continuing under this Agreement, any of the Commitments or any other agreement affecting the Project, and the same are in full force and effect;

(vi) neither the Partnership nor any of its Partners will have any personal liability for the payment or performance of any obligation under any Note or Mortgage and the General Partners shall not permit any person to become personally liable for the payment of any part of any Mortgage;

(vii) there is no material violation by the Partnership or the General Partners of any environmental or similar regulation applicable to the Project; all necessary building and other applicable permits have been obtained to permit the construction and completion of the Project; and the Partnership has complied with all applicable municipal and other laws, ordinances and regulations relating to such construction and completion, and use of the Project and the acquisition of the land upon which it has been constructed;

(viii) no event has occurred which would entitle the Limited Partner to require the General Partners to purchase its Limited Partner interest under Section 6.11;

(ix) no governmental authority, other than the Lender and HUD, has jurisdiction over or the power to restrict either (i) the rents to be charged for the Project, (ii) the resale or refinancing of the Project, or (iii) the disposition of the income of the Project by the Partnership;

(x) the General Partners will at all times have an aggregate net worth sufficient to meet the so-called "safe harbor" rules of Revenue Procedure 72-13 of the Internal Revenue Service or any successor requirement;

(xi) no event has occurred which as a matter of law terminates for Federal income tax purposes the classification of the Partnership as a partnership or its ownership of the Project, and no audit has occurred which classifies the Partnership for Federal income tax purposes as an association taxable as a corporation and not as a partnership;

(xii) the execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken pertaining to the Partnership or the Project by the General Partners and each Affiliated Person which is a corporation have been

duly authorized by all necessary corporate or other action and the consummation of any such transaction with or on behalf of the Partnership will not constitute a breach or violation of, or a default under the charter or by-laws of said General Partners or Affiliated Person or any agreement by which such General Partners or Affiliated Person or any of the parties is bound, nor constitute a violation of any law, administrative regulation or court decree;

(xiii) all appropriate roadways and public utilities, including sanitary and storm sewers, water and electricity are available to, and are or will be operating properly for the Project.

(xiv) during each calendar year beginning with the year in which the rental income from the Project is first received, at least 85% of the "gross rental income" of the Project will consist of "rental income from dwelling units" within the meaning of Section 167(j)(2)(B) of the Internal Revenue Code. The laundry and recreational facilities of the Project will be a kind that are customarily associated with the occupancy of a living accommodation, and the use thereof will at all times be for the benefit of the tenants of the Project. If separate charges are made for the use of such facilities, at least 80% of the gross income from such facilities will be from tenants of the Project.

(xv) The Land was not, on or after June 30, 1976, occupied by a "Certified Historic Structure" as defined in Section 191(d) of the Code, and is not located in a "Registered Historic District" as defined in Section 191 (d) of the Code.

6.7 Indemnification

The General Partners shall be indemnified by the Partnership for any act performed by them within the scope of the authority conferred on them by the Agreement, except for acts of willful misconduct or gross negligence or for damages arising from any misrepresentation or breach of covenant or warranty; provided, however, that any indemnity under this Section shall be provided out of and to the extent of Partnership assets only, and no Limited Partner shall have any personal liability on account thereof.

6.8 Liability of General Partners to Limited Partner

The General Partners shall not be liable, responsible or accountable for damages or otherwise to the Limited Partner for any act performed within the scope of the authority conferred by this Agreement, except for acts of willful misconduct or gross negligence or for damages arising from any misrepresentation or breach of covenant or warranty.

6.9 Obligations Complete Construction

The General Partners shall cause the Project to be constructed and completed in the manner set forth in the Construction Loan Agreement. In the event the proceeds of the Mortgage, the paid-in Capital Contributions of the Limited Partner and available net rental income of the Project prior to the Final Closing are insufficient to complete construction of the Project in accordance with the Commitments, and to meet all development and other fees and expenses, including escrow payments, required to (i) successfully complete the Project and (ii) pay all Project Expenses until the Final Closing, the General Partner shall loan to the Partnership all such amounts as may be necessary therefor, and such advances shall be evidenced by Residual Receipts Notes and shall be repayable only as provided in Article X.

6.10 Obligation to Provide for Project Expenses

In the event that the Partnership requires any funds for Project Expenses at any time prior to the date the Final Installment of the Limited Partner's Capital Contribution is due, the General Partners shall loan funds to the Partnership in an aggregate amount of up to \$30,000 outstanding at any one time ("Obligatory Project Expense Loans"). Obligatory Project Expense Loans shall bear interest at the commercial prime rate charged by Fleet National Bank a Rhode Island banking institution ("FNB"). The General Partners may, but shall not be obligated, to advance funds in excess of the foregoing amount or beyond the foregoing time period. Voluntary Project Expense Loans shall bear interest at a rate equal to the prime commercial rate charged from time to time by FNB ("Voluntary Project Expense Loans"). Such loans, whether obligatory or voluntary, shall be Project Expense Loans.

6.11 Repurchase Obligation of the General Partner

If (i) the Completion Date shall not have occurred on or before December 1, 1984 or (ii) the Final Closing shall not have occurred prior to December 1, 1984 (unless extended in writing by HUD) or (iii) prior to the payment of the Final Installment, any of the Commitments shall have been terminated.

the Permanent Mortgage, the Partnership shall be required to pay, without regard to Partnership income, to the General Partners a total development fee (the "Development Fee") equal to \$230,086. Such fee was earned and accrued as of May 1, 1983, shall be payable in six annual installments in accordance with the schedule set forth below and shall bear interest on the unpaid balance at the rate of 16% per annum.

