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LINCOLN HMO ASSOCIATES, L.P.

AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP

This Amended and Restated Agreement and Certificate of Limited Partnership is made and entered into by and between Romolo A. Marsella as General Partner, Beverly Mangione as Initial Limited Partner, and each of the other persons listed on Schedule A attached hereto or hereafter admitted as Investor Limited Partners.

Whereas, on December 31, 1985, pursuant to the Uniform Limited Partnership Act as then in effect in the State of Rhode Island, Romolo A. Marsella as General Partner and Beverly Mangione as Initial Limited Partner entered into an Agreement and Certificate of Limited Partnership under the name and style of Lincoln HMO Associates (the "Original Agreement and Certificate"); and

Whereas, on December 31, 1985, the Original Agreement and Certificate was filed with the Secretary of State of Rhode Island pursuant to the Uniform Limited Partnership Act as then in effect in the State of Rhode Island; and

Whereas, the General Partner and the Initial Partner now desire to (i) amend the Original Agreement and Certificate to provide for the admission to the Partnership of Investor Limited Partners who will contribute up to \$757,000 to the capital of the Partnership, (ii) amend the Original Agreement and Certificate to conform to the requirements of the Revised Uniform Limited Partnership Act as adopted in Rhode Island effective as of January 1, 1986; and (iii) amend and restate the Original Agreement and Certificate in its entirety.

Now, therefore, the parties hereto, being first duly sworn, do hereby agree and declare is hereby agreed as follows:

ARTICLE I

Defined Terms

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

"Accountants" means Laventhol & Horwath or such other nationally recognized firm of independent public accountants as may be selected by the General Partner in his sole discretion.

"Admission Date" means the date on which the first Investor Limited Partner is admitted to the Partnership in accordance with Section 4.6 hereof.

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"Affiliated Person" means any (i) General Partner, (ii) member of the Immediate Family of any General Partner (iii) legal representative, successor or assignee of any Person referred to in the preceding clauses (i) and (ii), (iv) trustee of a trust for the benefit of any Person referred to in the preceding clauses (i) and (ii), (v) Entity of which a majority of the voting interests is owned by any one or more of the Persons referred to in the preceding clauses (i) through (iv), (vi) Person who owns 15% or more of common stock of any corporate General Partner, or (vii) Person who is an officer, director, trustee, employee, stockholder (15% or more) or partner of any Entity or Person referred to in the preceding clauses (i), (iii), (v) and (vi).

"Agreement" means this Amended and Restated Agreement and Certificate of Limited Partnership as it may be further amended from time to time.

"Capital Account" shall have the meaning set forth in Section 10.1(e) hereof.

"Capital Contribution" means the total amount of cash or the fair market value of other property contributed to the Partnership by each Partner. The Capital Contribution of the Investor Limited Partners is shown in Schedule A. The Capital Contribution of the General Partner as of the date hereof is indicated in Section 4.1. An Investor Limited Partner's Capital Contribution shall include amounts payable pursuant to the Investor Notes only at the time cash payments are actually made pursuant to such Notes. Any reference in this Agreement to the Capital Contribution of a then Partner shall include a Capital Contribution previously made by any prior Partner in respect of the Partnership interest of such then Partner.

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

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

"Code" means the Internal Revenue Code of 1954, as amended from time to time.

"Consent of the Investor Limited Partners" means the written consent or approval of Investor Limited Partners whose aggregate Capital Contributions represent at least 51% of the Investor Limited Partner Class Contribution.

"Developer's Fee" means of fee of \$130,000 payable to the General Partner for his services in investigating the Property, evaluating its viability as a real estate investment, and negotiating and structuring the terms of the acquisition of the Property by the Partnership, the Ground Lease, and the Net Lease, payable pursuant to Section 6.9 of this Agreement.

"Developer's Fee Note" means a non-interest bearing promissory note of the Partnership to the General Partner payable on the terms described in Section 5.1, but only to the extent that the Developer's Fee cannot be paid out of the offering proceeds because less than all ten Units are sold by March 31, 1986.

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

"Equipment" means certain equipment used in connection with the Improvements and leased to RIGHA by the Partnership pursuant to the Lease.

