

State of Rhode Island and Providence Plantations

CERTIFICATE

(LIMITED PARTNERSHIP)

Know all Men by these Presents, That we, FERLAND CORPORATION
and KELLY & PICERNE VENTURE CORP.

desiring to form a limited partnership under and by virtue of the powers conferred by
Chapter 7-13 of the General Laws of Rhode Island, do solemnly swear that:

FIRST. The name of the partnership shall be RAND ASSOCIATES

SECOND. The character of the business conducted by the partnership shall be
the real estate development business together with all the
business necessary or related thereto, including but not lim-
ited to, the ownership, financing, leasing, operation, man-
agement, development, improvement, sale or transfer of real
property.

THIRD. The principal place of business of the partnership shall be located at
30 Monticello Road, Pawtucket, Rhode Island
(No. Street, City or Town, State)

FOURTH.	General Partners	Residence <small>(No. Street, City or Town, State)</small>
	Ferland Corporation	30 Monticello Road Pawtucket, Rhode Island
	Kelly & Picerne Venture Corp.	1265 Reservoir Avenue Cranston, Rhode Island

	Limited Partners	Residence <small>(No. Street, City or Town, State)</small>
	Ferland Corporation	30 Monticello Road Pawtucket, Rhode Island
	Kelly & Picerne Venture Corp.	1265 Reservoir Avenue Cranston, Rhode Island

are the names and places of residence of all members of the partnership, both general and
limited, as respectively designated.

FIFTH. The term of existence of the partnership shall be from
the filing of this Certificate to December 31, 2019, or to such
earlier date as shall be determined by events set forth in the
Limited Partnership Agreement among the parties hereto.

SIXTH. The following items listed immediately below shall be the contribution of each limited partner.

Name of Limited Partner	Cash	Property other than Cash	Value
Ferland Corporation	\$50.00	None	
Kelly & Picerne Venture Corp.	\$50.00	None	

SEVENTH. The items listed immediately below shall be the additional contributions, agreed to be made by each limited partner.

Name of Limited Partner	Cash	Property other than Cash	Value
Each limited partner may make additional contributions to the capital of the partnership as may from time to time be agreed upon between said limited and general partners,			

and the times at which or the events on the happening of which said contributions shall be made shall be as agreed upon.

EIGHTH. The contribution of each limited partner shall be returned only upon dissolution and termination of the limited partnership.

NINTH. Each limited partner shall, by reason of his contribution, receive the following percentage of the net profits of the partnership:

Ferland Corporation	49%
Kelly & Picerne Venture Corp.	49%

TENTH. Each or any limited partner shall have the right to substitute an assignee as contributor in his place, subject to the following terms and conditions:
Only according to the terms of paragraph 17 of the Limited Partnership Agreement among the parties hereto.

ELEVENTH. The partners shall have the right to admit additional limited partners.

TWELFTH. No ~~xxx~~ limited partner, shall have the right to priority over the other limited partners as to contributions or as to compensation by way of income, ~~and the nature of such priority shall be~~

THIRTEENTH. Upon the death, retirement ~~or~~ insanity ^{or dissolution} of a general partner, the remaining general partner or partners shall have the right to continue the business.

FOURTEENTH. Any limited partner shall ^{not} have the right to demand and receive property other than cash in return for his contribution.

In Testimony Whereof, We have hereunto set our hands and stated our residences this 20th day of March A.D. 1981

Name	Residence (No. Street, City or Town, State.)
Ferland Corporation By: <i>Austin Ferland</i> Its: Executive Vice President	30 Monticello Road Pawtucket, Rhode Island
Kelly & Picerne Venture Corp. By: <i>Ronald R. S. Picerne</i> Its: President	1265 Reservoir Avenue Cranston, Rhode Island

State of Rhode Island, } In the City of ~~TOWN~~ PROVIDENCE
County of Providence }

in said county, this 20th day of March, A.D. 1981, then personally appeared before me A. Austin Ferland in his capacity as Executive Vice President of Ferland Corporation and Ronald R. S. Picerne in his capacity as President of Kelly & Picerne Venture Corp.

each and all known to me and known by me to be the parties executing the foregoing instrument, and they severally acknowledged said instrument by them subscribed to be their free act and deed, and the free act and deed of Ferland Corporation and Kelly & Picerne Venture Corp., respectively.

James A. O'Leary
Notary Public.

MAR 23 1981

See

.....03.....5000
*25 2864A14.....500081

HOUSING MANAGEMENT AGREEMENT

This AGREEMENT is made this 1st day of AUGUST, 1992 between RAND ASSOCIATES (the OWNER) and FERLAND PROPERTY MANAGEMENT (the AGENT).