	<u>Principal</u>	<u>Interest</u>
March 1, 1983	\$ 5,186	\$ 0
January 15, 1984	35,101	24,599
March 1, 1985	36,017	18,983
March 1, 1986	24,279	13,221
March 1, 1987	27,014	9,336
March 1, 1988	31,336	5,014

The obligation of the Partnership to pay the Development Fee shall be evidenced by the promissory note of the Partnership bearing simple interest at the rate of 16% per annum and shall provide that amounts due thereunder may not be prepaid. The Partnership may pay the principal and interest of such note only with funds supplied by the Capital Contributions of the Limited Partner or funds advanced by the General Partners pursuant to Section 6.9 hereof and such note shall contain a provision stating this limitation.

(b) The Partnership shall be required to pay to the General Partners the aggregate sum of \$44,813 which shall represent a return of funds previously advanced to the Partnership by the General Partners. Such amount shall be paid upon admission of the Limited Partner to the Partnership.

(c) For their services in connection with the review and supervision of the construction of the Project with respect to (A) progress of construction work schedules, (B) material to be used, (C) progress payments, (D) design, (E) change orders (F) budget, (G) quality of workmanship, (H) compliance with plans and specifications, and (I) compliance with HUD rules and regulations applicable to the construction of the Project, the partnership shall pay the General Partners a construction

of withdrawn and shall not have been reinstated within 60 days of such termination or withdrawal, or (iv) prior to the payment of the Final Installment, the Lender shall have commenced proceedings to foreclose the Mortgage or shall have irrevocably refused to make further advances under the Mortgage, or (iv) prior to the payment of the Final Installment, there shall prove or become untrue any representation or warranty set forth in Section 6.6 or a default by the General Partners under any agreement made by them herein, which, if curable, shall not have been cured within six (6) months of such breach, then, within 15 days after the occurrence of each such event, the General Partners shall send written notice of such event to the Limited Partner and offer to purchase its entire interest as a Limited Partner. If the Limited Partner desires to sell its interest to the General Partners, it shall send written notice thereof to the Partnership within 60 days after the receipt of such notice. The purchase shall be made by the General Partners within 30 days after receipt of such Limited Partner's notice. The purchase price shall be an amount in cash, with interest, equal to 130% of the paid-in Capital Contribution of the Limited Partner. Upon receipt of such payment, the interest as a Limited Partner of the Limited Partner shall terminate, and the Limited Partner shall have no further obligation to pay any subsequent Installments of his Capital Contribution. For all purposes including the sharing of profits, losses and distributions, the interest of the Limited Partner acquired by the General Partners under this Section 6.11 shall be deemed to belong to the General Partners, pro rata, as Limited Partners.

6.12 Joint and General Obligations

In the event there shall be more than one General Partner, each obligation of the General Partners shall be the joint and several obligation of each General Partner. The obligations set forth in Section 6.9, 6.10 and 6.11 shall survive any Retirement of a General Partner from the Partnership other than a voluntary Retirement to which all of the Limited Partners have consented.

6.13 Certain Payments to General Partner and Others

(a) For its services in (i) bringing the Project proposal to an initial mortgage closing, (ii) overseeing the affairs of the Project until the closing of the Permanent Mortgage, (iii) securing the necessary governmental approvals for the Project, (iv) arranging for and negotiating with the architect for the Project, (v) assisting in design concepts, selection of and negotiating with the Builder and assisting in structuring the construction budget, and (vi) for its other services in connection with the development of the Project through the closing of

the Permanent Mortgage, the Partnership shall be required to pay, without regard to Partnership income, to the General Partners a total development fee (the "Development Fee") equal to \$230,086. Such fee was earned and accrued as of May 1, 1983, shall be payable in six annual installments in accordance with the schedule set forth below and shall bear interest on the unpaid balance at the rate of 16% per annum.

	<u>Principal</u>	<u>Interest</u>
March 1, 1983	\$ 5,186	\$ 0
January 15, 1984	35,101	24,599
March 1, 1985	36,017	18,983
March 1, 1986	24,279	13,221
March 1, 1987	27,014	9,336
March 1, 1988	31,336	5,014

The obligation of the Partnership to pay the Development Fee shall be evidenced by the promissory note of the Partnership bearing simple interest at the rate of 16% per annum and shall provide that amounts due thereunder may not be prepaid. The Partnership may pay the principal and interest of such note only with funds supplied by the Capital Contributions of the Limited Partner or funds advanced by the General Partners pursuant to Section 6.9 hereof and such note shall contain a provision stating this limitation.

(b) The Partnership shall be required to pay to the General Partners the aggregate sum of \$44,813 which shall represent a return of funds previously advanced to the Partnership by the General Partners. Such amount shall be paid upon admission of the Limited Partner to the Partnership.

(c) For their services in connection with the review and supervision of the construction of the Project with respect to (A) progress of construction work schedules, (B) material to be used, (C) progress payments, (D) design, (E) change orders (F) budget, (G) quality of workmanship, (H) compliance with plans and specifications, and (I) compliance with HUD rules and regulations applicable to the construction of the Project, the partnership shall pay the General Partners a construction

supervisory fee of \$224,900. Such fees shall accrue May 1, 1983 and shall be payable in five annual installments in accordance with the schedule set forth below (subject to reductions as stated above) and shall bear interest on the unpaid balance of such fee at the rate of 16% per annum

	<u>Principal</u>	<u>Interest</u>
January, 1984	\$ 52,841	\$ 6,859
March, 1985	36,017	18,983
March, 1986	24,279	13,221
March, 1987	27,014	9,336
March, 1988	31,336	5,014

The Partnership's obligation to pay the fee provided for this subparagraph (c) shall be evidenced by the partnership's promissory note which shall bear interest at the rate of 16% per annum and shall provide that amounts due thereunder may not be prepaid. The Partnership may pay the principal and interest of such note only with funds applied by the Capital Contribution of the Limited Partner or funds advanced by the General Partners pursuant to Section 6.9 and such note shall contain a provision stating such limitation.

