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**AMENDED AND RESTATED
AGREEMENT AND CERTIFICATE OF
LIMITED PARTNERSHIP OF
LONSDALE HOUSING ASSOCIATES**

This Instrument Prepared By
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**AMENDED AND RESTATED AGREEMENT
AND CERTIFICATE OF LIMITED PARTNERSHIP
OF
LONSDALE HOUSING ASSOCIATES**

This Amended and Restated Agreement and Certificate of Limited Partnership, dated as of this 27th day of December, 1983, is entered into by and among:

Sheldon L. Gerber, an individual (hereinafter referred to as the "Operating General Partner");

and

Mandel Sherman, an individual, and Irwin Loft, an individual (hereinafter collectively referred to as the "Withdrawing Partner");

and

Real Estate Associates III, a California partnership (hereinafter referred to as the "Limited Partner") having as its partners National Partnership Investments Corp., a California corporation, and Real Estate Associates Limited VI, a California limited partnership; and Sugarberry Apartments Corporation, a California corporation (hereinafter referred to as the "Special Limited Partner")

with reference to the following facts:

A. The Operating General Partner and the Withdrawing Partner are, on the date hereof, all of the general and limited partners of Lonsdale Housing Associates (the "Partnership"), an existing limited partnership formed pursuant to the Uniform Limited Partnership Act as enacted in the State of Rhode Island (the "Governing Jurisdiction").

B. The Partnership is the owner of the Property (as hereinafter defined), upon which the Project (as hereinafter defined) is situated.

C. The Operating General Partner, the Withdrawing Partner and the Limited Partner desire to effect the admission of the Limited Partner and the Special Limited Partner to, and the withdrawal of the Withdrawing Partner from, the Partnership, to continue the existence of the Partnership for the purposes herein described, to amend and restate in its entirety the Partnership's limited partnership agreement and its limited partnership certificate, and to enter into this Agreement on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. DEFINITIONS.

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

1.1 Affiliated Person. "Affiliated Person" means any person, firm or entity

1.1.1 which owns or is owned by any one (or more) of the persons or entities comprising the Operating General Partner in whole or in part;

1.1.2 which controls or is controlled by any one (or more) of the persons or entities comprising the Operating General Partner in whole or in part;

1.1.3 which is the parent, subsidiary or affiliate of any one (or more) of the persons or entities comprising the Operating General Partner;

1.1.4 to which any one (or more) of the persons or entities comprising the Operating General Partner is a "related taxpayer" as defined in Section 1313(c) of the Code; or

1.1.5 which then constitutes the Operating General Partner.

1.2 Breakeven. "Breakeven" means that for the relevant period the Partnership shall have received and maintained Cash from Operations (as herein-after defined), as indicated by submission of worksheets conforming to Exhibit 1 hereto which have been certified by the Partnership's accountants; however, in the event of any conflict between said worksheet, as applied to any particular circumstance, and this Agreement, this Agreement shall prevail.

1.3 Capital Contribution. "Capital Contribution" means \$152,000.

1.4 Cash from Operations. "Cash from Operations" means, with respect to any accounting period, the sum of all cash receipts of the Partnership properly attributable to such period from rents, lease payments, subsidy payments received or receivable, releases from reserves for repairs and replacement of Partnership property and any and all other sources relating to the Project, other than capital contributions of the Limited Partner, cash receipts from tenant and trade deposits (except forfeited deposits), capital contributions of the General Partner, loans, sales, exchanges or other dispositions or refinancings of the Project or other Partnership property (including but not limited to proceeds resulting from insured losses or condemnation or eminent domain proceedings except to the extent used for refurbishment or repair of the insured loss or damage occasioned by such condemnation), less the sum of all Operating Disbursements (as hereinafter defined) and less the sum of all Operating Disbursements from prior periods which have not been discharged; and the Partnership shall not be deemed to have received

and maintained Cash from Operations for such period unless such receipts exceed such disbursements.

1.5 Code. The "Code " means the United States Internal Revenue Code of 1954, as amended.

1.6 Disposition. "Disposition" means any sale or exchange either in one transaction or a series of transactions to one or more buyers pursuant to a plan of disposition formulated by the Operating General Partner, or other disposition, including but not limited to an involuntary disposition giving rise to insurance or other proceeds (except to the extent such proceeds are included in Cash from Operations), of all or any part of the Partnership's property.

1.7 Disposition Losses. "Disposition Losses" means all Losses resulting from Disposition.

1.8 Disposition Profits. "Disposition Profits" means all Profits resulting from Disposition.

1.9 Excess Gross Rental Income. "Excess Gross Rental Income" means the Partnership's gross rental income from the Project for any fiscal year, in an amount equal to the amount of Cash from Operations for such fiscal year.

1.11 Governmental Agencies. "Governmental Agencies" means the Rhode Island Housing and Mortgage Finance Corporation ("RIHMF"), the United States Department of Housing and Urban Development, the Federal Housing Administration, or the Federal Housing Commissioner acting on behalf thereof, and its successors and assigns, and all other governmental agencies which from time to time have jurisdiction with respect to the Project within the context of the use of such term herein and, as the context requires, such term includes any one or all of them.

1.12 Investment Agreement. The "Investment Agreement" means the Agreement for Investment in and Purchase of Limited Partnership Interests in Lonsdale Housing Associates of even date, by and among the Operating General Partner, the Partnership, the Withdrawing Partner, the Special Limited Partner, and the Limited Partner.

1.13 Mortgage. The "Mortgage" means the first mortgage encumbering the Property, or, as the context requires, the promissory note secured thereby, which note has an approximate outstanding principal balance of \$4,633,273 as of the date of this Agreement, the loan evidenced by said promissory note, or some or all of the foregoing.

1.14 Net Fair Market Value. "Net Fair Market Value" means the fair market value of property, less the principal amount of any indebtedness to which such property was subject or which, in the case of property contributed to the Partnership, was assumed by the Partnership.

1.15 Net Refinancing Cash. "Net Refinancing Cash" means surplus cash resulting from a refinancing of the Mortgage Loan or from the obtaining of additional financing, after the funding of reserves for the Project.

1.16 Occupancy. "Occupancy" means, with respect to each unit of the Project, that such unit is subject to a lease with a **bona fide** tenant, at not less than the Governmental Agencies-approved rental rate, as to which lease no rental concession was given and which lease is not in default.

1.17 Operating Disbursements. "Operating Disbursements" means all costs and expenses incurred incident to operation of the Partnership or the ownership, development, rehabilitation, operation, repair or maintenance of the Project or the Property, including without limitation, taxes, capital improvements and acquisitions, payments of principal, interest and annual fees on the Mortgage, repayment of loans from Partners, payments of fees and salaries (other than fees and salaries payable to the Operating General Partner), the funding of reserves and escrows, if any, required by the Governmental Agencies, and the funding of reserves reasonably deemed necessary by the Operating General Partner and permitted pursuant to this Agreement. All costs and expenses representing fuel or other utility costs shall be annualized so as to reflect on a monthly basis the average of the expenses so incurred. Operating Disbursements shall be determined on the accrual basis of accounting regardless of the basis upon which the books of the Partnership are kept for other purposes. For the purpose of computing Breakeven, Operating Disbursements shall include all principal and interest payments and reserves and escrow funds required by the Project's permanent mortgage financing, which must be in place during the entire relevant period for Breakeven to be deemed achieved.

1.18 Operating Profits. "Operating Profits" means all Profits other than Disposition Profits.

1.19 Partners. "Partners" means the Operating General Partner, the Special Limited Partner and the Limited Partner collectively; "Partner" refers to any one of the Partners.

1.20 Profits and Losses. "Profits" means, with respect to the Partnership, (i) every item of gross income allocable to a partner of a partnership governed by Subchapter K of the Internal Revenue Code of 1954, as amended, but only to the extent actually allocated to a Partner hereunder, (ii) any item of economic income not includable in gross income for federal income tax purposes, and (iii) taxable income for federal income tax purposes computed by excluding income described in clause (i); and "Losses" means, with respect to the Partnership, (iv) any deduction allocable to a partner of a partnership governed by Subchapter K of the Internal Revenue Code of 1954, as amended, but only to the extent actually allocated to a Partner hereunder, (v) any expenditure which is neither deductible nor chargeable to capital account under Section 705(a)(2)(B) of the Internal Revenue Code of 1954, as amended, and (vi) net losses for federal income tax purposes computed by excluding deductions described in clause (iv).

1.21 Project. The "Project" means the housing apartment project, commonly known as "Lonsdale Housing," consisting of 131 units and attendant facilities situated upon the Property.

1.22 Property. The "Property" means the parcel or parcels of real property together with any existing improvements thereon as described in Exhibit 2 hereto, situated in Pawtucket, Rhode Island.

1.23 Purchase Agreement. The "Purchase Agreement" means the Agreement of Purchase and Sale of Real Property of even date between the Withdrawing Partners and the Limited Partner.

1.23 Purchase Price. The "Purchase Price" means the cash portion of the "Purchase Price" as described in Section 3.1(i) of the Purchase Agreement.

1.24 Regulatory Agreement. The "Regulatory Agreement" means the agreement or agreements so entitled, entered into by and between the Partnership and the Governmental Agencies concerning the financing, ownership and/or operation of the Project.

2. CONTINUATION AND PURPOSE OF PARTNERSHIP.

2.1 Continuation. The parties hereto do hereby intend to cause a termination and re-formation of the Partnership for tax purposes but otherwise to continue the existence of the Partnership pursuant to the provisions of this Agreement, in accordance with the laws of the Governing Jurisdiction.