1. APPOINTMENT AND ACCEPTANCE: The OWNER appoints the AGENT as exclusive agent for the management of the property described in Paragraph 2 of this AGREEMENT and the AGENT accepts the appointment, subject to the terms and conditions set forth in this AGREEMENT.
2. DESCRIPTION OF DEVELOPMENT: The property to be managed by the AGENT under this AGREEMENT is a housing development (the DEVELOPMENT), consisting of the land, buildings, and other improvements which make up DEVELOPMENT NO. RI43-H023-098. The DEVELOPMENT is further described as follows:

Name: RAND ASSOCIATES

Location: City: CENTRAL FALLS County: PROVIDENCE

State: RHODE ISLAND

No. of Dwelling Units: 117
3. DEFINITIONS: As used in the AGREEMENT.
 - a. "Mortgage" means that certain mortgage deed by the OWNER, a mortgagor, to the mortgagee, with respect to the DEVELOPMENT.
 - b. "Mortgagee" means any holder of the Mortgage.
 - c. "Principal Parties" means the OWNER and the AGENT.
4. RIHMFC REQUIREMENTS: The DEVELOPMENT is or will be subject to a Housing Assistance Payments Contract (the HAP Contract) with Rhode Island Housing and Mortgage Finance Corporation (RIHMFC). The OWNER has or will furnish the AGENT with copies of the HAP Contract. Additionally, the OWNER has or will enter into a Regulatory Agreement with RIHMFC, whereby the OWNER is obligated to provide for management of the DEVELOPMENT in a manner satisfactory to RIHMFC. The OWNER has or will furnish the AGENT with copies of the Regulatory Agreement. In performing its duties under this AGREEMENT, the AGENT will comply with all pertinent requirements of the HAP Contract, the Regulatory Agreement and the directives of RIHMFC. In the event of any instruction from the OWNER which is in contradiction of such requirements, the latter prevails. In the event of any conflict between them provisions hereof and those of the HAP Contract or the Regulatory Agreement, the provisions of the HAP Contract or Regulatory Agreement shall prevail.
5. MANAGEMENT PLAN: The Management Plan for the DEVELOPMENT provides a comprehensive and detailed description of the policies and procedures to be followed in the management of the DEVELOPMENT. In many of its provisions, the AGREEMENT briefly defines the nature of the AGENT's obligations, with the intention that reference be made to the Management Plan for more detailed policies and procedures. Accordingly, the OWNER and the AGENT will comply with all applicable provisions of the Management Plan, regardless of whether specific reference is made thereto in any particular provision of the AGREEMENT.

6. MANAGEMENT INPUT DURING RIHMFC PROCESSING: The AGENT will advise and assist the OWNER with respect to management input during the remaining stages of RIHMFC loan processing. The AGENT's specific tasks will be as follows:
 - a. Preparation and submission to the OWNER of a recommended operating budget for the period prior to Final Closing and for the initial operating year of the DEVELOPMENT.
 - b. Participation in the pre-occupancy conference with RIHMFC officials.
 - c. Preparation and submission to the OWNER and submission to RIHMFC of a monthly Statement of Income and Expenses throughout the length of this AGREEMENT.
 - d. Participation in the on-site inspection of the DEVELOPMENT, required by RIHMFC subsequent to initial occupancy.
 - e. Continuing review of the Management Plan, for the purpose of keeping the OWNER advised of necessary or desirable changes.
7. BASIC INFORMATION: As soon as possible, the OWNER will furnish the AGENT with two (2) complete sets of plans and specifications as finally approved by RIHMFC and copies of all guarantees and warranties pertinent to construction, fixtures and equipment. With the aid of this information and inspection by competent personnel, the AGENT will thoroughly familiarize itself with the character, location, construction, layout, plan and operating of the DEVELOPMENT, and especially of the electrical, heating, plumbing, air-conditioning and ventilating systems, and all other mechanical equipment.
8. LIAISON WITH ARCHITECT AND GENERAL CONTRACTOR: During the planning and construction phases, the AGENT will maintain direct liaison with the architect and general contractor, in order to coordinate management concerns with the design and construction of the DEVELOPMENT, and to facilitate completion of any corrective work and the AGENT's responsibilities for arranging facilities and services pursuant to Paragraph 14 of this AGREEMENT. The AGENT will keep the OWNER advised of all significant matters in this connection.
9. MARKETING: The AGENT will carry out the marketing in accordance with the RIHMFC approved Resident Selection and Marketing Plan, attached hereto, and will also adhere to the requirements of the Affirmative Fair Housing Marketing Plan as it appears in the Management Plan.
10. RENTALS: The AGENT will offer for rent and will rent the dwelling units, commercial space and other rental facilities and concessions in the DEVELOPMENT. Incident thereto, the following provision will apply:
 - a. The AGENT will make preparations for initial rent-up, as described in the Management Plan. With the prior written approval of the OWNER and subject to the provisions of the Management Plan and the Resident Selection and Marketing Plan, the AGENT shall formulate renting plans and policies, advertise the premises or portions thereof, arrange for a furnished model apartment, and prepare and secure signs, publicity releases, brochures, layouts, circulars and other materials necessary for the proper discharge of its responsibilities hereunder. Such expenses shall be funded through the allowable funds in the Management Fund with the prior written approval of RIHMFC and the OWNER. The rent-up period will commence at least ninety (90) days prior to