(d) For their continuing services in connection with supervision of the activities and progress of the Project, the Partnership shall be required to pay to the General Partners a total fee equal to \$10,400, which amount may be paid in installments. Such fee shall be payable prior to the Final Installment.

(e) Except as otherwise provided in this Section 6.13, neither the General Partner nor any Affiliated Person shall be entitled to any other fee or allowance.

(f) All fees and other amounts required pursuant to this Section 6.13 shall be paid solely out of the Capital Contributions of the Limited Partners made pursuant to Section 5.1 hereof. Payment of such fees and amounts shall be deferred or such fees and amounts shall be reduced to the extent the Capital Contributions of the Limited Partners are not sufficient to permit timely and/or full payment or to the extent required by the Commitments.

ARTICLE VII

Retirement of a General Partner; New General Partners

7.1 Retirement of a General Partner

No General Partner shall have the right to voluntarily retire from the Partnership or to sell, assign, transfer or

encumber his interest as a General Partner without the Consent of the Limited Partner and the other General Partners. Notwithstanding the above, in the event of an act of Retirement as to a General Partner, such General Partner shall automatically be deemed to have withdrawn as a General Partner of the Partnership. In the event of the voluntary Retirement of a General Partner in violation of this Section 7.1 or an involuntary Retirement due to Bankruptcy, dissolution or liquidation, or pursuant to the provisions of Section 7.5 hereof, the Retiring General Partner shall transfer his interest in the Partnership as provided in Section 7.3(b) and, without otherwise limiting the rights of the Partnership and the Limited Partners, shall forfeit to the Partnership his right to be repaid for any sums advanced to the Partnership under Section 6.9 hereof. Notwithstanding any such forfeiture, such Retiring General Partner shall remain liable for the performance of all his obligations under this Agreement. The remaining General Partners (or the legal representative or the successors thereof if no General Partner remains) shall immediately send written notice of any Retirement made without Consent of the Limited Partners to all Limited Partners. The General Partners shall have the right to, and hereby covenant and agree to, unless there is no remaining General Partner, elect to continue the business of the Partnership.

7.2 Retirement of a Sole General Partner

If, following the Retirement of a General Partner, there is no remaining General Partner of the Partnership, then Limited Partners representing eighty percent (80%) in interest of the Limited Partner Class Contribution (excluding the interests of Limited Partners who may also be General Partners) may elect within thirty (30) days of such Retirement and receipt of notice thereof to reconstitute the Partnership and continue the business of the Partnership for the balance of the term specified in Section 2.5 by selecting a successor General Partner or Partners. If the Limited Partner elects to reconstitute the Partnership pursuant to this Section 7.2, the provisions of Section 7.3 shall be applicable to such Retiring General Partner or Partners, and the relationship among the then Partners shall be governed by this Agreement. Each Limited Partner (excluding Limited Partners who may also be General Partners) who does not desire to participate in such reconstituted Partnership with such General Partner or Partners shall be paid with a non-recourse note of the reconstituted partnership, with a term of ten (10) years, bearing interest at 6% per annum, and in a principal amount equal to the fair market value of his interest in the Partnership as determined by a committee of three qualified appraisers, one selected by the remaining Partners, one selected by the selling Limited Partner or Partners, and a third appraiser selected by the other two. Such principal amount and interest shall be payable in equal quarterly installments.

7.3 Transfer of Interest of Retiring General Partner

(a) Each General Partner shall transfer, at the time of his Retirement, to the remaining General Partner or Partners or to a successor General Partner or Partners selected in accordance with Section 7.2, as the case may be, all or such portion of his general partnership interest as is hereinafter provided in this Section 7.3.

(b) In the event of the voluntary Retirement of a General Partner in violation of Section 7.1 or an involuntary Retirement due to Bankruptcy, dissolution or liquidation, or for the reason stated in Section 7.5, the transfer by the Retiring General Partner of his entire general partnership interest shall be made in consideration of the payment, by the remaining General Partner or Partners or the successor General Partner or Partners to the Retiring General Partner, of an amount in cash equal to the amount, if any, credited to his capital account as of the last day of the calendar quarter prior to such Retirement.

(c) In the event of the Retirement of a General Partner by reason of the General Partner's death or adjudication of insanity or incompetence, or any other reason not described in Section 7.3(b) hereof, the transfer by the Retiring General Partner shall be of (i) his entire interest in the profits, losses and distributions of the Partnership of a nature other than those referred to in the following clause (ii), and (ii) a percentage of his interest in distributions (and the profits and losses associated therewith) of a nature referred to in Sections 10.2(c) and 10.2(e) as follows: initially 80%, declining 2% on April 1 of each of the years 1983 through 2007, both inclusive, to a minimum of 30%, all such transfers to be made in consideration of the payment, by the remaining General Partner or Partners, if any, or the successor General Partner, of an amount equal to the percentage (determined pursuant to clause (ii) above) of the amount, if any, credited to his capital account as of the last day of the calendar quarter prior to such Retirement. Any General Partner interest not required to be so conveyed in accordance with this Section 7.3(c) shall become a Limited Partner interest but shall, for all purposes of this Agreement, be deemed to be an interest held by General Partner as a Limited Partner.