2.2 Name of Partnership. The name of the Partnership shall continue to be Lonsdale Housing Associates.

2.3 Recordation and Filing of Partnership Documents. The parties shall sign and acknowledge this Agreement and the Operating General Partner shall cause it to be filed and/or recorded as the Partnership's amended certificate of limited partnership, as required by law.

2.4 Purpose of Business. The purpose and business of the Partnership shall be to hold title to the Property; to develop thereon the Project; to operate the Project; and to undertake such other activities related to the foregoing as may be necessary, advisable, or convenient to the promotion or conduct of the business of the Partnership.

2.5 Term. The Partnership shall remain in existence until dissolved and terminated:

2.5.1 by consent of all of the Partners;

2.5.2 as otherwise provided in this Agreement;

2.5.3 on December 31, 2033; or

2.5.4 by operation of law.

2.6 Place of Business. The principal place of business of the Partnership in the Governing Jurisdiction shall be at the location of the Project, or such other location within the Governing Jurisdiction as may hereafter be determined by the Operating General Partner. The Operating General Partner shall notify the Special Limited Partner and Limited Partner of any change in the principal place of business of the Partnership.

3. CAPITAL CONTRIBUTIONS.

3.1 Capital Contributions of the Operating General Partner and Special Limited Partner.

3.1.1 The Operating General Partner has previously made contributions to the capital of the Partnership, for which the Operating General Partner has received credit of \$103,223 to its capital account.

3.1.2 The Special Limited Partner shall contribute \$100 in cash to the capital of the Partnership payable on the date the capital contribution described in Section 3.2.1 is due and payable. The General Partner shall have no right or obligation to make any additional capital contributions to the Partnership.

3.2 Limited Partner's Capital Contribution. Provided that the Operating General Partner has not failed to fulfill any of its obligations contained in this Agreement or under any other agreements delivered by the Operating General Partner, individually or in its capacity as a general partner of the Partnership, to the Limited Partner or the Partnership prior to or concurrently with the delivery of this Agreement, the Limited Partner shall, subject to Sections 3.3, 3.6, 3.8, 3.9 and 7.3 hereof, contribute the Capital Contribution to the Partnership (subject to adjustment pursuant to Section 1.3 of the Investment Agreement and to reduction to fund operating deficits as provided in Exhibit 4 of the Investment Agreement), in cash, payable as follows:

3.2.1 \$72,000 upon the last to occur of:

3.2.1.1 receipt, if required, of clearance or approval from the Governmental Agencies of the Limited Partner's investment in the Partnership;

3.2.1.2 satisfaction of the conditions described in Section 2.2.2.1 of the Investment Agreement;

3.2.1.3 Breakeven for the 180-day period immediately preceding the payment date; and

3.2.1.4 Ninety-five percent Occupancy.

3.2.2 \$80,000 cash contribution upon the last to occur of:

3.2.2.1 satisfaction of the conditions precedent to the contribution under Section 3.2.1 hereof (including all waived conditions, if any);

3.2.2.2 receipt, if required, of clearance or approval from the Governmental Agencies of the transformation of the Special Limited Partner's entire interest in the Partnership to a general partner's interest, and the execution by the Partners, and the subsequent filing by the Operating General Partner, of the appropriate amendment to this Agreement reflecting such transformation.

3.2.2.3 March 30, 1984.

3.3 Conditions to Limited Partner's Capital Obligation. The Limited Partner shall be under no obligation to contribute to the Partnership any of the sums provided for in Section 3.2 hereof or to pay any of the Purchase Price (each as adjusted, if at all, pursuant to Section 1.3 of the Investment Agreement) except in accordance with the terms and conditions of the Investment Agreement. Further, the Limited Partner shall be under no obligation to make any contribution or pay any corresponding installment of the Purchase Price not due and payable within twelve months after the calendar date therefor as set forth in the applicable subsection of Section 3.2 hereof or, if no such calendar date, within twelve months after the next prior contribution and purchase price payment were made (except that, for the purpose of determining when any contribution and installment of Purchase Price subsequent to a forgiven contribution and installment is to be forgiven, each forgiven contribution and installment shall be deemed made on the date twelve months after the next prior contribution). If the Operating General Partner fails to deliver to the Limited Partner on a timely basis the reports required pursuant to Section 11 hereof, the Limited Partner may delay its next capital contribution and installment by six times the number of days such reports were late.

3.4 No Interest on Capital. No interest shall be paid on capital contributions or on balances of capital accounts.

3.5 Capital Withdrawals and Returns. No Partner shall have the right to withdraw or reduce its contributions to the capital of the Partnership except in accordance with this Agreement. Except as otherwise provided herein, no Partner shall have the right to demand or receive property, other than cash, in return for its capital contribution or have priority over any other Partner, either as to the return of contributions of capital or as to Profits, Losses, or distributions, or as to compensation by way of income.

3.6 Default.

3.6.1 Except as otherwise provided in Section 3.6.2 or Section 3.8 hereof, in the event that the Limited Partner defaults in its obligation to pay any capital contribution and make any installment of Purchase Price on or prior to the due date therefor set forth in Section 3.2 hereof and shall fail to correct such default within ten days from such due date, it shall be deemed to be in default hereunder. Upon such default, the Operating General Partner shall have the option, exercisable as hereinafter provided, to reduce the Limited Partner's limited partnership interest, including its interest in Cash from Operations, Net Refinancing Cash, net cash proceeds from Disposition, and Profits and Losses attributable to such interest or otherwise allocable to the Limited Partner from and after the date of exercise of such option, by multiplying its interest in each such item by a fraction, the denominator of which is the sum of the Capital Contribution and Purchase Price, and the numerator of which is the sum of

(i) 100% of the outstanding principal and any accrued interest upon all outstanding loans made to the Partnership by the Limited Partner, plus

(ii) the amount actually contributed in cash by the Limited Partner to the capital of the Partnership and the amount of Purchase Price actually paid to the Operating General Partner, less

(iii) any cash distributions previously made by the Partnership to the Limited Partner.

The foregoing option shall be exercisable by the Operating General Partner only by giving notice to the Limited Partner of its exercise of such option within sixty days after the default. Upon the giving of the notice of such exercise, the Limited Partner shall have no obligation to make the contribution or installment of Purchase Price which it failed to make and shall have no obligation to make any future contributions pursuant to Section 3.2 hereof or to pay any future installments of Purchase Price pursuant to Section 3.1(i) of the Purchase Agreement. If the Operating General Partner does not timely exercise such option to reduce the Limited Partner's limited partnership interest, the Partnership may proceed to collect the unpaid installments of the Capital Contribution as well as the balance of the installments of the Capital Contribution (but only as and when due), and the Operating General Partner may proceed to collect the unpaid installments of the Purchase Price as well as the balance of such installments (but only as and when due) and all costs and expenses of collection incurred by the Partnership (including reasonable fees and disbursements of counsel) from the Limited Partner.

3.6.2 In the event the Limited Partner has been enjoined by a court or any governmental agency or body from making any installment of the Capital Contribution and/or paying any installment of the Purchase Price, then within fifteen days after receipt by the Limited Partner of notice that an installment of the Capital Contribution is due, the Limited Partner may, upon notice to the Operating General Partner, extend the due date of such installment and the due date of the corresponding installment of Purchase Price up to a period of 120 days during which time a third party or parties may (i) relieve the Limited Partner of part or all of its obligations or liability for its unpaid installment of Capital Contribution and unpaid installment of Purchase Price as well as the balance of its installments of the Capital Contribution and Purchase Price as and when due (except that the Limited Partner shall in all events remain secondarily liable therefor) and (ii) receive part or all (at the Limited Partner's option) of the Limited Partner's right to participate in Partnership Profits, Losses and distributions of cash pursuant to Section 4 hereof, and such other rights of the Limited Partner in the Partnership as the Limited Partner shall choose to transfer. The Limited Partner shall have the right to so transfer said attributes of its Partnership interest provided that such transferee or transferees meet the suitability requirements applicable to the limited partners of the Limited Partner, and in addition such transfer shall be subject to the consent of the Operating General Partner which consent may be withheld in the Operating General Partner's sole discretion, but, if unreasonably withheld, the Limited Partner shall have no further obligation to pay any unpaid portion of the Capital Contribution or to pay any unpaid portion of the Purchase Price, but shall nevertheless be entitled to retain its entire limited partnership interest. No such transferee shall be admitted as a substituted limited partner of the Partnership unless and until it complies with each and every

requirement of Section 8.2.2 hereof. The right granted to the Limited Partner in this Section 3.6.2 may be exercised by the Limited Partner only once, and does not extend to any transferee of all or any part of the Limited Partner's interest in the Partnership. In the event an installment of the Capital Contribution and the corresponding installment of Purchase Price are not paid in full within the aforesaid 120-day period (and is not forgiven in accordance with the foregoing), the Operating General Partner shall be entitled to exercise the rights provided in Section 3.6.1 hereof.

3.7 Waiver of Partition and Dissolution Right. The Partners hereby waive and forfeit all rights arising out of statute or operation of law, to seek, bring or maintain in any court an action for partition pertaining to any asset of the Partnership, or an action seeking dissolution of the Partnership unless the Limited Partner has consented to such dissolution.

3.8 Withholding of Capital Contributions.

3.8.1 If for any reason the Limited Partner in good faith claims the right not to make one or more of the capital contributions provided for in Section 3.2 hereof at a time when the Operating General Partner claims such contribution is due, the Limited Partner shall notify the Operating General Partner of such dispute and shall have no obligation to make such contribution or the corresponding installment of Purchase Price until such dispute has been resolved.