- the date of first occupancy and shall continue until the effective date of the HAP Contract.
- b. The AGENT will follow the tenant selection policy described in the Resident Selection and Marketing Plan.
 - c. The AGENT will show the premises to prospective tenants.
 - d. The AGENT will take and process applications for rentals according to the procedures in the Resident Selection and Marketing Plan using forms that have been approved by RIHMFC.
 - e. The AGENT will prepare all leases and parking permits, and will execute the same in its name, identified thereon as AGENT for the OWNER. All leases and lease terms will be in a form prescribed by RIHMFC and will comply with the pertinent provisions of the Regulatory Agreement, the HAP Contract, and the directives of RIHMFC. Dwelling leases, commercial leases, permits for garage and parking spaces, and licenses or other agreements with coin machine operators and other concessionaires will be in a form approved by RIHMFC and the OWNER, but individual dwelling leases and parking permits need not be submitted for the approval of the OWNER. Each dwelling lease shall require, as a condition of occupancy, the prepayment of the first month's rent, which is equal to one month's gross family contribution, plus a security deposit in an amount equal to one month's gross family contribution or fifty dollars (\$50.00), whichever is greater, to guarantee performance of the tenant's covenants under the lease.
 - f. Lists of prospective tenants will be furnished to the OWNER upon request.
 - g. The AGENT will anticipate needs for rental increases and alert the OWNER to this requirement. The AGENT will furnish the necessary documentation and information and upon approval by the OWNER will submit a formal request to RIHMFC for rent increases necessary. Failure to promptly meet this requirement will be considered a breach of this AGREEMENT.
 - h. The OWNER will furnish the AGENT with rent and income schedules, as from time to time approved by RIHMFC, showing contract rents as appropriate for dwelling units, and other charges for facilities and services and income data pertinent to determination of tenant's eligibility and tenant rents. In no event will such rents and other charges be exceeded.
 - i. The AGENT will counsel all prospective tenants regarding eligibility and will prepare and verify eligibility certifications and recertifications in accordance with the Regulatory Agreement, the HAP Contract and the directives of RIHMFC. The AGENT shall obtain evidence substantiating the information given on the tenant's certifications and recertifications of income and retain the evidence in its files for a period of three years for review by HUD and/or RIHMFC. If recertification reveals a change in income whereby a tenant becomes eligible for a lower rent, or is required to pay a higher rent, the AGENT shall make such adjustment within thirty (30) days; provided, however, that no dwelling rent shall be more than the contract rent.
 - j. The AGENT will negotiate commercial leases and laundry concession agreements. The AGENT, after obtaining approval of said leases and agreements by the OWNER, will forward the negotiated leases and/or agreements to RIHMFC who shall have fifteen (15) days from the date of receipt to :

disapprove these negotiated leases and/or agreements, such disapproval to clearly define the reasons for disapproval, and such disapproval to be sent in writing to the AGENT. If such disapproval is not received by the AGENT within fifteen (15) days, the AGENT may execute such leases and agreements in its name, identified thereon as AGENT for the OWNER.

Commercial rents will not be less than the minimum approved by RIHMFC. Rents derived from non-residential sources shall not exceed 10% of total rents derived from the DEVELOPMENT unless specifically authorized in advance by the OWNER.

- k. The AGENT will collect, deposit and disburse security deposits in accordance with the terms of each tenant's lease. The amount of each security deposit, for residential units, will be equal to one month's gross family contribution or fifty dollars (\$50.00), whichever is greater. Security deposits will be deposited by the AGENT in an interest-bearing account, separate from all other accounts and funds, with a bank or other financial institution (within the State of Rhode Island) who deposits are insured by an agency of the United States Government and approved by the OWNER and RIHMFC. This account will be carried in the AGENT's name and designated of record as "FERLAND PROPERTY MANAGEMENT, T/F "RAND ASSOCIATES" Security Deposit Account". The AGENT shall cause the amount in the Security Deposit Account to equal or exceed at all times and aggregate of all outstanding obligations of the OWNER with respect to security deposits. In jurisdictions where local laws require the payment of interest to individual tenants, such laws will be complied with.
 - l. Occupancy shall not be restricted by reason of the fact that there are children in the applicants's family, unless the DEVELOPMENT is designed primarily for elderly persons.
 - m. The AGENT shall maintain a liaison with community groups and public service organizations for the purpose of promoting the desirability of housing and goodwill at "RAND PLACE APARTMENTS". Basic information such as qualification requirements, size of apartments and available rental prices will be transmitted to groups to be selected by the AGENT.
11. COLLECTION OF RENTS AND OTHER RECEIPTS: The AGENT will collect, when due, all rents, charges, and other amounts receivable for the OWNER's account in connection with the management and operation of the DEVELOPMENT. Such receipts (except for tenant's security deposits, which will be handled as specified in Paragraph 10-k, hereof) will be deposited in an account, separate from all other accounts and funds, with a bank (within the State of Rhode Island) whose deposits are insured by an agency of the United States Government and approved by the OWNER. This account will be carried in the AGENT's name and designated of record as "FERLAND PROPERTY MANAGEMENT, T/F RAND ASSOCIATES Development Bank Account." The AGENT may deposit rents, initially, in a lock-box or other account containing rents from other properties managed by the AGENT provided, however, that such funds shall be transferred, within seventy-two (72) hours (exclusive of Sundays and Holidays) after receipt, to the Development Bank Account.
12. ENFORCEMENT OF LEASES: The AGENT will use its best efforts to secure full compliance by each tenant with the terms of his or her lease. Voluntary compliance will be emphasized. The AGENT, utilizing the services of local social service agencies when available, will counsel tenants and make referrals to