(d) In the event of the Retirement of a General Partner with the Consent of the Limited Partner, the transfer by the Retiring General Partner of his general partnership interest in the Partnership shall be made for such consideration as may be agreed upon by the Retiring General Partner and the remaining

General Partner or Partners or successor General Partner or Partners, as the case may be.

(e) A general partnership interest transferred in accordance with the provisions of this Section 7.3 shall be transferred in a manner sufficient to ensure the continued treatment of the Partnership as a partnership under the then applicable provisions of the Code and any regulation or ruling thereunder.

(f) For the purposes of Article X hereof, the effective date of the transfer pursuant to the provisions of this Section 7.3 of all or any portion of the general partnership interest of a Retiring General Partner shall be deemed to be the date of Retirement, but the Partnership shall not make any distributions to the designated transferee until the transfer has been made.

7.4 Designation of New General Partner

Subject to the provisions of Section 13.1 hereof, the General Partner may, with the consent of all of the Limited Partners, at any time designate additional General Partners each with such interest as a General Partner in the Partnership as the General Partner may agree. Any incoming General Partner shall, as a condition of receiving any interest in the Partnership, agree to be bound by the Commitments and any other documents required in connection therewith and by the provisions of this Agreement and shall provide such financial statements, Guarantees or other assistances as required by counsel to the Partnership or the Accountants.

7.5 Partnership Tax Status

Notwithstanding any provisions in this Agreement to the contrary, any General Partner which is a corporation shall immediately cease to be a General Partner (and be deemed to have automatically (but not voluntarily) withdrawn) if, in the reasonable written opinion of legal counsel to the Partnership or the Accountants:

(a) Its continuance as a General Partner might adversely affect the status of the Partnership under the then applicable provisions of the Code or any regulation or ruling thereunder, or

(b) Such General Partner is not in compliance with the requirements of Section 13.8 hereof, such withdrawal to be effective upon receipt of such opinion.

7.6 Amendment of Certificate

Upon the Retirement of a General Partner of the admission of an additional General Partner, the Schedule shall be amended to reflect such Retirement or admission and an amendment to the Certificate of Limited Partnership reflecting such Retirement or admission shall be filed in accordance with the Uniform Act.

ARTICLE VIII

Transferability of Limited Partner Interest

8.1 Right to Assign

(a) Subject to the provisions of this Article VIII and Section 13.1, a Limited Partner shall have the right to assign or transfer all or any part of his interest in the Partnership.

(b) Subject to the provisions of this Article VIII and Section 13.1, if at any time there shall be a Limited Partner which is an individual, such Limited Partner may, by written instrument, designate one or more members of his Immediate Family to become the assignee or assignees of all of his interest as a Limited Partner immediately upon his death. Such assignee or assignees shall be entitled to the same rights as would any other assignee of such Limited Partner, and such assignee or assignees, if they shall then be living, shall become such immediately upon the assignor's death, without requirement of any action on the part of the legal representatives of the assignor Limited Partner; and such legal representatives and the estate of such deceased Limited Partner shall have no interest whatsoever in the Partnership. Any such designation must be filed with the General Partners during such Limited Partner's lifetime. Such designation may be revoked from time to time and a new such designation made and so filed with the General Partners. The Partnership need not recognize such designated assignee or assignees until (i) duly notified in writing of the death of the assignor Limited Partner and (ii) furnished with an opinion of counsel acceptable to the General Partners to the effect that such designation is valid under the applicable laws of descent and distribution.

8.2 Restrictions

(a) No sale or exchange of any interest as Limited Partner in the Partnership may be made if such sale or exchange would violate the provisions of Section 13.1 hereof except a sale pursuant to Section 6.11.

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

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

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

8.3 Substitute Limited Partners

(a) No Limited Partner shall have the right to substitute an assignee who is not already a Limited Partner as a Limited Partner in his place without the prior written consent of the General Partners. The General Partners shall have the right in their exclusive discretion to permit such assignees to become Substitute Limited Partners. Any Substitute Limited Partners shall, as a condition of receiving any interest in the Partnership, agree to be subject to the Commitments, other documents binding the Partnership and by the provisions of this Agreement.

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

8.4 Assignees

(a) In the event of the death or incapacity of any Limited Partner who has not filed a valid designation under Section 8.1(b), his legal representative shall be deemed to be an assignee of the Limited Partner unless and until the General Partner shall permit such legal representative to become a Substitute Limited Partner on the same terms and conditions as

Herein provided for assignees generally. The death or incapacity of a Limited Partner shall not dissolve the Partnership.

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

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

(d) In the event of any assignment of a Limited Partner's interest, there shall be filed with the Partnership a duly executed and acknowledged counterpart of the instrument making such assignment. Such instrument shall evidence the written acceptance of the assignee to all the terms and provisions of this Agreement, and if such an instrument is not so filed, the Partnership need not recognize any such assignment for any purpose.

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

8.5 Right of Refusal

(a) No Limited Partner may transfer, sell, alienate, assign or otherwise dispose of all or any part of his interest in the Partnership, whether voluntarily, involuntarily or by operation of law, or a judicial sale or otherwise, except by gift or bequest, without first offering the same to the other Partners, at a price and upon terms no less favorable than those which the selling Limited Partner would receive from such sale, assignment or other disposition. Such price and terms and the name of the proposed transferee shall be set forth in a written offer signed by the selling Limited Partner and delivered to all the Partners. Within 10 days after the receipt of such written offer, any Partner may in writing reject or accept such offer and if the Partner so accepts, he shall consummate the purchase and sale of such interest at the price and on the terms of said offer with the Limited Partner at the principal office of the Partnership no later than 90

days thereafter. Such offer and notice shall be deemed to constitute a valid and enforceable purchase and sale agreement of such Limited Partner interest. In the event two or more Partners so accept such offer, and they are unable to agree as to the apportionment thereof, each such Partner shall be entitled to purchase that portion of the interest which such Partner's Capital Contribution bears to the total Capital Contributions of all the Partners desiring to purchase such interest. If the Partners do not accept such offer within such 10-day period, the selling Limited Partner may at any time within 90 days from the expiration of such 10-day period dispose of such interest to such proposed transferee at a price and on terms not less favorable than those set forth in such offer, and if such interest is not so disposed of within such period, it shall again become subject to the provisions of this Section 8.5(a).