3.8.2 If the Limited Partner has given notice of a dispute pursuant to Section 3.8.1 hereof, then, upon request by the Operating General Partner, the Limited Partner shall provide the Partnership with a letter or letters of credit, in the amount of the sum of the unpaid capital contribution or contributions and the unpaid installment or installments of Purchase Price then claimed to be due and in form and substance reasonably satisfactory to the Operating General Partner (but no earlier than the date certain specified herein for the payment of such unpaid contribution), unless the holder of the Mortgage has notified the Partnership of its intention to foreclose the Mortgage or unless the Operating General Partner has become bankrupt, in either of which events the Limited Partner may exercise its rights under Section 3.8.1 hereof without any requirement that it provide a letter of credit. Notwithstanding the foregoing, the Limited Partner shall not be obligated to provide a letter or letters of credit until the Operating General Partner, individually and not on behalf of the Partnership, furnishes the Limited Partner with

(i) an opinion of counsel reasonably satisfactory to the Limited Partner stating that the letter or letters of credit provided by the Limited Partner shall not become a part of Partnership capital and shall not be Partnership assets until either (A) a court having proper jurisdiction over the matter renders a final judgment, or (B) the arbitration process has been invoked and, pursuant thereto, there has been rendered a determination, in either case to the effect that the Partnership was entitled to the contribution or contributions and the Operating General Partner was entitled to the installment or installments of Purchase Price that the Limited Partner claimed the right not to make, and

(ii) a cash payment in an amount sufficient to pay all costs and expenses of obtaining the letter or letters of credit and any renewals thereof or substituted letter or letters of credit.

For purposes of this Section 3.8.2, the Operating General Partner shall be considered bankrupt when it makes an informal composition or an assignment for the benefit of its creditors, files a petition in bankruptcy, voluntarily takes advantage of any bankruptcy or insolvency law, or is granted an order for relief as a debtor, or, if a petition is filed against it, such petition is not dismissed within thirty days after filing.

4. PROFITS, LOSSES AND DISTRIBUTIONS.

4.1 Allocation.

Profits and Losses shall be allocated as follows:

4.1.1 All Operating Profits shall be allocated 98.99% to the Limited Partner, 1% to the Operating General Partner and .01% to the Special Limited Partner.

4.1.2 Disposition Profits shall be allocated as follows:

4.1.2.1 Disposition Profits treated as ordinary income under Section 751(a)(1) of the Code which are attributable to the recapture of deductions taken with respect to assets described in Section 751(c) of the Code shall be allocated among the Partners in the same proportion as such deductions were allocated to them;

4.1.2.2 Disposition Profits next remaining after making the allocations required pursuant to Section 4.1.2.1 hereof shall be allocated as provided in Section 4.1.5.2 hereof;

4.1.2.3 Disposition Profits next remaining after making the allocations required pursuant to Sections 4.1.2.1 and 4.1.2.2 hereof, but not exceeding an amount equal to the sum of the negative capital account balances of all Partners with negative capital account balances (computed after the allocations of Disposition Profits pursuant to Sections 4.1.2.1 and 4.1.2.2 hereof have been made shall be allocated among such Partners in proportion to their respective negative capital account balances;

4.1.2.4 Disposition Profits remaining after making the allocations required pursuant to Sections 4.1.2.1, 4.1.2.2 and 4.1.2.3 hereof shall be allocated 98.99% to the Limited Partner, 1% to the Operating General Partner and .01% to the Special Limited Partner.

4.1.3 All Losses other than Disposition Losses shall be allocated 98.99% to the Limited Partner, 1% to the Operating General Partner and .01% to the Special Limited Partner.

4.1.4 All Disposition Losses shall be allocated as follows:

4.1.4.1 Disposition Losses not exceeding an amount equal to the sum of the positive capital account balances of all Partners with positive capital account balances shall be allocated among such Partners in proportion to their respective positive capital account balances;

4.1.4.2 Disposition Losses remaining after making the allocations required pursuant to Section 4.1.4.1 hereof shall be allocated 98.99% to the Limited Partner, 1% to the Operating General Partner and .01% to the Special Limited Partner.

4.1.5 In the event of a distribution of Net Refinancing Cash under Section 4.3 hereof, then

4.1.5.1 To the extent that principal amortization payments are made from time to time with respect to the loan giving rise to the distribution, there shall be allocated to each Partner an amount of gross income equal to the amount of each such amortization payment multiplied by a fraction, the numerator of which shall be Net Refinancing Cash distributed to it and the denominator of which shall be the total Net Refinancing Cash distributed to all Partners in connection with such loan.

4.1.5.2 In the event of a Disposition prior to the repayment in full of the loan giving rise to the distribution, Disposition Profits in an amount equal to the difference between the maximum amount of gross income which would have been allocated to the Partners under Section 4.1.5.1 hereof had the loan been repaid in full and the amount of gross income actually allocated to the Partners under Section 4.1.5.1 hereof shall be allocated among the Partners in the same proportion as they received distributions of the Net Refinancing Cash.

4.2 Distribution of Cash from Operations. The Operating General Partner shall distribute Cash from Operations to the Partners from time to time, but not less often than annually and not later than ninety days after the end of the Partnership's fiscal year, 98.99% to the Limited Partner, .01% to the Special Limited Partner and 1% to the Operating General Partner.

Notwithstanding the foregoing, the Operating General Partner shall have the right to retain, as an operational reserve (in addition to any reserves which may be required by the Governmental Agencies), such portion of Cash from Operations as the Operating General Partner can demonstrate will be needed by the Partnership for operating expenses during the next twelve-month period. The funds in such operational reserve shall be segregated from other Partnership funds, and if not spent by the Partnership within twelve months after being set aside such funds shall be distributed to those Partners who would otherwise have been entitled to receive the distribution had such funds not been so set aside.

4.3 Distributions of Cash from Refinancing. Net Refinancing Cash shall be distributed to the Partners in the following priority:

4.3.1 In the event the amounts owed to the Withdrawing Partner under the Limited Partner's non-negotiable purchase money promissory note of even date in the principal amount of \$750,000 (the "Note") are due and payable, then to the Limited Partner in an amount equal to such outstanding and due amounts;

4.3.2 To the Limited Partner until the Limited Partner has received cash pursuant to this Section 4.3.2 in an amount which equals 150% of the sum of the Capital Contribution and the Purchase Price; and, thereafter

4.3.3 99% to the Limited Partner and 1% to the Operating General Partner.

4.4 Distributions of Cash from Disposition or Partial Disposition of Partnership Property. Surplus cash resulting from Disposition or Partial Disposition of Partnership Property, and all such cash upon termination and liquidation of the Partnership, shall be distributed to the Partners in the following order of priority:

4.4.1 In the event the amounts under the Note are due and payable, then to the Limited Partner in an amount equal to such outstanding and due amounts;

4.4.2 To the Limited Partner until the Limited Partner has received cash pursuant to this Section 4.4.2 in an amount which equals 150% of the sum of the Capital Contribution and the Purchase Price; and, thereafter

4.4.3 To the Limited Partner, the Special Limited Partner, and the Operating General Partner in proportion to their respective positive capital account balances computed after the application of Section 4.1.2.4 or 4.1.4.2 hereof.

In the event that (i) Disposition Profits recognized in a taxable year with regard to a particular Disposition are less than the total amount of Disposition Profits to be recognized with regard to such Disposition and (ii) the total amount of Disposition Profits to be recognized with regard to such Disposition is definitely determinable in the year in which such Disposition Profits are first recognized, then, solely for the purpose of determining distributions under this Section 4.4, the amount of Disposition Profits allocated under Section 4.1.2 shall be deemed to be the total amount of Disposition Profits to be recognized with regard to such Disposition in all taxable years, and allocations under Section 4.1.2 in subsequent years, with regard to such Disposition, shall be disregarded.

4.5 Capital Accounts. An adjusted capital account shall be maintained for each Partner. Each such account shall be credited with

4.5.1 the Partner's adjusted basis in all property (other than money) contributed to the Partnership by the Partner;

4.5.2 the amount of money contributed by the Partner to the Partnership; and

4.5.3 Profits allocated to the Partner.

Each such account shall be debited with

4.5.4 the Net Fair Market Value of all property (other than money) distributed to the Partner, adjusted as provided in Section 4.6 hereof;

4.5.5 the amount of money distributed to the Partner; and

4.5.6 Losses allocated to the Partner.

4.6 Distributions in Kind. During the existence of the Partnership, no Partner shall be entitled to receive as distributions from the Partnership any Partnership asset other than money. If upon termination and liquidation of the Partnership the Operating General Partner and the Special Limited Partner, with the consent of the Limited Partner, determine that (1) an immediate sale of part or all of the Partnership assets would cause undue loss to the Partners and (2) Partnership assets are readily susceptible of division for distribution in kind to the Partners, then to that extent the General Partner may distribute Partnership assets to the Partners in kind. In such event, each asset to be distributed in kind shall be valued at its current Net Fair Market Value (but not less than zero), and the unrealized gain or loss in value of each such asset shall be allocated to the Partners' capital accounts in the manner described in Section 4.1.2 or Section 4.1.4 hereof as if such asset had been sold for such value assigned to it, and it shall then be distributed to the Partners as provided in Section 4.4 hereof as if it were surplus cash. To the extent that any Partnership asset cannot either be sold without undue loss or readily divided for distribution in kind to the Partners, then the Partnership shall convey such asset to a trust or other suitable holding entity established by and for the benefit of the Partners in order to permit such asset to be sold without undue loss and the proceeds thereof distributed to the Partners at a future date.