"Event of Bankruptcy" means the bankruptcy or act of bankruptcy (except if such act of bankruptcy is susceptible to cure
and has been cured within sixty (60) days), reorganization or arrangement (under the provisions of Chapter XI of the Bankruptcy
Act or a like provision of law), insolvency as determined by
court proceedings, filing of a petition to accomplish the same or
like event.

"General Partner" or "General Partners" means Romolo A.
Marsella or any Person who becomes a General Partner as provided
herein, in such Person's capacity as a General Partner of the
Partnership, and if there be more than one General Partner at any
time, such term shall include every such Person.

"Ground Lease" means that certain ground lease dated December 31 pursuant to which the Partnership leases the Land from RIGHA.

"Immediate Family" means, with respect to any Person, his spouse, parents, parents-in-law, descendants, nephews, nieces, brothers, sisters, brothers-in-law, sisters-in-law, children-in-law and grandchildren-in-law.

"Improvements" means the buildings and any related improvements now existing or hereafter constructed on the Land.

"Initial Limited Partner" means Beverly Mangione of Cranston, Rhode Island.

"Internal Rate of Return" means that rate which discounts all distributions of Cash Flow and all distributions pursuant to Section 10.2(c) and Section 10.3 (on an after-tax basis) from the date of admission of an Investor Limited Partner to the date of calculation to a present value amount which is equal to the initial investment in the Units, thereby yielding a net present value of zero. For purposes of determining the Internal Rate of Return, it will be assumed that (i) each Investor Limited Partner is in a 50% tax bracket for federal income tax purposes and (ii) all distributions of Cash Flow, other distributions hereunder, and allocations of Profits and Losses are taken into account as of December 31 of each year. The determination by the Accountants of the Internal Rate of Return as of any date when it must be determined pursuant to this Agreement shall be final and binding.

"Investor Limited Partner(s)" means any or all of those Persons designated on Schedule A as an Investor Limited Partner or any Person who becomes a Substitute Investor Limited Partner as provided herein, in each such Person's capacity as an Investor Limited Partner of the Partnership.

"Investor Note" means a negotiable, non-interest bearing promissory note in substantially the form of Schedule C attached hereto to be delivered by each investor electing the deferred payment method to evidence his obligation to make the deferred payments of his Capital Contribution. Each Investor Note will be secured by a security interest in the Investor Limited Partner's Unit(s) and by an irrevocable, transferrable Letter of Credit in substantially the form of Schedule D attached hereto.

"Land" means the parcel or parcels located in Lincoln, Rhode Island and more fully described in Schedule B attached hereto.

"Letter of Credit" means an irrevocable, transferrable letter of credit in substantially the form of Exhibit D attached hereto and satisfactory to the Working Capital Lender. The Letter of Credit will secure the Investor Note and will be in favor of the Working Capital Lender.

"Limited Partner" or "Limited Partners" means any or all of the Investor Limited Partners and the Initial Limited Partner. "Losses" means taxable losses as determined with the accounting methods followed by the Partnership for federal income tax purposes.

"Marsella" means Romolo A. Marsella of Warwick, Rhode Island.

"Mortgage" means that certain nonrecourse mortgage loan made to the Partnership by an institutional lender in the principal amount of not more than \$3,000,000 and bearing interest at an annual rate of no more than 12%. It is expected that the Mortgage will be amortized using an assumed 30 year amortization schedule, but will require a balloon payment of principal at the end of the fifth year. Where the context permits, the term Mortgage shall include any mortgage, deed, note, security agreement or other instrument executed in connection with the Mortgage Note which is binding on the Partnership; and, in case the Mortgage is replaced or supplemented by any subsequent mortgage or mortgages, such term shall refer to any such subsequent mortgage or mortgages.

"Mortgage Lender" means the lender of the Mortgage.

"Mortgage Note" means that certain promissory note of even date herewith in principal amount of not more than \$3,000,000 payable by the Partnership to an institutional lender and reflecting the terms of the Mortgage.

"Negative Capital Account" shall have the meaning set forth in Section 10.1(e).

"Net Lease" means that certain lease dated December 31 pursuant to which the Partnership leases to RIGHA the Improvements and the Equipment and subleases to RIGHA the Land.

"Nonaccountable Organizational and Offering Expenses" means certain fees and expenses associated with the offering and the organization of the Partnership, including without limitation professional fees, financing fees, title, survey, recording, and appraisal fees, and interest expense on the Working Capital Loan to the extent not otherwise provided for out of the offering proceeds.