(b) The provisions of Section 8.5(a) shall not apply to a transfer or assignment (in trust or otherwise) by a Limited Partner, of all or any part of his interest in the Partnership to:

(i) or for the benefit of himself or his Immediate Family, or

(ii) the legal representatives of a deceased or incapacitated Limited Partner.

ARTICLE IX

Loans

All Partnership borrowings shall be subject to the restrictions of Section 6.1. To the extent borrowings are permitted, they may be made from any source, including Partners and Affiliated Persons. The Partnership may issue Residual Receipts Notes or Project Expense Loans to evidence such borrowings or in payment for goods and services furnished to the Partnership pursuant to the obligations of the General Partners under Section 6.9 hereof. If any Partner shall loan any monies to the Partnership, such loan shall be unsecured and the amount of any such loan shall not be an increase of his Capital Contribution nor affect in any way his share of the profits, losses or distributions of the Partnership. Any such loan from a General Partner shall be an obligation of the Partnership to such Partner only if it constitutes a Project Expense Loan or is represented by a Residual Receipts Note.

ARTICLE X

Profits and Losses; Distributions; and Capital Accounts

10.1 Profits and Losses

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

(i) As to Profits:

(A) First, to each Partner, an amount of profits equal to the amount of its Negative Basis; provided, however, that if less than the entire amount of the distributable cash and/or property arising from such sale, disposition or other transaction shall have been distributed to the Partners as of the date of the allocation, then, in determining the Negative Basis of each Partner, the amount charged to his capital account on account of distribution of the proceeds of such sale, disposition or other transaction shall not exceed the sum of the amount so distributed and to be distributed to him within the succeeding three months.

(B) Second, the balance, if any, of such profits, up to an aggregate of 130% of the aggregate Limited Partner Class Contributions (less the aggregate of all amounts previously credited under this provision), to the Limited Partner.

(C) Third, the balance, if any, of such profits, up to an aggregate of the General Partner Class Contributions to the General Partners.

(D) Fourth, the balance, if any, of such profits, 50% to the Limited Partner and 50% to the General Partners.

(ii) As to Losses:

(A) First, to each Partner, an amount of losses equal to the amount of his Positive Basis; provided, however, that if less than the entire amount of the distributable cash and/or property arising from such sale, disposition or other

transaction shall have been distributed to the Partners as of the date of the allocation, then, in determining the Positive Basis of each Partner, the amount charged to his capital account on account of distribution of the proceeds of such sale, disposition or other transaction shall not exceed the sum of the amount so distributed and to be distributed to him within the succeeding three months.

(B) Second, the balance, if any, of such losses, 50% to the Limited Partner and 50% to the General Partners.

(iii) Notwithstanding the foregoing provisions of this Section 10.1(a), in no event shall there be allocated to the General Partners under this Section 10.1(a) less than 1/99 of the aggregate profits or losses allocated to the Limited Partner under this Section 10.1(a). In order to carry the immediately preceding sentence into effect, in the event that the amount of the profits or losses allocable to the General Partners hereunder shall not equal 1/99 of the aggregate amount allocable to the Limited Partner (without giving effect to this provision), the aggregate amount otherwise allocable to the Limited Partner shall be reduced in order to assure the General Partners of their 1/99 share.

(iv) As used in this Agreement:

(A) "profits" and "losses" means taxable income or loss as determined for Federal income tax purposes using the accounting method followed by the Partnership but excluding any adjustments made pursuant to Section 12.7.

(B) "Negative Basis" means, as to a Partner as of the relevant date, the amount, if any, by which (x) the aggregate losses and distributions charged prior thereto to his capital account shall exceed (y) the sum of the aggregate profits credited prior thereto to his capital account and his paid-in Capital Contribution.

(C) "Positive Basis" mean, as to a Partner, as of the relevant date, the amount, if any, by which (x) the sum of the aggregate profits credited prior thereto to his capital account and his paid-in Capital Contribution shall exceed (y)

the aggregate losses and distributions charged prior thereto to his capital account.

(b) All profits and losses arising from transactions not described in Section 10.1(a) shall be shared 99% by the Limited Partner, and 1% by the General Partners.

(c) If there shall be more than one Limited Partner, all profits and losses share by the Limited Partners shall be shared in the ratio of his paid-in Capital Contribution to the Limited Partner Class Contribution as the case may be. All profits and losses shared by the General Partners, if more than one, shall be shared by each General Partner in the ratio of his Capital Contribution to the paid-in General Partner class contribution. All profits and losses shared by the Partners shall be credited or charged, as the case may be, to their capital account.

10.2 Payments and Distributions

(a) Cash Flow of the Partnership during each calendar year from and after the Final Closing shall be applied or distributed in the following order of priorities:

(i) To debt service on the Mortgage, operating expenses of the Project (other than management fees, Project Expenses Loans and Residual Receipts Notes) and any reserves required by the terms of the Commitments to be maintained by the Partnership;

(ii) To management fees in the maximum amount permitted by the Lender and/or HUD;

(iii) To the payment of Project Expense Loans;

(iv) To the payment of an investor service fee (the "ISF") to Gaudreau & Co., Inc. ("G&C") in the amount of \$2,000 per year for its services in connection with the preparation of financial reports concerning the Project for the limited partners of the Limited Partner. The right of G&C to receive the ISF shall be cumulative from year to year.