5. RIGHTS, POWERS AND OBLIGATIONS OF THE PARTNERSHIP AND THE PARTNERS.

5.1 The Partnership. Subject to the specific limitations set forth in this Agreement, the Operating General Partner is hereby authorized on behalf of the Partnership:

5.1.1 To acquire any property, real or personal, in fee or under lease, and any interest therein or appurtenant thereto, which may be necessary or appropriate for accomplishment of the purposes and objectives of the Partnership.

5.1.2 To develop land acquired by the Partnership with off-site and on-site improvements, and to construct, rehabilitate, maintain, operate, and manage the housing units and other facilities relating thereto which together constitute the Project.

5.1.3 To assist and further the provision of housing and to provide dwelling accommodations for persons displaced from urban renewal areas or as a result of governmental action.

5.1.4 To borrow funds, execute and issue mortgage notes and other evidences of indebtedness and secure the same by mortgage, deed of trust, pledge, or other lien; provided, however, that the Operating General Partner shall have no power or authority to modify or amend the Mortgage.

5.1.5 To apply for and obtain from Federal or State agencies contracts for leasing, interest subsidies, tax abatement and tax limitation, as well as other supplemental payments and subsidies; provided, however, that the Operating General Partner shall have no power or authority to amend or modify any such contracts if it shall adversely affect the business or financial condition of the Partnership, the Project or the Property.

5.1.6 To lease the Project to individual tenants in the ordinary course of business.

5.1.7 To apply for and obtain a contract or contracts of mortgage insurance.

5.1.8 To enter into and perform the Loan Agreement and to enter into or execute such other agreements and documents as are required by Governmental Agencies; and to require any incoming partner, as a condition to receiving an interest in the Partnership, to agree to be bound by the Mortgage and the Loan Agreement and any other documents required in connection with the Mortgage to the same extent and on the same terms as the Partners.

5.1.9 To execute a deed and other documents required in order to convey title to the Limited Partner, without consideration, in the event foreclosure upon the Project or the Property or both is imminent, with such conveyance to occur only at such time as it is reasonably apparent to the Operating General Partner that such foreclosure cannot be reasonably avoided by the Partnership.

5.1.10 To do any and all things necessary and proper for the accomplishment of the objects herein enumerated, or necessary or incidental to the protection and benefit of the Partnership.

5.2 The Operating General Partner.

5.2.1 **Management of the Partnership's Business.** The Operating General Partner shall manage and conduct the business of the Partnership. It may take any and all actions with respect to the Project and the Partnership without limitation, except to the extent specifically limited by this Agreement or by law. The Operating General Partner shall determine:

5.2.1.1 All matters relating to the management, operating conduct, assets and property of the Partnership; and

5.2.1.2 All matters not expressly provided for by this Agreement.

5.2.2 Compliance by Partnership with Laws and Regulations. The Operating General Partner shall promptly take any and all action which may be necessary or appropriate to perfect and maintain the Partnership as a limited partnership under state law, and to develop, maintain, and operate the Project in accordance with the provisions of this Agreement and applicable Federal, state, and local laws and regulations.

5.2.3 Fiduciary Duties. The Operating General Partner shall at all times exercise its responsibilities in a fiduciary capacity, and in a manner consistent with the objectives of the Partnership.

5.2.4 Tax Actions. The Operating General Partner shall, with the approval of the Special Limited Partner, do all acts, make all elections, and take whatever reasonable steps are required to maximize the Federal, state and local income tax advantages available to the Partnership, shall defend all tax audits and litigation with respect thereto, and shall undertake no act which would cause the Partnership's or any of the Partner's books, records or tax returns to be inconsistent with such acts, elections and steps taken by the Partnership. Notwithstanding the foregoing to the contrary, the Special Limited Partner shall have the right to represent the Partnership before any office of the Internal Revenue Service for all Internal Revenue tax matters relating to the Partnership, for all years, and for all state and local tax matters relating to the Partnership, for all years and agrees to consult with the Operating General Partner on all such tax matters on a prompt and regular basis. The Special Limited Partner is authorized to perform on behalf of the Partnership the following acts for the above tax matters:

5.2.4.1 To execute waivers (including offers of waivers) or restrictions on assessment or collection of deficiency in tax and waivers of notice of disallowance of a claim for credit or refund;

5.2.4.2 To execute consents extending a statutory period for assessment or collection of taxes;

5.2.4.3 To execute closing agreements under Section 7121 of the Code; and

5.2.4.4 To delegate authority or to substitute another representative.

The Special Limited Partner shall not be liable for any act performed by it within the scope of the authority except for acts of negligence, willful or wanton misconduct or misrepresentation.

5.2.5 Affiliated Persons. Other than the Guaranty with the present Operating General Partner which the Partnership and the present Operating General Partner shall enter into concurrently herewith, there is no existing contract between the Partnership and an Affiliated Person. The present Operating General Partner may, subject to the provisions of this Section and Section 5.2.11 hereof, contract with Affiliated Persons on terms reasonably competitive with those which may be obtained in the open market for property or services required by the Partnership. Any such contract or contracts hereafter entered into with Affiliated Persons shall be fully disclosed to the Administrative General Partner within thirty days after the end of each calendar year.

5.2.6 Action by Operating General Partner. With respect to each contract or agreement entered into by the Partnership with any third party, each such contract or agreement entered into by the Operating General Partner on behalf of the Partnership shall provide that such third party acknowledges that he is dealing with a limited partnership whose only general partner is the General Partner and that in any subsequent action against the Partnership by such party he will proceed only against the Partnership and/or the Operating General Partner and their successors and assigns.

5.2.7 Outside Activities. The Operating General Partner shall devote such time and attention to the Partnership business as may be necessary for the proper performance of its duties. The Operating General Partner may, however, engage or hold interests in other business ventures of every kind and description, in which the Partnership, the Special Limited Partner, and the Limited Partner shall have no interest.

5.2.8 Indemnification of General Partner. The Operating General Partner shall be entitled to indemnity from the Partnership for any act performed by it within the scope of the authority conferred upon it by this Agreement, except for acts of negligence, willful or wanton misconduct, or misrepresentation, provided that any indemnity under this Section shall be paid out of and to the extent of Partnership assets only.

5.2.9 Liability of General Partner. The Operating General Partner shall not be liable, responsible or accountable in damages or otherwise to the Partnership, the Special Limited Partner or the Limited Partner for any act performed by the General Partner within the scope of the authority conferred upon it by this Agreement, except for acts of negligence, willful or wanton misconduct or misrepresentation.

5.2.10 Insurance. The Operating General Partner shall cause the Partnership, at the Partnership's expense, to obtain and maintain at all times, such insurance, in such amounts, on such terms and with such carriers, as is customary for a project similar to the Project, and such insurance as is acceptable to the Governmental Agencies and any other holder of the Mortgage Note, but which at a minimum shall include the following insurance policies to be issued by a qualified insurance company or companies rated at least A+XV by Best's Insurance Guide:

5.2.10.1 All-risk property insurance with a 100% replacement cost endorsement.

5.2.10.2 Comprehensive general liability insurance with minimum coverage of \$1,000,000 single limit, including extensions of coverage for contractual liability, and, if available, incidental malpractice liability and host liquor liability.

5.2.10.3 Worker's compensation insurance as required by law.

The Operating General Partner shall deliver to the Special Limited Partner copies of such policies and a certificate or certificates of the insurance carrier or carriers from which such policies have been obtained, in form and substance satisfactory to

the Special Limited Partner, to the effect that the foregoing insurance has been obtained and is in force and shall provide that each such policy requires the insurance carrier to notify the Special Limited Partner and the Limited Partner at least sixty days prior to any proposed cancellation of such policy.

5.2.11 Management Agent. The Operating General Partner shall have the responsibility for managing the Project and obtaining a management agent (the "Management Agent"), the choice of which shall be subject to the reasonable control of the Special Limited Partner; the Management Agent shall initially be Housing Management Company. The Operating General Partner shall cause the Partnership to enter into an agreement with the Management Agent which agreement shall be subject to the approval, if required, of the Governmental Agencies and all other financing entities involved in the Project. A copy of such agreement shall be promptly provided to the Special Limited Partner. The management agreement may be with an Affiliated Person as Management Agent. If the management agreement is not with an Affiliated Person such Management Agent shall provide a fidelity bond, naming the Partnership as insured, in an amount equal to two months' scheduled gross income of the Project. If at any time

5.2.11.1 the Project shall be subject to a substantial building code violation or violations which shall not have been cured within a reasonable time after notice from the Special Limited Partner, or

5.2.11.2 the Partnership over any two-year period does not achieve Breakeven (as evidenced by an audited statement of profit and loss), or

5.2.11.3 the Operating General Partner or any Affiliated Person has failed to cure within ten days after notice from the Special Limited Partner or the Limited Partner any default of any of its obligations hereunder (including its obligations regarding the timely preparation of tax returns and other financial information) or under any agreement given to the Special Limited Partner, the Limited Partner or the Partnership prior hereto or concurrently herewith,

the Operating General Partner shall forthwith give to the Special Limited Partner notice of such event, and thereafter the Partnership shall forthwith terminate its management agreement with the Management Agent, unless the consent of the Special Limited Partner is obtained to the retention of the Management Agent as the manager of the Project. If such consent is not obtained, the Operating General Partner shall immediately proceed to appoint as a substitute Management Agent for the Project a firm selected by the Special Limited Partner (but, if the Special Limited Partner makes no such selection within thirty days after such termination, the Operating General Partner shall select as a substitute Management Agent a firm regularly engaged in the business of providing services as a management agent of the type contemplated by this Section in the locale of the Project and which firm shall not be an Affiliated Person). If the Special Limited Partner selects a substitute Management Agent, such selection shall be subject to the consent of the Operating General Partner, which consent shall not be unreasonably withheld, but if such selected substitute Management Agent is an affiliate of the Special Limited Partner's, the Operating General Partner's consent shall not be required. The Operating General Partner shall have the duty to manage the Project during any period in which there is no Management Agent. In all cases except for the

management agreement with Housing Management Company, no management fee shall be payable to any person unless the management contract with such person shall provide for termination of the same upon the occurrence of any of the events described in this Section 5.2.11 and in any event upon thirty days' notice.