"Partner" or "Partners" means any or all of the General Partners and the Investor Limited Partners.

"Partnership" means the limited partnership governed by this Agreement as said limited partnership may from time to time be constituted and amended.

"Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits; and, unless the context otherwise requires, the singular shall include the plural, and the masculine gender shall include the feminine and the neuter and vice versa.

"Positive Capital Account" shall have the meaning set forth in Section 10.1(e)

"Preferred Return" means aggregate distributions of Cash Flow to the Investor Limited Partners that, together with all distributions pursuant to Section 10.2(c) and Section 10.3 as of the date of calculation, represent a 20% annual Internal Rate of Return on the Investor Limited Partners' investment in the Units. The determination by the Accountants of the Preferred Return as of any date when it must be calculated pursuant to this Agreement shall be final and binding.

"Profits" means taxable income as determined with the accounting methods followed by the Partnership for federal income tax purposes.

"Project" or "Property" means the Land, the Improvements, and the Equipment.

"Retirement" (including the verb form "Retire" and the adjective form "Retiring") means as to a General Partner, the occurrence of death, adjudication of insanity or incompetence, bank-ruptcy, dissolution, or voluntary or involuntary withdrawal from the Partnership for any reason. Involuntary withdrawal shall occur whenever a General Partner may no longer continue as a General Partner by law or pursuant to any terms of this Agreement. Bankruptcy shall be deemed to have occurred whenever a General Partner shall be adjudicated bankrupt, declared insolvent or shall execute an assignment for the benefit of creditors, or shall become subject to the direction and control of a receiver which receivership proceedings are not dismissed within 60 days of such receiver's appointment or shall file a petition for an arrangement with creditors.

"RIGHA" means the Rhode Island Group Health Association, Inc., a Rhode Island non-profit corporation, with an address at 2 Davol Square, Providence, Rhode Island 02903.

"State" means the State of Rhode Island.

"Substitute Limited Partner" means any Person who is admitted to the Partnership as a Limited Partner under the provisions of Section 8.3, or who acquires the interest of a Limited Partner pursuant to the provisions of Section 8.3.

"Supervisory Fee" means an annual fee payable to the General Partner pursuant to Section 6.9 of this Agreement, for his services in administering Partnership affairs and supervising Partnership operations.

"Uniform Act" means the Revised Uniform Limited Partnership Act as adopted by the State, effective as of January 1, 1986.

"Unit" means a portion of the Investor Limited Partner Class Contribution representing a Capital Contribution of \$75,700 for a Unit purchased on the deferred payment basis, or \$70,000 in the case of an all-cash purchase at the time of subscription.

"Working Capital Lender" means the lender of the Working Capital Loan.

"Working Capital Loan" means a loan of up to \$507,000 to be made to the Partnership by an institutional lender in respect of the deferred installments of the Investor Limited Partners' Capital Contributions. The Working Capital Loan will be secured by an assignment of the Investor Notes, the Partnership's security interest in the Units, and by the Letters of Credit.

ARTICLE II

Formation; Name; and Purpose

Section 2.1 Formation and Continuation

The parties hereto hereby agree to continue the Limited Partnership originally formed under the name of Lincoln HMO Associates pursuant to the provisions of the Uniform Act.

Section 2.2 Name and Office

The Partnership shall be conducted under the name and style of Lincoln HMO Associates, L.P. The principal office of the Partnership shall be maintained at c/o Romolo A. Marsella, Marsella Development Corporation, One Smith Hill, Providence, Rhode Island 02903. The records required to be maintained by Section 7-13-4 of the Uniform Act shall be kept at the address of the principal office of the Partnership previously set forth. Romolo A. Marsella shall be the agent for service of process on

the Partnership. The address of the agent for service of process shall be the address of the principal office of the Partnership previously set forth. The General Partner may at any time change the location of such principal office or usual place of business and shall give due notice of any such change to the Limited Partners.

Section 2.3 Purpose

The purpose of the Partnership is to acquire (by lease, purchase or otherwise), construct, develop, improve, own, maintain, operate, lease, sell, and otherwise deal with the Property. The Partnership and the General Partner shall use reasonable efforts to operate the Property in accordance with the Mortgage Note and Mortgage and any applicable governmental regulations, and shall use reasonable efforts to achieve maximum Cash Flow for distribution to the Partners (provided, however, that, except as expressly set forth in this Agreement, the General Partner shall have no duty or obligation to advance any of his funds for any purpose). The Partnership shall not engage in any other business or activity.