(v) To the "limited dividend" in the maximum annual amount permitted under the Regulatory Agreement, less the ISF, which shall be distributed 99% to the Limited Partner, and 1% to the General Partner; and then in satisfaction of arrearages in such limited dividend less the ISF from prior years (as hereinafter provided). The right of the Partners to receive from

the Partnership distributions in such maximum annual amount shall be cumulative from year to year. Distributions in excess of the maximum annual amount for any year shall be applied first in satisfaction of arrearages in the cumulative amount payable to the Limited Partner and then in satisfaction of arrearages in the cumulative amount payable to the General Partner. The Partnership shall pay the limited dividend for each year prior to March 15 of the following year;

(vi) To the payment of Residual Receipts Notes; and

(vii) The balance, if any, 99% to the Limited Partner and 1% to the General Partners.

(b) For all purposes of this Agreement, the term "Cash Flow" shall mean the profits of the Partnership from and after the Completion Date subject to the following:

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

(ii) mortgage amortization shall be considered as a deduction;

(iii) if the General Partners shall so determine, a reasonable reserve shall be deducted to provide for working capital needs, funds for improvements or replacements or for any other contingencies for the Partnership;

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

(v) gain or loss from any refinancing of the Mortgage or from any sale, exchange, eminent domain taking, damage or destruction by fire or other casualty or other disposition, of all or any substantial part of the Project (other than the proceeds of any business or rental interruption insurance) shall not be included in determining Cash Flow;

(vi) payments of insurance on account of business or rental interruption shall be included as income in Cash Flow; and

(vii) rent supplement or interest subsidy payments shall be included as income in cash flow.

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

(c) Distributions of Other than Cash Flow

If, prior to dissolution, the General Partners shall determine from time to time that there is cash available for distribution from sources other than Cash Flow (such as, for example, from a refinancing of the Mortgage or a sale or disposition of any substantial part of or all of the Project or from any other transaction, the proceeds of which do not constitute Cash Flow), such cash shall be distributed as follows:

(i) First, to the discharge, to the extent required by the Lender, of debts and obligations of the Partnership for money borrowed, not including Project Expense Loans or Residual Receipts Notes;

(ii) Second, to the General Partner an amount equal to its Project Expense Loans;

(iii) Third, to G&C to the extent of any arrearages in the ISF;

(iv) Fourth, to the Limited Partner an amount equal to 130% of the paid-in Limited Partner Class Contributions, less amounts previously paid to them pursuant to this clause (iv);

(v) Fifth, to the General Partners an amount equal to their Capital Contributions, less amounts previously paid to them pursuant to this clause (v);

(vi) Sixth, to the General Partner an amount equal to its Residual Receipts Notes; and

(vi) Thereafter, the balance thereof, 50% to the Limited Partner and 50% to the General Partner.

(d) All distributions to the Limited Partners, if there shall be more than one, shall be shared by each Limited Partner in the ratio of his paid-in Capital Contribution to the paid-in Limited Partner Class Contribution as the case may be. All distributions to the General Partners, if more than one, shall be shared by each General Partner in the ratio of his Capital Contribution to the General Partner Class Contribution. The

capital account of each Partner shall be charged with his share of each distribution.

(e) Distribution Upon Dissolution

Upon dissolution, after payment of, or adequate provision for, the debts and obligations of the Partnership, excluding Project Expense Loans and Residual Receipt Notes, the remaining assets of the Partnership (or the proceeds of sales or other dispositions in liquidation of the Partnership assets, as may be determined by the remaining or surviving General Partners or General Partner) shall be distributed in the priority set forth in Section 10.2(c), clauses (ii) through (vii). All distributions to the Partners under this Section 10.2(e) shall be shared by the Partners according to the provisions of Section 10.2(d) hereof.

(f) Distribution in Kind

If any assets of the Partnership are to be distributed in kind, such assets shall be distributed on the basis of the fair market value thereof, and any Partner entitled to any interest in such assets shall receive such interest therein as a tenant-in-common with all other Partners so entitled. The fair market value of such assets shall be determined by an independent appraiser selected by the General Partners and approved by the Consent of the Limited Partner who shall be a person of unquestionable integrity and in good standing within his profession.

(g) Sale of the Project

If at any time the Partnership or any Partner shall receive a bona fide offer from a person who is not an Affiliated Person to purchase all or substantially all of the Partnership assets (the "Purchase Offer"), the General Partners shall promptly deliver a copy of the Purchase Offer to each of the Limited Partners. If Limited Partners who represent the Consent of the Partnership consent in writing to the Partnership's acceptance of the Purchase Offer within 30 days after receipt of notice of such offer, the General Partners shall accept such Purchase Offer on behalf of the Partnership, unless the General Partner (the "Continuing Partner") desires to reject such Purchase Offer. The Continuing Partner(s) shall send written notice to the Limited Partner and any General Partner who is not a Continuing Partner (the "Selling Partner") not more than fifteen (15) days after such Limited Partners' notice of consent. Such written notice of the Continuing Partners shall constitute the agreement of the Continuing Partners to purchase from the Selling Partners their interests in the Partnership at

a price equal to the net cash proceeds which would be distributed to the Selling Partners as a result of a sale of the Partnership assets pursuant to the Purchase Offer and the dissolution of the Partnership pursuant to Section 10.2(e). The Continuing Partners shall specify the date (which shall be not more than thirty (30) days from the date of such notice) upon which they shall purchase the interests of the Selling Partners. At the closing of the Continuing Partners' purchase of the interests of the Selling Partners, the Continuing Partners shall pay the full amount of the price of such interests in cash, and the Selling Partners shall transfer to the Continuing Partners their entire interests in the Partnership.