community agencies in cases of financial hardship or under other circumstances deemed appropriate by the AGENT, to the end that involuntary termination of tenancies may be avoided to the maximum extent consistent with sound management of the DEVELOPMENT. Nevertheless, and subject to the pertinent procedures prescribed in the Management Plan, the AGENT may lawfully terminate any tenancy when, in the AGENT's judgment, sufficient cause (including, but not limited to, non-payment of rent) for such termination occurs under the terms of the tenant's lease. For this purpose, the AGENT is authorized to consult with legal counsel to be approved by the OWNER to bring actions for eviction and to execute notices to vacate and judicial pleading incident to such actions; provided, however, that the AGENT will keep the OWNER informed of such actions and will follow such instructions as the OWNER may prescribe for the conduct of any such action. Attorney's fees and other necessary costs incurred in connection with such actions will be paid out of the Development Bank Account as DEVELOPMENT expenses.

13. MAINTENANCE AND REPAIRS: The AGENT will cause the DEVELOPMENT to be maintained and repaired in accordance with the Management Plan and local codes, and in a condition at all times acceptable to the OWNER and RIHMFC, including, but not limited to, cleaning, painting, decorating, plumbing, heating, roofing, carpentry, grounds care, and such other maintenance and repair work as may be necessary, subject to any limitations imposed by the OWNER in addition to those contained herein. Incident thereto, the following provisions will apply:
- a. Special attention will be given to preventive maintenance, and to the greatest extent feasible, the services of regular maintenance employees will be used.
 - b. Subject to the OWNER's prior approval, the AGENT will contract with qualified independent contractors for the maintenance and repairs beyond the capability of regular maintenance employees.
 - c. The AGENT will systematically and promptly receive and investigate all service requests from tenants, take such action thereon as may be justified, and will keep records of the same. Emergency requests will be received and serviced on a twenty-four (24) hour basis. Complaints of a serious nature will be reported to the OWNER after investigation.
 - d. The AGENT is authorized to purchase all materials, equipment, tools, appliances, supplies, and services necessary for proper maintenance and repairs, at "RAND PLACE APARTMENTS" as an expense of the DEVELOPMENT.
 - e. Notwithstanding any of the foregoing provisions, the prior written approval of the OWNER will be required for any expenditure which exceeds Three Thousand Dollars (\$3,000.00) if a contract is approved with a non-identity of interest company and Two Thousand Dollars (\$2,000.00) for an identity of interest in any one instance for labor, materials, or otherwise, in connection with the maintenance and repair of the DEVELOPMENT, except for recurring expenses within the limits of the operating budget, or emergency repairs involving manifest danger to persons or property, or required to avoid suspension of any necessary service. In the event of emergency repairs, the AGENT will inform the OWNER and RIHMFC of the facts as promptly as possible. Except with respect to such budgeted recurring expenses and emergency repairs, the AGENT shall obtain three (3) written bids for the proposed work, and shall forward copies thereof together with its recommendations

and the written approval of the OWNER to RIHMFC for its approval. No expenditure shall be made without prior written consent of RIHMFC.

- f. The AGENT shall take such action as may be necessary to comply promptly with any and all statutes, ordinances, regulations, orders or other requirements affecting the DEVELOPMENT, whether imposed by Federal, State or local authority; provided, however that the AGENT shall take no such action so long as the OWNER is contesting, or has affirmed its intention to contest, the same. Each party shall promptly notify the other in writing of all notices of government requirements received by that Party.
14. UTILITIES AND SERVICES: In accordance with the Management Plan and the operating budget, the AGENT will make arrangements for water, electricity, gas, fuel, oil, sewage and trash disposal, vermin extermination, decorating, laundry facilities, and telephone service. Subject to the OWNER's prior approval, the AGENT will make such contacts as may be necessary to secure such utilities and services.
 15. SAFETY AND HEALTH REGULATIONS:
 - a. The AGENT shall take such action as may be necessary to assure that the OWNER and the AGENT are at all times in compliance with wage, hour, health, safety and other Federal, State and local laws, ordinances, regulations and notices, orders of courts and other administrative bodies relating to the OWNER's and the AGENT's employees who furnish services in connection with the DEVELOPMENT.
 - b. The AGENT agrees to indemnify and hold harmless the OWNER with respect to any losses or fines which may be incurred by reason of non-compliance with any of the foregoing; provided, however, that the AGENT shall have no liability for any violations with respect to which the OWNER has failed or refused, after notice by the AGENT, to authorize or provide funds required to take necessary remedial action.
 16. EMPLOYEES: The Management Plan prescribes the number, qualifications and duties of the personnel to be regularly employed in the management of the DEVELOPMENT, including a Resident Manager (if applicable), a Social Service Director (if applicable), and maintenance, bookkeeping, clerical and other managerial personnel. All such personnel, together with all maintenance, repair and other on-site personnel, and bookkeeping, clerical and other office and managerial personnel, will be employees of the AGENT and not the OWNER, and will be hired, paid, supervised and discharged by the AGENT, subject to the following conditions:
 - a. The compensation (including fringe benefits) of the Resident Manager, the Social Services Director and the maintenance employees will be as prescribed in the Management Plan. Compensation of bookkeeping, clerical and other managerial personnel will be within the AGENT's sole discretion, provided that minimum wage standards will be met.
 - b. The OWNER will reimburse the AGENT for compensation (including fringe benefits) payable to the Resident Manager, the Social Services Director and maintenance employees, as prescribed in the Management Plan, and for all local, State and Federal taxes and assessments (including, but not limited to, Social Security taxes, unemployment insurance and Worker's Compensation Insurance) incident to the employment of such personnel. Such reimbursement will be paid out of the Development Bank Account and will be treated as DEVELOPMENT expenses.