Section 2.4 Authorized Acts

In furtherance of its purposes, but subject to all other provisions of this Agreement including, but not limited to, Articles IV and VI the Partnership, acting through its General Partner, is hereby authorized:

- (i) To acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership, including the leasing of the Land pursuant to the Ground Lease.
- (ii) To construct, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease any real estate and any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.
- (iii) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership, and to secure the same by mortgage, pledge or other lien on the Property or any other assets of the Partnership, and to assume indebtedness with respect to the Property, including without limitation the issuance the Mortgage Note secured by the Mortgage.
- (iv) To prepay in whole or in part, refinance, recast, increase, modify or extend any of the Mortgage Note or Mortgage or

any other notes or mortgages affecting the Property and in connection therewith to execute any extensions, renewals, or modifications of the Mortgage Note or Mortgage or any such other mortgages on the Property.

- (v) To employ a management agent, including an Affiliated Person, to manage the Property, and to pay reasonable compensation for such services.
- (vi) To enter into, perform and carry out leases or other contracts of any kind, including leases or contracts with Affiliated Persons, necessary to, in connection with or incidental to, the accomplishment of the purposes of the Partnership, specifically including, but not limited to, the execution and delivery of all agreements, certificates, instruments or documents required by any lender or in connection with the acquisition, construction, development, improvement, maintenance and operation of the Property or otherwise required by such agencies in connection with the Property.
- (vii) To negotiate and execute leases and subleases of all or any portion of the Land, the Improvements or the Equipment, including the Net Lease, and to negotiate and execute subleases of all or any portion of the Land.
- (viii) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Partnership, so long as said activities and contracts may be lawfully carried on or performed by a partnership under the laws of the State.

Section 2.5 Term and Dissolution

The Partnership commenced upon the filing of the Original Agreement and Certificate with the Secretary of State of the State and shall continue in full force and effect until December 31, 2030, except that the Partnership shall be dissolved prior to such date upon the happening of any of the following events:

- A. The sale or other disposition of all or substantially all the assets of the Partnership, or
- B. The Retirement of a General Partner if no General Partner remains, and the Partnership is not reconstituted with a successor General Partner pursuant to Section 7.3.

Upon dissolution of the Partnership, the General Partner (or his trustees, receivers, successors, or legal representatives) shall cause the cancellation of the Partnership's Certificate of Limited Partnership as then in force, and shall, unless the Partnership is reconstituted pursuant to Section 7.3, liquidate the Partnership assets and apply and distribute the proceeds thereof in accordance with Section 10.3. Notwithstanding the foregoing, in the event such liquidating General Partner shall determine that an immediate sale of part or all of the Partnership's assets would cause undue loss to the Partners, the liquidating General Partner may, in order to avoid such loss, either (i) defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy the Partnership debts and obligations or (ii) distribute the assets to the Partners in kind.

ARTICLE III

Mortgages

Section 3.1 (a) Subject to the provisions of this Agreement, the Partnership may borrow whatever amounts may be required for the acquisition (by lease, purchase or otherwise) development, and improvement of the Property and any Improvements thereto or Equipment to be used in connection therewith and to meet the expenses of operating the Property and shall to the extent necessary or desirable secure the same by one or more mortgages on the Property, including without limitation the Mortgage.

(b) The General Partner is specifically authorized, except as otherwise limited in this Agreement, to execute such documents as he deems necessary in connection with the acquisition, development and financing of the Property, including without limiting the generality hereof, the Mortgage Note and the Mortgage and any other notes, mortgages and other documents required by any lender in connection with any such financing.

Section 3.2 The General Partner, in his capacity as a General Partner, shall be obligated to abide by and perform the terms and covenants of the Mortgage Notes and Mortgages and any other documents executed in connection therewith. Any incoming General Partner shall, as a condition of receiving any interest in the Partnership property, agree to be obligated to abide by and perform the terms and covenants of the Mortgage Note and the Mortgages and any other documents required by the holders thereof in connection therewith to the same extent and on the same terms as any other General Partner.