5.3 The Limited Partner.

5.3.1 Neither the Limited Partner nor the Special Limited Partner shall take part in the management of the Partnership's business or transact any business for the Partnership, nor have any power to sign for or to bind the Partnership or to subject the Partnership to any liability or obligation.

5.3.2 Neither the Limited Partner nor the Special Limited Partner shall be personally liable in excess of its capital contributions which have become payable pursuant to the terms of this Agreement.

5.4 **The Regulatory Agreement.** The Regulatory Agreement shall be binding upon the Partnership, its successors and assigns so long as the present mortgage on the property of the Partnership is outstanding. The Partnership shall comply in every respect with the Regulatory Agreement and all applicable federal, state, and local statutes and regulations. Any requirements imposed upon the Partnership under the Regulatory Agreement or any other agreement with the Governmental Agencies, if inconsistent with any of the provisions of this Agreement, shall be controlling and shall govern the rights and obligations of the parties hereto. Any incoming partner of the Partnership shall accept his interest in the Partnership subject to the Mortgage, the Regulatory Agreement and other documents required by the Governmental Agencies if the Regulatory Agreement is then in effect. Upon any dissolution of the Partnership no title or right to possession or control of the Property and no right to collect the rent therefrom shall pass to any person who is not bound by the Regulatory Agreement in a manner satisfactory to the Governmental Agencies, if the Regulatory Agreement is then in effect.

6. PAYMENTS TO OPERATING GENERAL PARTNER.

6.1 **Management Fees.** The Operating General Partner shall be paid management fees as hereinafter set forth for the day-to-day management of the Partnership activities and the Project, including but not limited to, the rendition of accounting and bookkeeping services, preparation and submission of reports for relevant governmental agencies and others, communications with federal, state and city agencies, supervision of community relations, supervision of the Partnership's compliance with all contractual obligations, supervision of the Partnership's payment of all financial obligations, and securing a qualified general contractor and a qualified operations manager, for which a salary shall be paid by the Partnership to the Operating General Partner without regard to partnership income, as a guaranteed payment, payable as follows:

6.1.1 \$6,000 shall be earned by the Operating General Partner in calendar year 1983 for services rendered during that calendar year, payable upon receipt by the Partnership of the contribution described in Section 3.2.1 hereof.

6.1.2 \$45,000 shall be earned by the Operating General Partner in calendar year 1984 for services rendered during that calendar year, payable upon receipt by the Partnership of the contribution described in Section 3.2.1 hereof.

6.1.3 \$45,000 shall be earned by the Operating General Partner in calendar year 1985 for services rendered during that calendar year, payable upon receipt by the Partnership of the contribution described in Section 3.2.2 hereof.

6.1.4 \$20,000 shall be earned by the Operating General Partner in calendar year 1986 for services rendered during that calendar year, payable upon receipt by the Partnership of the contribution described in Section 3.2.2 hereof.

6.2 Reimbursement for Operating General Partner's Expenses. In addition to the foregoing fees, the Operating General Partner shall be entitled to reimbursement for certain expenses incurred by it on behalf of the Partnership as follows:

6.2.1 \$2,000 shall be paid to the Operating General Partner as a reimbursement for out-of-pocket expenses for office rent and other miscellaneous expenses relating to the Partnership incurred during the calendar year 1983, payable upon receipt by the Partnership of the contribution described in Section 3.2.1 hereof.

6.2.2 The Operating General Partner shall be paid the sum of \$4,000 as a reimbursement for out-of-pocket expenses relating to professional fees paid on behalf of the Partnership, and incurred during the calendar year 1983, payable upon receipt by the Partnership of the contribution described in Section 3.2.1 hereof.

6.3 No Reimbursement of Operating General Partner. The Operating General Partner shall be entitled to receive payments from the Partnership only as specifically provided for by Sections 4.2, 4.3, 4.4, 5.2.9, 6.1, 6.2, 7.3 and 10.2 hereof and pursuant to the contracts referred to in Section 5.2.5 hereof, and shall receive no other compensation for services rendered to the Partnership and no other reimbursement for expenses (including overhead) of the Operating General Partner.

7. RELATIONSHIP OF GENERAL AND LIMITED PARTNERS.

7.1 Limitations on Sale of Partnership Assets by Operating General Partner. Except in connection with the Mortgage Loan (the principal amount of which shall not be increased without the Special Limited Partner's consent), the Operating General Partner may not, without the prior written consent of the Administrative General Partner, sell or lease (except to individual tenants in the ordinary course of business) or otherwise transfer or dispose of

7.1.1 the Project or the Property, or

7.1.2 all or substantially all of the Partnership's other assets, or guarantee the debts of another.

7.2 Net Worth of Operating General Partner; Additional General Partner. The present Operating General Partner agrees to maintain at all times during the term of the Partnership sufficient net worth so as to satisfy then applicable federal tax laws and Internal Revenue Service regulations and rulings prescribing minimum net worth requirements for general partners in order to maintain the Partnership as a partnership for federal tax purposes. If

7.2.1 the Operating General Partner or the Partnership shall be in material default in the performance of any of their respective obligations so as to seriously impair the operations or prospects of the Partnership and/or the Project, or

7.2.2 the net worth of the Operating General Partner endangers the status of the Partnership as a partnership for Federal tax purposes, or

7.2.3 the Operating General Partner shall retire or cease to exist, the Special Limited Partner may designate an additional or successor general partner, who shall be admitted with whatever partnership interest he or it shall have or acquire from the Special Limited Partner and that of the Operating General Partner (in the event of mandatory retirement pursuant to Section 8.3 hereof) and who shall, at the option of such additional or successor general partner, be the Substitute Operating General Partner, but the Operating General Partner shall continue with its interest in Profits, Losses and distributions as General Partner (except in the event of mandatory retirement pursuant to Section 8.3 hereof.)

7.3 Loans from the Partners. In the event of a material default under this Agreement, under any requirement imposed upon the Partnership by the Mortgage or otherwise that would materially adversely affect the Partnership or the Project, or in the event the Partnership has insufficient funds to pay any Operating Disbursements, the Operating General Partner (to the extent not otherwise obligated to provide the funds therefor pursuant to its completion guaranty, the Guaranty, or otherwise), the Special Limited Partner and the Limited Partner have the right, but not the obligation, to advance funds by way of loan to the Partnership for the purpose of curing any such default, for which each Partner who advances funds shall receive a promissory note of the Partnership bearing interest at a rate of the lesser of the maximum rate permitted under the laws of the Governing Jurisdiction, or ten percent per annum and with principal and all accrued but unpaid interest payable prior to any distributions pursuant to Sections 4.2, 4.3, or 4.4 hereof. Any such loans made by the Limited Partner shall, at the Limited Partner's sole option, be repaid as to principal and interest by reduction, in whole or in part as the case may be, of the amount of any forthcoming capital contribution or contributions payable by the Limited Partner pursuant to Section 3.2 hereof.

7.4 Sale of the Project. At any time from and after April 30, 1984, the Special Limited Partner shall have the right, but not the obligation, to instruct the Operating General Partner to solicit bona fide offers for the purchase of the Property, the Project, and/or any part thereof or any interest therein, and upon

such request, the Operating General Partner shall take whatever action is reasonably required, at the cost of the Partnership, to solicit such offers. From and after the aforementioned date, if the Operating General Partner obtains any offer for the sale of the Property, the Project, or any part thereof or any interest therein, the Operating General Partner shall deliver a copy of said offer (the "Offer") to the Special Limited Partner. If within ten days after receipt of the Offer, the Special Limited Partner notifies the Operating General Partner that the Offer is acceptable to the Special Limited Partner, then the Operating General Partner shall immediately do whatever is required in order to accept timely and properly the Offer and thereafter proceed to consummate the transaction. Notwithstanding the foregoing to the contrary, if the Special Limited Partner has notified the Operating General Partner of the Limited Partner's acceptance of the Offer, and prior to the expiration of same the Operating General Partner notifies the Special Limited Partner of the Operating General Partner's election to purchase the Property and/or the Project on all of the terms and conditions set forth in the Offer, then on or prior to the date of closing set forth in the Offer, the Operating General Partner shall pay to the Limited Partner and the Special Limited Partner the amount of net proceeds from a Disposition which would have been distributed to the Limited Partner and the Special Limited Partner pursuant to the terms of this Agreement had the Partnership sold the Property and/or the Project in accordance with the terms of the Offer. In the event the Operating General Partner elects to purchase the Property and/or the Project subject to the terms and conditions of the Offer and thereafter defaults in its obligations, then in addition to any other remedy at law or otherwise available to the Special Limited Partner, including, but not limited to, specific performance, such default shall constitute a noncurable default of the General Partner's duties under this Agreement requiring the tender of its resignation pursuant to Section 8.3 hereof.

8. TRANSFERABILITY AND ASSIGNABILITY OF PARTNERS' INTERESTS.

8.1 Operating General Partner.

8.1.1 Except as otherwise expressly provided herein, the Operating General Partner shall not sell, assign, transfer, mortgage, pledge, or otherwise encumber or dispose of its interest in the Partnership or any part or portion thereof. Any such attempted sale, assignment, transfer, mortgage or charge in violation hereof shall be void.