- c. Compensation (including fringe benefits) payable to the clerical and all bookkeeping, and other office and managerial personnel, plus all local, State and Federal taxes and assessments incident to the employment of such personnel, will be borne solely by the AGENT, and will not be paid out of the OWNER's funds or treated as DEVELOPMENT expenses. For this purpose, the rental value of any dwelling unit furnished rent free to the Resident Manager will not be considered a part of his compensation, but will instead be treated as a cost to be borne by the OWNER.
- d. The AGENT will establish and follow an employment policy which affords residents of the DEVELOPMENT opportunities for employment in the management and operation of the DEVELOPMENT and, to the extent consistent with that consideration, afford employment opportunities to lower income persons in the area.
- e. To the greatest extent feasible, the services of regular maintenance and repair employees shall be used in the DEVELOPMENT. However, the AGENT shall engage qualified independent contractors for exterminating services, maintenance and repair of air-conditioning systems and extraordinary repairs beyond the capability of regular maintenance employees.
- f. The OWNER agrees that if in the professional judgment of the AGENT, a Rental Agent in addition to the Resident Manager is required during the initial rent-up, the Rental Agent's compensation (including fringe benefits) and all taxes and assessments shall be paid out of the Development Bank Account as a DEVELOPMENT expense, with the prior written approval of RIHMFC.

17. DISBURSEMENTS FROM DEVELOPMENT BANK ACCOUNT:

- a. From the funds collected and deposited by the AGENT in the Development Bank Account pursuant to Paragraph 11 hereof, the AGENT will promptly make the following disbursements when payable:
 - 1. Reimbursements to the AGENT for compensation payable to the employees specified in Paragraph 16-b, hereof, and for taxes and assessments payable to local, State and Federal government in connection with the employment of such personnel.
 - 2. The single aggregate payment required to be made monthly by the OWNER to the Mortgagee, including the amount due under the mortgage for principal amortization, interest, ground rents, taxes and assessments, fire and other hazards insurance premiums.
 - 3. Payments to be made under the provisions of Section 12(g) of the Regulatory Agreement.
 - 4. All sums otherwise due and payable by the OWNER as expenses of the DEVELOPMENT authorized to be incurred by the AGENT under the terms of this AGREEMENT, including compensation payable to the AGENT, pursuant to Paragraph 29 hereof, for its service hereunder.
- b. Except for the disbursements mentioned in Paragraph 17-a, hereof, funds will be disbursed or transferred from the Development Bank Account only as the OWNER may from time to time, direct in writing and with the prior written approval of RIHMFC.
- c. In the event that the balance in the Development Bank Account is at any time insufficient to pay disbursements due and payable under Paragraph 17-a, hereof, the AGENT

will inform the OWNER of the fact (giving the OWNER timely notice, at least five (5) days where practicable) and the OWNER will then remit to the AGENT sufficient funds to cover the deficiency.

In no event will the AGENT be required to use its own funds to pay such disbursements.