ARTICLE IV

Partners; Capital

Section 4.1 General Partner

The General Partner of the Partnership is Marsella. The General Partner has made a capital contribution to the Partnership of \$100. In consideration of his agreement to undertake the obligations of General Partner as set forth herein and the aforesaid Capital Contribution, the General Partner shall receive the interest in the capital and profits of the Partnership set forth herein.

Section 4.2 Limited Partners

- A. The Initial Limited Partner shall be Beverly Mangione. The Initial Limited Partner has made a capital contribution to the Partnership of \$75.70.
- B. The Investor Limited Partners shall be those Persons shown on Schedule A, as Schedule A may be amended from time to time. Each Investor Limited Partner shall become a signatory hereto by signing a counterpart of this Agreement in the form attached hereto as Schedule E and, by so signing, such Investor Limited Partner shall be deemed to have adopted and to have agreed to be bound by all the provisions of this Agreement, provided, however, that no such counterpart shall be binding until it has been signed by a General Partner.

Section 4.3 Partnership Capital

The capital of the Partnership shall be the aggregate amount of the cash and the agreed value of property contributed by the General Partner, the aggregate amount of the cash contributed by the Initial Limited Partner, and the aggregate amount of the cash contributed by the Investor Limited Partners as set forth in Schedule A. Schedule A shall be amended from time to time to reflect the withdrawal or admission of Partners, any changes in the Partnership interests held by a Partner arising from the transfer of a Partnership interest to or by such Partner and any change in the amounts to be contributed or agreed to be contributed by any Partner.

The original Capital Account of each Partner shall be the amount of his Capital Contribution. No interest shall be paid on any Capital Contribution to the Partnership.

Section 4.4 Withdrawal of Capital

Except as may be specifically provided in this Agreement, no Partner shall have the right to withdraw from the Partnership all or any part of his Capital Contribution. No Partner shall have any right to demand and receive property (other than cash) of the Partnership in return of his Capital Contribution except as may be specifically provided in this Agreement.

Section 4.5 Liability of Limited Partners

No Limited Partner shall be liable for any debts, liabilities, contracts, or obligations of the Partnership. After his Capital Contribution shall be fully paid and except as set forth in Section 10.3C, no Limited Partner shall be required to make any further capital contributions or lend any funds to the Partnership.

Section 4.6 Admission of Limited Partners

- A. The General Partner shall have the right to admit to the Partnership Investor Limited Partners who shall agree to contribute to the capital of the Partnership up to a total of \$757,000, pursuant to the provisions of Article V. After Investor Limited Partners have been admitted who have agreed to contribute a total of \$757,000 (or a correspondingly lesser amount to the extent any Investor Limited Partners elect to pay for their subscription at the discounted all cash price of \$70,000 pursuant to Section 5.1), the General Partner may admit additional Investor Limited Partners only if the terms of admission of such additional Investor Limited Partners shall have received the written approval of all Partners.
- B. Any incoming Limited Partner shall, as a condition of receiving any interest in the Partnership property, agree to be bound by any documents required in connection therewith to the same extent and on the same terms as all other Limited Partners. Any incoming Limited Partner shall also agree to be bound by the provisions of this Agreement and shall also agree to accept such other terms and conditions set forth in writing to them at the time of admission as the General Partner in his sole discretion may determine.
- C. Investor Limited Partners admitted to the Partnership as of the date hereof shall be reflected on Schedule A. Thereafter, upon the admission of any additional Limited Partners, Schedule A shall be amended to reflect the names, addresses and capital contributions of such additional Limited Partners, and an

amendment to the Certificate of Limited Partnership, reflecting such admission, shall be filed pursuant to the Uniform Act. Each additional Limited Partner shall become signatory hereto by signing a counterpart of this Agreement in such manner as the General Partner shall determine, and, by so signing, such Limited Partner shall be deemed to have adopted and to have agreed to be bound by all the provisions of this Agreement, provided, however, that no such counterpart shall be binding until it has been signed by the General Partner.