8.1.2 Notwithstanding anything herein to the contrary, the Operating General Partner shall have the right at any time after three years after the date the Limited Partner is admitted into the Partnership to withdraw from the Partnership as a general partner, subject to the approval, if required, of the Governmental Agencies. Prior to the expiration of said three year period, the Operating General Partner shall not withdraw from the Partnership without the prior written consent of the Limited Partner, which consent shall not be unreasonably withheld but shall in no way relieve the Operating General Partner of any of its continuing obligations to the Partnership, the Special Limited Partner, or the Limited Partner, including, but not limited to, those set forth in the Guaranty. Upon such withdrawal, the Operating General Partner shall transfer its entire interest in the Partnership, including, but not limited to, Profit, Losses and distributions, to the Special Limited Partner or its designee. The Operating General Partner shall indemnify the Partnership, the Special Limited Partner and the Limited Partner, and each of them, from and against any and all claims,

demands, obligations, liabilities, costs or expenses, including, but not limited to, attorneys' fees, arising from or in connection with acts of negligence, willful or wanton misconduct or misrepresentation which occurred while the Operating General Partner was a general partner of the Partnership.

8.2 Limited Partner and Special Limited.

8.2.1 Unless the Limited Partner or the Special Limited Partner has first obtained the written consent of the Operating General Partner (which consent shall not be unreasonably withheld), neither the Limited Partner nor the Special Limited Partner may assign the whole or any part of its interest in the Partnership as a limited partner, or any attribute of such interest; provided, however, that the foregoing shall not limit in any way the Special Limited Partner's right to designate a Substitute Operating General Partner or to transfer a portion of its interest in the Partnership to the Substitute Operating General Partner pursuant to Section 7.2 hereof.

8.2.2 The admission of an assignee of the Limited Partner as a substituted limited partner shall be further conditioned upon:

8.2.2.1 The assignee's being lawfully empowered to become a limited partner of the Partnership;

8.2.2.2 The written consent thereto of the Governmental Agencies, if required;

8.2.2.3 The assignment instrument being in form and substance reasonably satisfactory to the Operating General Partner;

8.2.2.4 The assignor and assignee named therein executing and acknowledging such other instrument or instruments as the Operating General Partner reasonably may deem necessary or desirable to effectuate such admission;

8.2.2.5 The assignee's written acceptance and adoption of all of the terms and conditions of this Agreement, as the same may have been amended, and written acceptance of all of the conditions of the Regulating Agreement;

8.2.2.6 The assignee's paying or obligating itself to pay, as the Operating General Partner may determine, all reasonable expenses incurred in connection with such admission, including but not limited to, the cost of preparing, filing, and publishing any amendment to the Partnership's certificate of limited partnership, as from time to time amended, to effectuate such admission; and

8.2.2.7 The assignee's paying or obligating itself to pay when due all capital contributions owed or to be owed to the Partnership relating to the Partnership interest acquired by the assignee.

8.3 Mandatory Retirement of Operating General Partner. Upon the occurrence of any of the events hereinafter described, all of the persons or entities

comprising the present Operating General Partner shall tender their resignations in writing to the Special Limited Partner. In the case of occurrence of an event described in Section 8.3.1 or 8.3.5, such resignations shall become effective only if accepted in writing by the Special Limited Partner within thirty days after the date of each such resignation; in the case of occurrence of an event described in Section 8.3.2, 8.3.3 or 8.3.4, the Operating General Partner shall be deemed to have resigned upon receipt of notice by the Partnership of such occurrence, effective immediately upon such notice.

8.3.1 Any material breach of any of the Operating General Partner's duties or obligations under this Agreement, the Investment Agreement, or any other agreement delivered concurrently with this Agreement which has continued for a period of ten days;

8.3.2 Any material breach of the Mortgage, any agreement with the Governmental Agencies, or any other agreement given with respect to the financing of the Project;

8.3.3 Termination, withdrawal or reduction of any governmental subsidy or mortgage insurance relating to the Project, unless a comparable subsidy has been obtained;

8.3.4 Failure of the net worth of every person or entity comprising the present Operating General Partner to meet both the test for ruling purposes of a sole corporate general partner, under Internal Revenue Service Rev. Proc. 72-13, or the then-current such test, if any, applicable to such person or entity at any time during the term hereof;

8.3.5 The making, by any of the persons or entities comprising the present Operating General Partner, of a general assignment for the benefit of its creditors, or the filing by or against any of the persons or entities comprising the present Operating General Partner of a petition to grant to such person or entity relief as a debtor or for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against any of the persons or entities comprising the present Operating General Partner, the same is dismissed within sixty days), or the appointment of a trustee or receiver to take possession of, or the attachment, execution or other judicial seizure of, substantially all of the assets of any of the persons or entities comprising the present Operating General Partner, where such possession is not restored to such person or entity, or such seizure discharged, within sixty days.

If the present Operating General Partner resigns pursuant to this Section, then the Operating General Partner shall transfer all of its interest in the Partnership to the Special Limited Partner or its designee; upon such resignation, the present Operating General Partner shall have no further right to or interest in any fees set forth in Section 6 hereof which were not earned and payable prior to the effective date of such resignation, and no further right to Profits, Losses, or any distributions of Partnership funds.

8.4 Acquisition of Interest of Operating General Partner Following Termination. In the event of a termination of the Partnership pursuant to Section 10.1.1 hereof, or a dissolution in derogation of Section 3.7 hereof, the Special Limited Partner or its designee shall have the right to purchase the entire Partnership interest of each and all of the persons constituting the present Operating General Partner for an aggregate amount of \$1,000.

8.5 Withdrawal of Withdrawing Partner. The Withdrawing Partner hereby withdraws from the Partnership.

9. ALLOCATION OF INCOME AND EXPENSE.

9.1 Manner of Allocation. Each item of income, gain, expense or loss of the Partnership and any tax credits shall, for purposes of the Code, for each taxable year be deemed to be allocated among the Partners in the same manner as Profits and Losses are divided among the Partners during that taxable year pursuant to Section 4.1 hereof, except as may be otherwise specifically provided in Section 4 hereof. The Limited Partner shall participate in Profits and Losses and distributions as provided in Sections 4.1, 4.2, 4.3 and 4.4 hereof from and after the first day of the calendar month in which this Agreement is executed.

9.2 Transferee Limited Partner. If the Limited Partner transfers its interest in the Partnership pursuant to the terms and conditions of this Agreement, the Profits or Losses allocable to the Limited Partner for the fiscal year during which the transfer occurs shall be allocated between the Limited Partner and the transferee as they shall agree in accordance with applicable federal tax laws and regulations; provided that if the Partnership does not receive notice of the manner in which such parties have agreed such Profits or Losses are to be allocated between them on or before January 31 of the year following the year in which the transfer occurs, then all of such Profits or Losses shall be allocated as between the Limited Partner and its transferee as of the date of admission to the Partnership of the transferee.

9.3 An Election to Adjust Tax Basis. In the event of the transfer of a Partnership interest or upon the death of an individual limited partner, or in the event of the distribution of Partnership property to any limited partner, the Partnership shall file an election, in accordance with applicable Treasury Regulations, to cause the basis of the Partnership property to be adjusted for Federal income tax purposes as provided by Sections 734, 743 and 754 of the Code.

10. DISSOLUTION -- DISTRIBUTIONS.

10.1 Dissolution. The Partnership shall dissolve and terminate upon the happening of any of the following events:

10.1.1 The retirement, death, informal composition of its creditors, the making of an assignment for the benefit of creditors of, or the filing of a petition under any provision of the Bankruptcy Act of the United States by or against (unless such petition shall have been dismissed within thirty days after filing), or the insolvency, dissolution, or other cessation to exist as a legal entity of

any general partner of the Partnership, except that if each of the remaining persons or entities, if any, then constituting the General Partner elects to continue the business of the Partnership, then the Partnership shall not terminate. In the event such remaining persons or entities do not elect to continue the business of the Partnership within thirty days after receipt of notice by the Partnership of such event otherwise causing a dissolution and termination, the Partnership shall terminate. Upon the happening to the Operating General Partner of any of the events described in the first sentence of this Section 10.1.1, the present Operating General Partner shall (i) transfer all of its interest in Profits, Losses or any distributions of Partnership funds to the Special Limited Partner and (ii) have no further right to or interest in any fees set forth in Section 6 hereof which were not earned and payable prior to the date of such occurrence; or

10.1.2 The determination by all persons and entities comprising the General Partner and 100% in interest of the limited partners that the Partnership should be dissolved, in accordance with state law.

10.2 Sale of Project -- Distributions Upon Dissolution and Termination. Upon dissolution and termination of the Partnership, the Operating General Partner, or in the event of an acquisition pursuant to Section 8.4 hereof, the Special Limited Partner, shall take full account of the Partnership assets and liabilities and, except as otherwise provided in Section 4.6 hereof, the assets shall be liquidated as promptly as is consistent with the obtaining of the fair market value thereof. In the event there is a surplus available for distribution, such surplus, together with assets distributed in kind, shall be applied and distributed to the Partners in accordance with Section 4.4 hereof.

11. BOOKS OF ACCOUNT AND REPORTS.

11.1 Books of Account.

11.1.1 The Operating General Partner, at the expense of the Partnership, shall at all times keep and maintain complete and accurate books, records, and accounts of the Partnership, in accordance with practices generally used in the real estate industry applied in a consistent manner and as reported in the Partnership return of income for federal income tax purposes, and in a manner and form acceptable to the C.P.A. firm appointed to prepare the Partnership audited financial statements and tax returns which firm shall be Laventhol & Horwath (or such other firm as shall be mutually agreed to by the Partners). The Operating General Partner shall cause to be provided, at the expense of the Partnership, to the Limited Partner and the Special Limited Partner

11.1.1.1 by November 15th of each year an estimate of Profits and Losses for the year ending December 31st, and

11.1.1.2 by the twentieth day following each calendar quarter an unaudited balance sheet and statement of profit and loss of the Partnership.