- d. Allowable DEVELOPMENT operating expenses include, but are not limited to:
1. Advertising - Incident to DEVELOPMENT rentals and hiring of maintenance staff subsequent to the rent-up period.
 2. Legal - Reasonable attorney's fees incurred in connection with the operation of the DEVELOPMENT.
 3. Maintenance and Repairs:
 - (i) Cleaning, painting, decorating, plumbing, heating, roofing, carpentry, grounds care, and such other maintenance and repair work as may be necessary, subject to any limitations imposed by OWNER.
 - (ii) Preventive maintenance, and to the greatest extent feasible, the services of regular maintenance employees will be used.
 - (iii) Contractual services for maintenance and repair of HVAC systems, elevators, fire alarm system, burglar alarm system, and extraordinary repairs beyond the capability of regular maintenance employees.
 - (iv) Procurement of all materials, equipment, tools, appliances, supplies, and services necessary for proper maintenance and repairs.
 4. Utilities and Services - Water, electricity, gas, fuel oil, sewage, trash disposal, vermin extermination, laundry facilities, and telephone service, all as provided in Paragraph 14 hereof.
 5. Other - Auditing expense (quarterly or annual financial reports) prepared by a CPA or a Public Accountant licensed by the State. However, preparation of Federal and State Income Taxes is not a DEVELOPMENT expense, and shall be borne by the OWNER.
 6. Insurance - DEVELOPMENT's boiler and machinery equipment.
 7. Security Deposit Refunds.
 8. Rent Refunds.
 9. Employee Training - course fees only.
 10. Mileage - Transportation for maintenance staff permanently assigned to the DEVELOPMENT.
 11. Fidelity Bond - Bonding of on-site personnel only.
18. BUDGETS: Annual operating budgets for the DEVELOPMENT will be as approved by the OWNER and RIHMFC. Except as permitted under Paragraph 13-e, hereof, annual disbursements for each type of operating expenses itemized in the budget will not exceed the amount authorized by the approved budget. In addition to preparation and submission of a recommended operating budget for the initial fiscal year (as provided in Paragraph 6-a,

hereof), the AGENT will prepare a recommended operating budget for each subsequent fiscal year beginning during the term of this AGREEMENT, and will submit the same to the OWNER and RIHMFC at least thirty (30) days before the beginning of the fiscal year. The OWNER will promptly inform the AGENT and RIHMFC of changes, if any, incorporated in the approved budget, and the AGENT will keep the OWNER informed of any anticipated deviation from the receipts or disbursements stated in the approved budget.

19. RECORDS AND REPORTS: In addition to any requirements specified in the Management Plan or other provisions of this AGREEMENT, the AGENT will have the following responsibilities with respect to records and reports:

- a. The AGENT will establish and maintain a comprehensive system of records, books and accounts in a manner conforming to the directives of RIHMFC and otherwise satisfactory to the OWNER. All records, books and accounts will be subject to examination at reasonable hours by any authorized representative of the OWNER and RIHMFC.
- b. With respect to each fiscal year ending during the term of this AGREEMENT, the AGENT will cause an annual financial report to be prepared by a Certified Public Accountant or a Public Accountant licensed by the State acceptable to the OWNER and RIHMFC, based upon the preparer's examination of the books and records of the OWNER and the AGENT. The report will be prepared in accordance with the directives of RIHMFC and HUD, will be certified by the preparer and the AGENT, and will be submitted to the OWNER within ninety (90) days after the end of the fiscal year, for the OWNER's further certification and submission to RIHMFC. Compensation for the preparer's services will be paid out of the Development Bank Account as an expense of the DEVELOPMENT.
- c. The AGENT will furnish such information (including operating and occupancy reports) as may be requested by the OWNER and RIHMFC from time to time with respect to the financial, physical or operational condition of the DEVELOPMENT.
- d. The AGENT will prepare and submit to the appropriate parties when required:
 1. HUD Form #52670 - Housing Owner's Certification and Application for Tenant Assistance Payments.
 2. HUD Form #52670A - Part I, Schedule of Tenant Assistance Payments Due, and Part II, Schedule of Section 8 Special Claims, where applicable.
 3. HUD Form #50059 - Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures.
 4. HUD Form #50059A - Worksheet for Computing Total Tenant Payment - Section 8 Programs or HUD Form #50059e, The Easy Worksheet for Computing Total Tenant Payment/Tenant Rent, where applicable.

These forms are to be submitted to the appropriate parties no later than the 10th of each month reflecting the subsequent month's requisition.

- e. Monthly, the AGENT will furnish the OWNER and RIHMFC with an itemized list of all delinquent rental accounts in a form prescribed by RIHMFC.
- f. The AGENT will prepare a monthly report showing actual figures for receipts and disbursements, and will submit

each such report to the OWNER and RIHMFC within fifteen (15) days after the end of the month covered. Such reports will contain no less detail than contained in the (1) Rent Roll Listing and (2) Income Statement and Expense Analysis. Such reports shall include the gross potential rental income.