Section 4.7 Special Rights of Investor Limited Partners

- Notwithstanding any provisions to the contrary herein, and subject to the provisions set forth in this Section 4.7 the Investor Limited Partners, by Consent of the Investor Limited Partners, shall have the right to remove any General Partner if and only if such General Partner fails to perform his obligations under this Agreement in any material respect; provided, however, that no such removal of a General Partner shall affect the vested rights (including, without limitation, the right to receive any fees payable to any General Partner, the return of his Capital Contribution, Cash Flow, Profits and Losses and net proceeds from a sale or refinancing) or increase any of the obligations of any General Partner, without his consent; and, provided, further, that the attempted exercise of the rights provided for in this paragraph shall be ineffective unless and until such Consenting Investor Limited Partners shall have first obtained (a) a prior determination by a court of competent jurisdiction in an action for a declaratory judgment or similar relief brought by or on behalf of the Limited Partners (and not by a General Partner) that neither the grant nor exercise of the rights afforded by the provisions sought to be exercised under the circumstances then in question will be deemed taking part in the control of the business or will result in the loss of any Limited Partner's limited liability and (b) a private ruling by the Internal Revenue Service that such rights will not result in the Partnership's not being considered a partnership for federal income tax purposes.
- (b) Any General Partner removed pursuant to this Section 4.7 shall, upon such removal, become a Limited Partner with restricted rights, and as such shall not have any right to participate in the management of the affairs of the Partnership or vote in any vote requiring the Consent of the Investor Limited Partners, and shall not be entitled to any portion of the Profits and Losses, Cash Flow or other cash proceeds payable to the class comprising Investor Limited Partners but such Person shall retain the share of the capital, Profits and Losses, Cash Flow and the

distributions of net cash proceeds which he held in his capacity as a General Partner hereunder, shall be entitled to the repayment in accordance with their terms of any loans made to the Partnership, and shall further be entitled to receive the reports set forth in Section 12.3; provided, however, that the Investor Limited Partners or any successor General Partner proposed by them shall have the option, but not the obligation, to acquire the interest in the Partnership of any General Partner so removed upon payment of the agreed or fair market value of such in-Any dispute as to such value shall be submitted to a committee composed of three persons, one chosen by the removed General Partner, one chosen by the remaining General Partners or if there is no General Partner remaining, the Investor Limited Partners, as the case may be, and the third chosen by the two so chosen. The proceedings of such committee shall conform to the rules of the American Arbitration Association, as far as appropriate, and its decision shall be promptly rendered and shall be final and binding upon the parties hereto and any successor General Partner. Notwithstanding the foregoing provisions of this Section 4.7 the Partnership shall not be required to make payments to a General Partner so removed to the extent of any damages suffered by the Partnership as a result of any material breach of the obligations of such General Partner hereunder. A General Partner so removed will not be liable for any obligations of the Partnership after the effective date of his removal. For purposes of the preceding sentence, the effective date of removal shall be the date on which an amendment to the Certificate of Limited Partnership shall have been filed with the Secretary of State of the State evidencing such removal.

ARTICLE V

Capital Contributions of Limited Partners

Section 5.1 Investor Limited Partners

The Investor Limited Partners shall make their Capital Contributions in ten Units of \$75,700 or multiples or fractions thereof. Payment for each such Unit shall be made by a cash payment of \$25,000 at the time of admission of such Investor Limited Partner to the Partnership, delivery of an Investor Note in the amount of \$50,700, the principal of which shall be payable on July 1, 1986 in the amount of \$25,000 and on July 1, 1987 in the amount of \$25,700 and delivery of the Letter of Credit to secure the payment of such promissory note. At the option of each Investor Limited Partner, Capital Contributions may be made in full upon subscription by a cash payment of \$70,000 per Unit.

Upon receipt of subscriptions acceptable to the General Partner for no less than eight Units (the "Minimum Subscription"), the General Partner may admit the subscribers of such eight Units to the Partnership (the "Initial Closing"). after, the General Partner may admit subscribers for the remaining Units at such times as he deems appropriate but no later than March 31, 1986 (each such admission is called a "Subsequent Closing"). To the extent that fewer than ten Units are subscribed for by March 31, 1986, and the offering proceeds are insufficient to pay the costs, fees, and expenses projected to be paid from the offering proceeds, the unpaid portion of the Developer's Fee shall be deferred and paid out of the proceeds of a sale, refinancing, or other transaction not in the ordinary course of business pursuant to the provisions of Article V. such event, the Partnership's obligation to pay the unpaid portion of the Developer's Fee shall be reflected by a non-interest bearing promissory note (the "Developer's Fee Note"). In addition, in such event, the General Partner shall bear the expense of any other fees and expenses that constitute Partnership obligations at the time of the Initial Closing. In such event, the General Partner's allocable share of Profits, Losses, Cash Flow, and other cash distributions under Article X hereof shall be adjusted to include the allocable share of Profits, Losses, Cash Flow and other cash distributions that would have been attributable to the unsold Units under Article X if all ten of the Units offered were subscribed for.