ARTICLE XI

Management Agent

Housing Management Company shall be the initial Management Agent and shall be entitled to an annual fee equal to the maximum fee permitted by HUD and the Lender. The General Partner shall cause the Partnership to enter into a Management Agreement with the Management Agent in form satisfactory to the Lender and HUD, if required, and may replace the Management Agent from time to time with a management agent of recognized integrity and good standing in the business community. Notwithstanding the foregoing, in the event the maximum distribution (on a non-cumulative basis) to the Partners permitted under the Commitments shall not have been made in at least one year in any consecutive three-year period beginning January 1, 1983, the Management Agreement with the then Management Agent shall be terminated and a new Management Agent which is not an Affiliated Person of any General Partner shall be retained meeting the requirements of this Article XI, unless the failure to make such maximum distribution results from general financial and economic conditions beyond the reasonable control of the Management Agent.

ARTICLE XII

Books and Records, Accounting, Tax Elections, Etc.

12.1 Books and Records

The General Partners shall keep or cause to be kept complete and accurate books and records of the Partnership which shall be maintained in accordance with generally accepted accounting principles and shall be maintained and be available at the principal office of the Partnership for examination by any Partner, or his duly authorized representatives, at any and all reasonable times. The Partnership may maintain such books

and records and may provide such financial and other statements, including those required from time to time by the Lender, HUD or any other appropriate administrative agency, as the General Partners deem advisable.

12.2 Bank Accounts

The bank accounts of the Partnership shall be maintained in such banking institutions as the General Partners shall determine, and withdrawals shall be made only in the regular course of business on such signature or signatures as the General Partners shall determine. All deposits (including security deposits and other funds required to be escrowed under the Commitments and other funds not needed in the operation of the business) shall be deposited in interest bearing accounts or invested in short-term United States Government, municipal obligations maturing within one year or "money-market" investment funds.

12.3 Tax Returns

The General Partners shall cause the Accountants to prepare all tax returns of the Partnership and to audit and certify all annual financial reports to the Partners in accordance with generally accepted accounting principles.

12.4 Reports to Limited Partner

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

(b) Within 75 days after the end of each fiscal year, the General Partners shall deliver to the Limited Partner, an (i) audited financial report of the Partnership including a balance sheet, a profit and loss statement and all necessary tax information, together with a certification of the Accountants covering the results of their audit of the books of the Partnership for such fiscal year; (ii) a certification by the General Partners that: (A) all Mortgage payments and taxes and insurance payments with respect to the project are current as of the date of the year-end report, (B) there is no default under the Mortgage, Regulatory Agreement or any other of the Commitments or the Partnership Agreement, or if there be any default, a description thereof, and (C) there is no material building,

health or fire code violation or similar violation of a governmental law, ordinance or regulation affecting the Project or, if there be any violation, a description thereof, and (iii) the average monthly occupancy for such year and the occupancy as of the end of such year. Upon the written request of the Limited Partner for further information with respect to any matter covered in items (ii) or (iii) above, the General Partners shall furnish such information within 15 days of receipt of such request.

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

12.5 Depreciation and Elections

With respect to all depreciable assets the Partnership shall elect to use, so far as permitted by the provisions of the Internal Revenue Code of 1954, as amended (the "Code"), the accelerated depreciation methods described in sections 167(b)(2) and (b)(3). However, on the advice of the Accountants then serving the Partnership, the Partnership shall elect or change to some other method of depreciation so long as such other method is, in the opinion of the Accountants, most advantageous to the Limited Partner. Subject to the provisions of Section 12.7, all other elections required or permitted to be made by the Partnership under the Code shall be made by the General Partner in such manner as will, in the opinion of the Accountants, be most advantageous to the Limited Partner.

12.6 Other Expenses

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

12.7 Special Basis Adjustments

In the event of a transfer of all or any part of the interest of any Partner, the Partnership shall elect, pursuant to Section 754 of the Code (or corresponding provisions of succeeding law), to adjust the basis of the Partnership property. However, the determination of profits, losses, distributions and capital accounts, for purposes of Article X of this Agreement, shall be made without taking into account any such

special basis adjustments. Each Partner shall furnish the Partnership with all information necessary to give effect to such election.

12.8 Fiscal Year and Accounting Method

The fiscal year of the Partnership shall end on December 31 of each year. The books of the Partnership shall be kept on an accrual basis.

12.9 Notice to Limited Partner of Certain Tax Adjustments and Audits of the Partnership's Tax Return

The General Partners shall give written notice of the Limited Partner of the following matters within 30 days after the General Partners received notice thereof:

(i) The receipt of a written request from either the Internal Revenue Service or the Division of Taxation of the State for information concerning the preparation of the Federal or State information returns filed on the Partnership's behalf;

(ii) The commencement of an audit of the Partnership's return either by the Internal Revenue Service or the Division of Taxation of the State, which event for purposes of this Agreement will be deemed to have commenced on the date the General Partners first received written notice of such audit; and

(iii) The receipt by the General Partners of written notice from either the Internal Revenue Service or the Division of Taxation of the State of a disallowance or modification of any of the items of income, deduction or credit reported on the Partnership's return or a finding that such items were improperly allocated among the Partners.