- g. If, after the DEVELOPMENT reaches sustaining occupancy (95%), the rental collections plus Housing Assistance Payments fall below operating expenses for a sustained period of sixty (60) days, the AGENT will immediately send written notification of the same to RIHMFC.
 - h. Except as otherwise provided in this AGREEMENT, all bookkeeping, clerical and other management overhead expenses (including, but not limited to, costs of office supplies and equipment, data processing services, and transportation for managerial personnel) will be borne by the AGENT out of his own funds and will not be treated as DEVELOPMENT expenses. Credit reporting and related processing expenses as well as the site telephone and postage will be paid out of the Development Bank Account as DEVELOPMENT expenses.
 - i. The said books, records and accounts shall be kept at the principal office of the AGENT. The OWNER, its duly authorized representatives and RIHMFC shall have the right to examine and make copies of the same at all reasonable times.
20. FIDELITY BONDS: The AGENT will furnish, at the DEVELOPMENT's expense, a fidelity bond in the principal sum of \$199,988.00, which is at least equal to the gross potential income for two (2) months and is conditioned to protect the OWNER and the Consenting Parties against misapplication of DEVELOPMENT funds by the AGENT and its employees. The other terms and conditions of the bond, and the surety thereon, will be subject to the approval of the OWNER.
 21. BIDS, DISCOUNTS, REBATES, ETC: The AGENT will obtain contracts, materials, supplies, utilities and services on the most advantageous terms to the DEVELOPMENT, and is authorized to solicit three (3) bids, either formal or informal, for those items which can be obtained from more than one source. The AGENT will secure and credit to the OWNER all discounts, rebates or commissions obtainable with respect to purchases, service contracts and all other transactions on the OWNER's behalf.
 22. SOCIAL SERVICE PROGRAM: The AGENT will be responsible to the OWNER for carrying out the social services program described in the Management Plan.
 23. TENANT/MANAGEMENT RELATIONS: The AGENT will encourage and assist residents of the DEVELOPMENT in forming and maintaining representative organizations to promote their common interests, and will maintain good-faith communication with such organizations to the end that problems affecting the DEVELOPMENT and its residents may be avoided or solved on the basis of mutual self-interest. The extent of such services by the AGENT, and compensation thereof, shall be mutually determined by the OWNER and the AGENT.
 24. ON-SITE MANAGEMENT FACILITIES: Subject to the further agreement of the OWNER and AGENT as to more specific terms, the AGENT will maintain a management office within the DEVELOPMENT and the Resident Manager or Superintendent will reside in one of the dwelling units in the DEVELOPMENT. The OWNER will make no rental charge for the same.

25. INSURANCE: The OWNER will inform the AGENT of insurance to be carried with respect to the DEVELOPMENT and its operations, and the AGENT will cause such insurance to be placed and kept in effect at all times. The first year's insurance premiums (required to be paid in advance from resources other than the Development Bank Account) will not be treated as an expense of the DEVELOPMENT, but will instead be treated as a cost to be borne by the OWNER. Commencing with the effective date of the HAP Contract and continuing during each year of operation, the AGENT will withdraw out of the Development Bank Account, each month for payment to RIHMFC pursuant to Paragraph 17-a-2, hereof, one-twelfth (1/12) of the estimated annual insurance premium for the following year. All insurance will be placed with such companies, on such conditions, in such amounts, and with such beneficial interests appearing thereon as shall be acceptable to the OWNER and RIHMFC, and shall be otherwise in conformity with the mortgage; provided that the same will include public liability coverage, with the AGENT designated as one of the insured, in amounts acceptable to the AGENT as well as the OWNER and RIHMFC. The AGENT will investigate and furnish the OWNER with full reports as to all accidents, claims and potential claims for damage relating to the DEVELOPMENT, and will cooperate with the OWNER's insurers in connection therewith.
26. TAXES AND ASSESSMENTS, GROUND RENTS: Taxes and assessments and ground rents, if any, are deemed to be incurred pro-rata throughout the year. Those incurred prior to the effective date of the HAP Contract shall be paid from resources other than Development Bank Account, regardless of when they are due and payable. Commencing with the effective date of the HAP Contract and continuing during each year of operation, the AGENT will withdraw from the Development Bank Account each month for payment to RIHMFC pursuant to paragraph 17-a-2, hereof, amounts determined by RIHMFC to be necessary to pay taxes and assessments and ground rents, if any, for the current or any subsequent year of operation.
27. COMPLIANCE WITH GOVERNMENT ORDERS: The AGENT will take such action as may be necessary to comply promptly with any and all governmental orders or other requirements affecting the DEVELOPMENT, whether imposed by Federal, State, County or municipal authority; subject, however, to the limitation stated in Paragraph 13-e, hereof with respect to repairs. Nevertheless, the AGENT shall take no such action so long as the OWNER is contesting, or has affirmed its intention to contest, any such order or requirement. The AGENT will notify the OWNER in writing of all notices of such orders or other requirements within seventy-two (72) hours from the time of their request.
28. NON-DISCRIMINATION: In the performance of its obligations under this AGREEMENT, the AGENT will comply with the provisions of any Federal, State or local law prohibiting discrimination in housing on the grounds of race, color, creed or national origin, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241); all requirements imposed by or pursuant to the Regulations of the Secretary (24 CFR, Subtitle A, Part 1) issued pursuant to the Title; regulations issued pursuant to the Executive Order 11063; and Title VIII of the 1968 Civil Rights Act.
29. AGENT'S COMPENSATION: The AGENT will be compensated for its services under this AGREEMENT by monthly fees to be paid out of the Development Bank Account and treated as DEVELOPMENT expenses. Such fees will be payable on the first business day of the beginning of each monthly period. Each such monthly fee will be in an amount equal to 5 1/2% of the gross rental collections during the preceding month (including Housing Assistance Payments) based upon approved contract rents. The total fee is 5% for management; 1/2 percent for bookkeeping.