Section 5.2 Security Interest; Default.

- A. Each Investor Limited Partner who elects the deferred payment method hereby grants to the Partnership a security interest in his Unit(s) to secure his obligations under his Investor Note delivered to the Partnership, agrees to execute such financing statements and other documents as may be necessary or appropriate to perfect and continue the perfection of such security interest, and irrevocably authorizes the General Partner and the president and any Vice President of any corporate General Partner to sign the Investor Limited Partner's name to such financing statements and other documents.
- B. If an Investor Limited Partner defaults in the payment of his Capital Contribution, the entire outstanding balance of the Investor Note will become immediately due and payable and the Partnership or its assignee may, in addition to any other rights and remedies to which it may be entitled:
- (i) exercise all of the rights and remedies of a secured party under the Rhode Island Uniform Commercial Code or the

Uniform Commercial Code of any other applicable jurisdiction, including the right to sell the Unit at public or private sale and the right of the General Partner or any Limited Partner to purchase the Unit at such sale; or

(ii) institute legal proceedings against the defaulting Investor Limited Partner to compel payment of his obligations to the Partnership, and the defaulting Investor Limited Partner shall be liable for all reasonable costs of such legal proceedings, including without limitation, attorneys' fees and court costs.

In addition, in such event the holder of the Letter of Credit will be entitled to draw on the Letter of Credit.

C. If an Investor Limited Partner defaults, then all rights and benefits attributable to his Unit shall be suspended until (i) all of the obligations of such defaulting Investor Limited Partner to the Partnership, plus any expenses of the Partnership resulting from such default, have been paid, or (ii) a purchaser of such Unit has been admitted to the Partnership as a Substitute Limited Partner. During such suspension, the Profits and Losses allocable and the distributions payable to the defaulting Investor Limited Partner hereunder may be allocated, applied or distributed in such manner as the General Partner, in his sole discretion, may determine, including without limitation the application of such distributions to all or any part of the obligations of the defaulting Investor Limited Partner to the Partnership.

Section 5.3 Initial Limited Partner.

The Initial Limited Partner has contributed to the capital of the Partnership an amount equal to \$75.70.

Section 5.4 No Additional Capital Contributions.

After the Investor Limited Partners have made their Capital Contributions as described in Section 5.1, and except as described in Section 10.3(c), no Limited Partner shall be required to make any additional Capital Contributions to the Partnership.

ARTICLE VI

Rights, Powers and Duties of the General Partners

Section 6.1 Restrictions on Authority

Notwithstanding any other provisions of this Agreement, the General Partner shall have no authority to perform any act (i) in violation of any applicable law and regulations, (ii) in violation of any agreement between the Partnership and the holder of the Mortgage, or (iii) required to be approved or ratified by the Limited Partners under the Uniform Act.

Section 6.2 Personal Services

Any Partner may engage independently or with others in other business ventures of every nature and description including, without limitation, the ownership, operation, management, syndication and development of real estate whether or not in competition with the Property, and neither the Partnership nor any Partner shall have any rights by virtue of this Agreement in and to such independent ventures or the income or profits derived therefrom.

Section 6.3 Business Management and Control

The General Partner shall have the exclusive right to manage the business of the Partnership. In the event that there is more than one General Partner hereunder, and except to the extent that one or more General Partners have been delegated authority to act pursuant to Section 6.4 hereof or any other Section of this Agreement, a majority in number of the General Partners shall be required to approve any action subject to the control and discretion of the General Partners. No Limited Partner (except one who may also be a General Partner, and then only in his capacity as General Partner) shall participate in or have any control over the Partnership business, except as required by law or otherwise provided in this Agreement. The Partners hereby consent to the exercise by the General Partner of the powers conferred on him by this Agreement. No Limited Partner (except one who may also be a General Partner, and then only in his capacity as a General Partner) shall have any authority or right to act for or to bind the Partnership.