11.1.2 The books, records, and accounts of the Partnership shall be kept at the principal office of the Partnership. All of the Partners and their duly authorized representatives shall have the right to audit, examine, and make copies of the same during business hours.

11.1.3 The Partnership's books shall be kept on an accrual basis. No later than sixty days after the end of the fiscal year, the Operating General Partner shall furnish the Special Limited Partner and the Limited Partner with a statement of profits and losses of the Partnership, a detailed balance sheet of the Partnership, and a statement showing the amounts credited to or charged against the capital accounts of all of the Partners pursuant to this Agreement, all in conformity with the Governmental Agencies' requirements. The Operating General Partner, at the expense of the Partnership, will cause to be provided to the Special Limited Partner and the Limited Partner audited financial statements of the Partnership within sixty days after the end of the fiscal year.

11.2 Reports to Limited Partner.

11.2.1 The Operating General Partner shall, within five days after the close of any calendar month during which any of the following specified events occurs, notify the Special Limited Partner and the Limited Partner of receipt of any notice of default under the Mortgage, breach of the Regulatory Agreement, non-payment of taxes, filing of any lien against the Project or the Property, or non-compliance with any federal, state, or local law, ordinance, or regulation, commencement or termination of any lawsuit against the Partnership or any of its property, cancellation or non-renewal of any insurance, cancellation or non-renewal of any subsidy agreement, any extraordinary item charges or credits or any other material charges or credits to income of an unusual nature or any material provisions for loss, or any other circumstance which, either in amount or time or otherwise materially affects the business of the Partnership or the interests of the Partners.

11.2.2 The Operating General Partner shall deliver to the Special Limited Partner and the Limited Partner within thirty days after the end of each calendar month an operating report showing rental occupancy of the Project, cash receipts and accrued expenses.

11.2.3 Throughout the term of this Agreement, the Operating General Partner shall, within five days after the close of any calendar month during which the event occurs, furnish the Limited Partner with notice of any fact causing a breach of any of the representations and warranties contained in Article 3 of the Investment Agreement or any provision of this Agreement.

11.2.4 Upon request of the Limited Partner, the Operating General Partner shall deliver to the Limited Partner a copy of its balance sheet as of the end of the most recent calendar year.

11.2.5 Throughout the term of this Agreement the Operating General Partner shall deliver to the Special Limited Partner and the Limited Partner at reasonable intervals reports updating the documents to be delivered by the

Operating General Partner pursuant to Section 2 of the Investment Agreement, and to the extent then applicable shall deliver to the Special Limited Partner and the Limited Partner copies of the following:

11.2.5.1 Monthly statements of cash receipts and disbursements within fifteen days after the end of each month comparing the actual operations to the budget for the current month and the year-to-date, including: (i) bank reconciliation; (ii) listing of accounts payable; (iii) computation of surplus cash; and (iv) aging of accounts receivable;

11.2.5.2 Copies of all reports provided to the Governmental Agencies, subject to Section 11.6 hereof;

11.2.5.3 Copy of the Governmental Agencies-approved rental schedule as presently in force;

11.2.5.4 Copy of annual physical inspection reports provided to the Governmental Agencies; and

11.2.5.5 An annual operating budget by no later than December 1 as to the following calendar year.

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

11.4 Bank Accounts. The funds of the Partnership shall be deposited in the name of the Partnership in bank accounts insured by the Federal Deposit Insurance Corporation (the "FDIC"). Each Partner may at any time fully examine the Partnership's bank balances, statements, and accounts. All deposits, including security deposits and funds required by the Governmental Agencies to be escrowed, and other funds not currently needed in the operation of the Partnership business shall, to the extent permitted by applicable requirements of the Governmental Agencies, be deposited in the name of the Partnership in such interest-bearing bank accounts insured by the FDIC or invested in such short-term obligations (maturing within one year) issued or guaranteed by the United States Government as shall be selected by the Operating General Partner and approved by the Special Limited Partner.

11.5 Tax Matters. The Operating General Partner shall cause to be prepared at Partnership expense by Laventhol & Horwath (or such other firm as is mutually agreed to by the Partners), the required federal, state, and local tax returns, and shall direct the Partnership's accountants to deliver draft tax returns for review by the Partnership prior to preparation of the final tax returns; copies of such drafts shall be provided to the Special Limited Partner and the Limited Partner by the Operating General Partner. The Operating General Partner shall hire such firm to represent the Partnership in all matters before the Internal Revenue Service involving the Partnership directly, or indirectly through a Partner. Based upon the fiscal year of the Partnership, said returns shall be prepared in such a way as to

maximize tax benefits to the Partners and in accordance with methods set forth by the Special Limited Partner, and the Operating General Partner shall cause the final form of such returns to be submitted to the Partners not more than sixty days after the close of each fiscal year.

11.6 Reports to Governmental Agencies. The Operating General Partner shall cause to be provided to the Special Limited Partner and the Limited Partner at least twenty days prior to its submission to the Governmental Agencies, a copy of the Partnership's annual report or to the Governmental Agencies.

11.7 Financial Statements. The Operating General Partner shall provide the Limited Partner with a copy of current financial statements of the Operating General Partner, certified by the Operating General Partner as true and correct, within ninety days after the close of each calendar year during the term hereof, with respect to such prior year. The Operating General Partner shall advise the Special Limited Partner and the Limited Partner immediately of any adverse change in its financial condition of 20% or more, and upon such advice shall provide the Special Limited Partner and the Limited Partner with its current interim financial statements.

11.8 Failure to Provide Reports. The parties hereto agree that, because of the reporting requirements of the Limited Partner, a failure to provide any of the reports, statements, returns or copies referred to in this Section 11 on a timely basis shall be deemed to be a material default under this Agreement by the Operating General Partner, and time is of the essence for this purpose. In addition to all other rights and remedies of the Limited Partner for such default, if the Operating General Partner fails to provide a delinquent report within ten days after notice from the Limited Partner, the Special Limited Partner and the Limited Partner shall have the right to cause each such delinquent report to be prepared, on an expedited basis, at the Operating General Partner's expense.

12. DEATH/INCOMPETENCY OF LIMITED PARTNER.

The Partnership shall not be terminated or dissolved upon the death or legal incompetency of a limited partner, or, in the case of a limited partner that is a partnership, joint venture, association, corporation, or trust, the dissolution of such limited partner. The personal representative, guardian, or other successor in interest of the limited partner, as the case may be, shall be substituted as a limited partner in the Partnership, with all of the rights, powers, duties and obligations of such deceased, legally incompetent, or dissolved limited partner when approved by the Governmental Agencies, if such approval is required.

13. GENERAL PROVISIONS.

13.1 Amendments. This Agreement may be amended upon the written consent or vote of a majority in interest (measured by each Partner's share of operating Losses) of the Operating General Partner and the Limited Partner, the General Partner, the Special Limited Partner and the Limited Partner voting as one class, and upon receipt of the approval of the Governmental Agencies, if required. Upon amendment of this Agreement, the Partnership's certificate of limited partnership shall also be amended, if required by law, to reflect the change.

13.2 Notices. Any and all notices or other communications required or permitted by this Agreement or by law to be served upon or given to a party hereto by any other party hereto shall be in writing, and shall be deemed duly served and given three business days after being sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

13.2.1 If to the Partnership or the Operating General Partner to the Operating General Partner's residence address, as follows:

Sheldon L. Gerber
696 Elmgrove Avenue
Providence, Rhode Island 02906

with a copy to:

James O'Leary, Esq.
10 Dorrance Street
Providence, Rhode Island 02903

13.2.2 If to the Special Limited Partner, to its residence address as follows:

Sugarberry Apartments Corporation
1880 Century Park East
Suite 919
Los Angeles, California 90067

13.2.3 If to the Limited Partner, to its residence address, as follows:

Real Estate Associates III
1880 Century Park East
Suite 919
Los Angeles, California 90067

The Partnership, the Operating General Partner, the Special Limited Partner, or the Limited Partner may change its address for the purpose of this Section by giving written notice of such change to the other parties in the manner provided in this Section.

13.3 Governing Law. This Agreement shall be governed by the laws of the Governing Jurisdiction.

13.4 Headings. The headings of the articles and sections of this Agreement are inserted for convenience only and are not to be deemed to constitute a part of this Agreement.

13.5 Further and Additional Documents and Reports. Each of the parties hereto agrees to execute, acknowledge, and verify, if required to do so, any and all further or additional documents as may be reasonably necessary to fully effectuate the terms of this Agreement. Should the reporting requirements of any state or

federal governmental body or agency, to which the Limited Partner or its general partners are subject, be changed at any time during the continuance of the Partnership so as to require that the Limited Partner receive additional or more detailed reports or financial statements from the General Partner, or receive such reports as are now required hereunder within a shorter time period, the General Partner agrees to provide all such reports as and when required after reasonable notice from the Limited Partner relating to such change.

13.6 Counterparts. This Agreement may be executed in counterparts, no one of which has been executed by all of the parties hereto, each one of which shall be considered an original, and all of which, when taken together, shall constitute one and the same instrument.

13.7 Binding on Successors and Assigns. Except as otherwise specifically provided herein, this Agreement shall be binding upon and inure to the benefit of the executors, administrators, successors, and assigns of the respective Partners.