30. TERM OF AGREEMENT:

- a. This AGREEMENT shall be in effect for a period commencing on the execution hereof and ending two (2) years after the date; provided, however, that this AGREEMENT shall not be binding until endorsed by RIHMFC. This AGREEMENT shall continue in full force and effect after the expiration of the original term upon the same condition unless each Principal Party gives notice of cancellation to the other and to RIHMFC no later than thirty (30) days before the expiration of the original term or during the continuation period following the original term, no later than thirty (30) days before the date on which the cancellation is to be effective.
- b. This AGREEMENT may be terminated by the mutual consent of the Principal Parties as of the end of any calendar month during the term hereof, provided that at least thirty (30) days advance written notice thereof is given to RIHMFC.
- c. In the event that a petition in bankruptcy is filed by or against either of the Principal Parties, or in the event that either makes an assignment for the benefit of creditors or takes advantage of any insolvency act, the other party may terminate this AGREEMENT upon two (2) days' written notice to the other, and to RIHMFC.
- d. Notwithstanding any other provision hereof, it is expressly understood and agreed by and between the Principal Parties that this AGREEMENT shall terminate at the end of any calendar month, at the option of RIHMFC, in its sole discretion, upon thirty (30) days advance written notice of such termination to each of the Principal Parties by RIHMFC, except that in the event of a default by the OWNER under the mortgage, this AGREEMENT shall terminate immediately at the option of RIHMFC upon the issuance of a notice of termination to each of the Principal Parties. It is further understood and agreed by the Principal Parties that RIHMFC shall not be liable for any losses or other damages incurred by the Principal Parties as a result of any action taken pursuant to this paragraph.
- e. Upon Termination of this AGREEMENT for any reason, the AGENT shall:
 1. Remit to the OWNER, within five (5) working days after such termination, all monies in the Development Bank Account and Security Deposit Account.
 2. Deliver to the OWNER all unpaid bills, outstanding leases, contracts and other documents pertaining to the DEVELOPMENT.
 3. Notify each tenant to make all future rent payments to the OWNER or the OWNER's designee.
 4. Submit to the OWNER any financial statements required by RIHMFC.

After the parties have accounted to each other with respect to all matters outstanding as of the date of termination, the OWNER shall furnish the AGENT with security, in form and principal amount reasonably satisfactory to the AGENT, against any obligations or liabilities which the AGENT may have incurred on behalf of the OWNER hereunder.

31. DEFAULT: REMEDIES:

- a. Failure by the AGENT to observe and perform any covenant, condition or agreement on its part to be observed or

performed, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is sent to the

AGENT by the OWNER or RIHMFC, shall constitute an "Event of Default" under this AGREEMENT.

- b. Whenever any Event or Default hereunder shall have occurred and be continuing, any one or more of the following remedial steps may be taken:
 - (i) RIHMFC or the OWNER upon RIHMFC's consent may terminate this AGREEMENT upon thirty (30) days' written notice to the AGENT and to each other, in which event the AGENT shall account to RIHMFC and the OWNER as provided in Paragraph 30-e, hereof.
 - (ii) The OWNER or RIHMFC may take whatever action at law or in equity as may appear necessary or desirable to enforce performance or observance of any obligations, agreements or covenants of the AGENT under this AGREEMENT.
- c. No remedy conferred upon or reserved to the OWNER or RIHMFC is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this AGREEMENT or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

32. INTERPRETATIVE PROVISIONS:

- a. At all times, this AGREEMENT will be subject and subordinate to all rights of RIHMFC and will inure to the benefit of and constitute a binding obligation upon the Principal Parties and their respective successors and assigns. To the extent that this AGREEMENT confers rights upon RIHMFC, it will be deemed to inure to its benefit, but without liability to RIHMFC, in the same manner and with the same effect as though RIHMFC were a primary party to the AGREEMENT.
- b. This AGREEMENT constitutes the entire agreement between the OWNER and the AGENT with respect to the management and operation of the DEVELOPMENT, and no change will be valid, unless made by supplemental written agreement, executed and approved by RIHMFC and the Principal Parties.
- c. This AGREEMENT has been executed in several counterparts, each of which shall constitute a complete original AGREEMENT, which may be introduced in evidence or used for any other purpose without production of any of the other counterparts.

33. INDEMNIFICATION: The OWNER agrees to indemnify and hold harmless the AGENT in any situation arising out of or from this AGREEMENT, where the AGENT has notified the OWNER, by certified mail, return receipt requested, of any event, occurrence or happening which places the OWNER or AGENT in noncompliance with any local State or Federal notice or where the OWNER instructs the AGENT not to take any action.

IN WITNESS WHEREOF, the Principal Parties have executed this AGREEMENT on the date first above written:

WITNESS

Michael J. Augustine

RAND ASSOCIATES

By: Austin Ferland
A. Austin Ferland
General Partner

WITNESS

Michael J. Augustine

By: Edward F. Mulholland
Edward F. Mulholland, CPM
Vice President

The Rhode Island Housing and Mortgage Finance Corporation hereby consents to foregoing AGREEMENT, dated AUGUST 1, 1992 by and between RAND ASSOCIATES and FERLAND PROPERTY MANAGEMENT.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION

By: John H. Gordon
John H. Gordon
Director of Housing Management

DATE: 7/29/92