In the event the General Partners receive a written notice from the Limited Partner:

(iv) that the items of income, deduction or credit allocated to such Limited Partner have been modified by either the Internal Revenue Service or the Division of Taxation of the State, other than a disallowance resulting solely from the fact that the losses or deductions allocated to such Limited Partner were in excess of his basis for his interest in the Partnership; or

(v) that a determination, as provided in Section 1313(a) of the Code, has been made modifying the income, deductions and credits allocated to such Partner;

the General Partners shall, within 30 days following the receipt of such notice, give written notice of such events to the Limited Partner.

ARTICLE XIII

General Provisions

13.1 Restrictions

(a) Except as otherwise provided in Section 6.10 or Section 10.2 (g) of this Agreement, no sale or exchange of any Partner's interest in the Partnership may be made if the interest sought to be sold or exchanged, when added to the total of all other interests in the Partnership sold or exchanged within the period of 12 consecutive months prior to the proposed date of sale or exchange, would result in the termination of the Partnership under Section 708 of the Code (or any successor statute). However, such a sale or exchange may be made if, prior to the date of transfer, a ruling of the Internal Revenue Service (or its successors) to the effect that such proposed sale, exchange or transfer will not result in such termination shall have been published in the Internal Revenue Bulletin or a private ruling to the same effect shall have been granted to the transferring Partner or the Partnership upon the application and at the expense of the Partner desiring to sell or exchange his interest in the Partnership.

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

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

13.2 Amendments to Certificate of Limited Partnership

In any year that cash distributions to the Limited Partner exceed the portion of Partnership profits credited to his respective capital account, the General Partners shall, within 120 days after the end of the fiscal year in which such distributions are made, file as required under the law of the State and elsewhere as the General Partners deem appropriate an amendment to the Certificate of Limited Partnership reducing by the amount of such excess (or the total amount of such distribution in the event that the Partnership has incurred losses in respect of the year in question) the amount of Capital Contribution of the Limited Partner as stated in the last previous amendment to the Certificate Of Limited Partnership with respect to any year. Nothing in this Section 13.2 shall authorize, however, any change in the Schedule to this Agreement or in the application of the provisions of Article X.

13.3 Notices

Any and all notices required under this Agreement shall be deemed adequately given only if in writing and sent by registered or certified mail, postage prepaid, to the party or parties for whom such notices are intended. All such notices in order to be effective shall be addressed to the last address of record on the Partnership books when given by the General Partners and intended for the other Partners and to the address of the Partnership when given by the Limited Partner and intended for the General Partners.

13.4 Word Meanings

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

13.5 Binding Provisions

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

13.6 Applicable Law

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

13.7 Counterparts

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

13.8 Internal Revenue Service Requirement

The General Partner shall take all action (other than with respect to the amount of initial losses but including such action with regard to net worth) as may be required from time to time by the Internal Revenue Service (the "Service") as a prerequisite to obtaining a ruling from the Service to the effect that the Partnership will be treated as a partnership and not as an association taxable as a corporation for Federal income tax purposes, which may be evidenced by (i) any amendment to the Internal Revenue Code of 1954, as amended (the "Code"), enacted after the date hereof, (ii) any regulation promulgated by the Service under the Code as it may be amended, or (iii) any revenue ruling or revenue procedure (including Revenue Procedures 72-13 and 74-17) published by the Service. This provision shall be applicable whether or not such a ruling is sought from the Service.

13.9 Separability of Provisions

Each provision of this Agreement shall be considered separable and (a) if for any reason any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (b) if for any reason any provision or provisions herein would cause the Limited Partner to be deemed to be personally obligated by the obligations of the Partnership, such provision or provisions shall be deemed void and of no effect.

13.10 Investment Representation

The Limited Partner does hereby represent and warrant by the signing of a counterpart of this Agreement that (a) the interest acquired by it was acquired for investment and not for resale or distribution, (b) it is qualified by the personal experience of its general partners to analyze the risks and the advantages and disadvantages of an investment in such interest, and (c) it has not relied on the advice of the General Partners in making his investment decision.

13.11 Section Titles

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

13.12 Amendments and Other Actions

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

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

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

Withdrawing General Partner


Roland O. Ferland


General Partners


Eugene H. Ferland


Roland J. Ferland

Limited Partner

GAUDREAU PROPERTY PARTNERS, IV
a Rhode Island limited partnership

BY: 
General Partner

SCHEDULE A

To Partnership Agreement of
Barrington House Associates

Name and Address

Capital Contribution

GENERAL PARTNERS

Eugene H. Ferland
158 Washington Road
Barrington, Rhode Island

\$500.00

Roland J. Ferland
62 Carriage Drive
Lincoln, RI 02865

\$500.00

LIMITED PARTNER

Gaudreau Property Partners IV
2401 Hospital Trust Tower
Providence, Rhode Island 02903

\$ 510,400

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In Providence on the 3rd day of December, 1993, before me personally appeared the above named Eugene H. Ferland, Roland O. Ferland and Roland J. Ferland, to me known and known by me to be the parties executing the foregoing instrument, and they acknowledged said instrument, by them executed, to be their free act and deed.

Jeanne Bauchard, Notary Public
NOTARY PUBLIC

My Commission Expires: 1-26-94

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

In Providence on the _____ day of June, 1993, before me personally appeared the above named Robert R. Gaudreau, a General Partner of Gaudreau Property Partners IV, to me known and known by me to be the party executing the foregoing instrument, and he acknowledged said instrument, by him executed, to be his free act and deed and the free act and deed of Gaudreau Property Partners IV>

Linda Mae Loring
NOTARY PUBLIC

My Commission Expires: My Commission Expires Feb. 8, 1995