13.8 No Waiver. The waiver of any breach of any term, covenant, or condition of this Agreement by any of the parties hereto shall not constitute a continuing waiver or waiver of any subsequent breach, either of the same or of any other additional or different term, covenant, or condition of this Agreement.

13.9 Severability. Whenever possible, each provision of this Agreement and all related documents shall be interpreted in such a manner as to be valid under applicable law, but if any such provision is invalid or prohibited under said applicable law such provision shall be ineffective to the extent of such invalidity or prohibition without invalidating the remainder of such provision or the remaining provisions of the affected document.

13.10 Attorneys' Fees. The parties hereto agree that in the event any party to this Agreement shall be required to initiate legal or arbitration proceedings to enforce performance of any term or condition of this Agreement, including but not limited to, the payment of monies or the enjoining of any action prohibited hereunder, the prevailing party shall be entitled to recover such sums, in addition to any other damages or compensation received, as will reimburse such prevailing party for attorneys' fees and court and/or arbitration costs incurred on account thereof and the costs of any letter or letters of credit deposited pursuant to Section 3.8 hereof.

13.11 Conflict With Agreements. In the event that any provision of this Agreement in any way tends to contradict, modify, or any way change any term of the Regulatory Agreement or any other agreement entered into between the Partnership and the Governmental Agencies, the terms of the Regulatory Agreement or such other agreement entered into between the Partnership and the Governmental Agencies shall prevail and govern so long as the Regulatory Agreement or such other agreement is in effect and by its terms requires such result; or if any provision hereof in any way tends to limit the Governmental Agencies in the subsidizing of the Project, or the regulations and restrictions thereunder, this Agreement shall be deemed amended so as to comply with the requirements of the Governmental Agencies. This Section 13.11 shall

automatically become void as to the Governmental Agencies at such time as the Mortgage Loan upon the Project is no longer held or insured by the Governmental Agencies or the Governmental Agencies are no longer subsidizing the Project.

13.12 Project Inspections. Each of the Partners and their duly authorized representatives shall have the right to visit the site of the Project and to make inspections of the progress and quality of construction and management of the Project and inquiries of the Operating General Partner, the Partnership and their representatives as to the foregoing.

13.13 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any of the creditors of the Partnership or of the Operating General Partner.

13.14 Consent. If at any time there is more than one limited partner in the Partnership, the term "consent of the Limited Partner" when used herein shall be interpreted to mean the consent of the majority in interest (measured by each Partner's share of Losses under Section 4.1.3 hereof) of the limited partners except where a specified vote is required, in which event such specified vote shall be required.

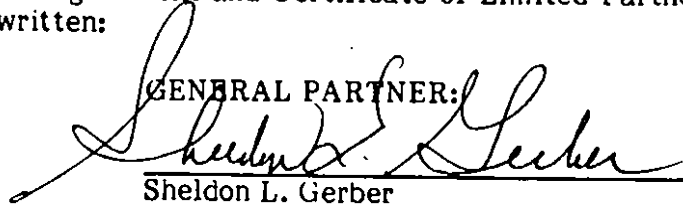
13.15 Remedies. Except as provided in Section 3.6 hereof, the rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provision hereof. Each of the parties confirms that damages at law may be an inadequate remedy for breach or threat of breach of any provision hereof. The respective rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other parties for a breach or threat of breach of any provision hereof, it being the intention by this Section to make clear the agreement of the parties hereunder that this Agreement shall be enforceable in equity as well as at law or otherwise.

13.16 Exculpation. The Partnership and the Operating General Partner, and creditors of either of them, shall look only to the assets of the Limited Partner for the performance of any and all obligations of the Limited Partner hereunder, it being understood and agreed that no general partner or limited partner of the Limited Partner shall have any personal liability under the terms of this Agreement or any agreement entered into in connection herewith.

13.17 **Operating General Partner, Special Limited Partner, and Limited Partner.** The terms "Operating General Partner," and "General Partner" mean, as used herein, all of the persons or entities comprising the Operating General Partner and include, where the context requires or permits, all persons and entities who become successor or additional general partners pursuant to this Agreement. The term "Special Limited Partner" shall include any person becoming an assignee or substitute Special Limited Partner pursuant to this Agreement. The term "Limited Partner" shall include any person becoming an assignee or substitute Limited Partner pursuant to this Agreement.

IN WITNESS WHEREOF, the parties hereto have signed and sworn to this Amended and Restated Agreement and Certificate of Limited Partnership the day and year first above written:

GENERAL PARTNER:


Sheldon L. Gerber

SPECIAL LIMITED PARTNER:

Sugarberry Apartments Corporation
a California corporation

By

Its 
SENIOR VICE PRESIDENT

LIMITED PARTNER:

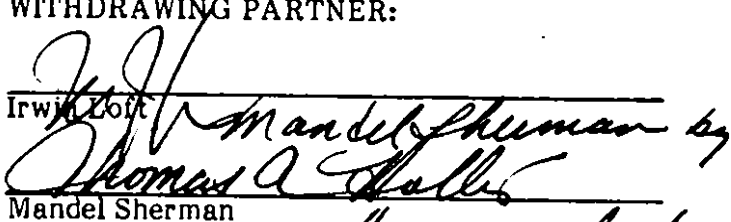
Real Estate Associates III,
a California Partnership
by its corporate partner
National Partnership Investments Corp.

By


Leonard A. Crosby III
Its Senior Vice-President

WITHDRAWING PARTNER:

Irwin Zoff


Mandel Sherman

has a power in fact

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

On December 29, 1983 before me, the undersigned, a Notary Public in and for said State, personally appeared Sheldon L. Gerber, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

WITNESS my hand and official seal.

Signature James A. D'Leary

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

On December 30, 1983 before me, the undersigned, a Notary Public in and for said State, personally appeared Irwin Loft, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

WITNESS my hand and official seal.

Signature Buddy John

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

On December 30, 1983 before me, the undersigned, a Notary Public in and for said State, personally appeared Mandel Sherman *by Thomas A. Hollis his atty.* personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

WITNESS my hand and official seal.

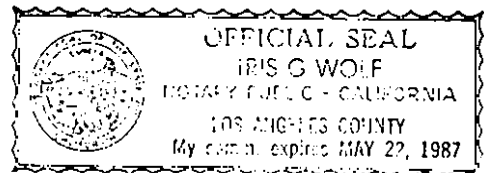
Signature Buddy John

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

On December 29, 1983 before me, the undersigned, a Notary Public in and for said State, personally appeared Donald A. Chaskey III personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Senior Vice President of Sugarberry Apartment Corporation, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature *Irish G. Wolf*



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

On December 29, 1983 before me, the undersigned, a Notary Public in and for said State, personally appeared Donald A. Chaskey III personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the Senior Vice President of National Partnership Investment Corp., the corporation that executed the within instrument on behalf of Real Estate Associates III, the partnership that executed the within instrument, and acknowledged to me that such corporation executed the the same as such partner and that such partnership executed the same.

WITNESS my hand and official seal.

Signature *Irish G. Wolf*

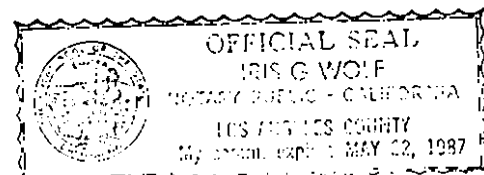


EXHIBIT 1

Income and Expense Worksheet

From _____, 19__ to _____, 19__

I. Income (1)

A) Total Rent Income (Potential)	_____	
Less: Total Vacancies	_____	
Uncollected Rents ⁽²⁾	_____	
Plus: Forfeited Deposits	_____	_____
B) Total Service Income		_____
C) Total Financial Income		_____
D) Loan Proceeds, Eminent Domain Proceeds and Insurance Proceeds Expended for Capital Improvements	_____	
E) Total Other Income ⁽³⁾		_____
Total Income for the period		=====

II.

LESS: Expenses (*)

A) Total Rental Expenses	_____	
B) Total Administrative Expenses ⁽⁴⁾	_____	
C) Total Operating Expenses ⁽⁴⁾	_____	
D) Total Maintenance Expenses	_____	
E) Total Taxes & Insurance Expenses	_____	
F) Total Financial Expenses	_____	
G) Total Service Expenses	_____	
Subtotal		_____

III.

LESS: Capital Expenditures

A) Amortization of Principal (Loan(s))	_____	
B) Total Reserve Provisions(5)	_____	
C) Improvements, Acquisitions Related to Operation		_____
D) Mortgage Escrow Deposit Requirement(6)	_____	
Subtotal		_____
Total Operating Disbursements for the period		_____

IV.

LESS: Prior Period Adjustments

A) Undischarged accounts payable from prior periods(7)		_____
B) Cash receipts for services, rent or goods not rendered during or attributable to the relevant time period		
Net Surplus (Deficit) Funds(8)		=====

Notes

- (1) Computed on a cash basis (but including proper accrual of HAP or other rental subsidy payments).
- (2) Delinquent on the last day of the period, regardless of length of time of the delinquency.
- (3) Includes releases from Reserves and Escrows.
- (4) All costs and expenses representing fuel or other utility costs shall be annualized so as to reflect on a monthly basis the average of the expenses so incurred (exclude General Partner fees, salaries and reimbursements).
- (5) Funding requirements of all "reserves" or escrows relating to the project or required by the mortgagee(s) (regardless of any temporary or permanent deferral of such funding requirements by HUD, any Agency or the mortgagee. Also reserves deemed necessary by General Partner and permitted by Partnership Agreement.)
- (6) To the extent not included in II. E or F above.
- (7) Undischarged accounts payable.
- (8) Shall be deemed "Cash from Operations". If positive, "Breakeven" shall have been achieved.

* Accrual