Section 6.4 Delegation of General Partner Authority

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

Every contract, deed, mortgage, lease and other instrument executed by any General Partner so authorized shall be conclusive evidence in favor of every Person relying thereon or claiming thereunder that at the time of the delivery thereof (a) this Partnership was in existence, (b) this Agreement had not been terminated or canceled or amended in any manner so as to restrict such authority (except as shown in certificates or other instruments duly filed in the office of the Secretary of State of the State), and (c) the execution and delivery of such instruments were duly authorized by the General Partner. Any Person dealing with the Partnership or the General Partner may always rely on a certificate signed by any General Partner hereunder:

- (i) as to who are the General Partner(s) or Limited Partners hereunder,
- (ii) as to the existence or nonexistence of any fact or facts which constitute conditions precedent to acts by the General Partner(s) or are in any other manner germane to the affairs of this Partnership,
- (iii) as to who is authorized to execute and deliver any instrument or document of the Partnership,
- (iv) as to the authenticity of any copy of this Agreement and amendments thereto, or
- (v) as to any act or failure to act by the Partnership or as to any other matter whatsoever involving the Partnership or any Partner.

Section 6.5 Duties and Obligations

- (a) The General Partner shall promptly take all action which may be necessary or appropriate for the acquisition, development and leasing of the Property and the proper maintenance and operation of the Property in accordance with the provisions of this Agreement, the Mortgage and the Mortgage Note, and applicable laws and regulations (provided, however, that, except as expressly set forth in this Agreement, no General Partner shall have any duty or obligation to advance any of its own funds for any purpose). The General Partner shall devote to the Partnership such time as he shall reasonably deem to be necessary for the proper performance of his duties.
- (b) The General Partner shall use reasonable efforts, consistent with good business practice, to attempt to achieve and maintain Cash Flow at a level which will permit payment to the Partners of maximum Cash Flow, provided that, except as expressly set forth in this Agreement, the General Partner shall have no obligation or duty to advance any of his funds for any purpose.
- (c) The General Partner shall obtain and keep in force at Partnership expense, or cause to be obtained and maintained pursuant to the Net Lease, during the term of the Partnership fire and extended coverage, worker's compensation and public liability insurance in favor of the Partnership in such companies and in such amounts as shall be satisfactory to the holder of the Mortgage.

Section 6.6 Representation and Warranties

- (a) The General Partner hereby represents and warrants that, as of the time of acceptance of the Capital Contributions of the Investor Limited Partners, their admission into the Partnership, and the due filing with the Secretary of State of the State of this Amended and Restated Agreement and Certificate of Limited Partnership, all the following conditions or statements will have been satisfied or will represent true and correct statements of fact, as the case may be:
 - (i) The Partnership is a duly organized limited partnership validly existing under the laws of the State and has complied with all filing and publication requirements necessary for the protection of the Limited Partners.
 - (ii) No material default has been declared and is continuing under any mortgage, note, or agreement affecting the Property, and the same are in full force and effect, pro-

vided, however, that in the event the Partnership has entered into any modification agreement with the holders of any mort-gage, note or agreement, this covenant shall apply to the terms of such modification agreement where applicable.

- (iii) To the best of his knowledge, and based upon the representations of RIGHA as seller of the Property, there is no material violation of any zoning, environmental or similar regulation applicable to the Property, which violation may have a material adverse effect on the operation or use of the Project; all building and other applicable permits necessary, as of the date the representation is given, to permit the operation of and any improvements to the Property have been obtained or, to the extent not obtained, the General Partner has no reason to believe they will not be obtained in due course; and the Partnership has complied in all material respects with all applicable municipal and other laws, ordinances and regulations relating to such construction and use of the Property.
- (iv) The Partnership owns the fee simple interest in the Improvements, a leasehold interest in the Land and will have good title to the Equipment to the extent it has been acquired, subject to no materialmen's liens (except those with respect to which an adequate bond has been issued), charges or encumbrances other than those which have no material adverse effect on the ownership, operation or use of the Project.
- (v) The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken pertaining to the Partnership or the Property by each Affiliated Person which is a corporation have been or will be duly authorized by all necessary corporate or other action and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under, the charter or by-laws of said Affiliated Person or any agreement by which such Affiliated Person or any of its properties is bound, nor constitute a violation of any law, administrative regulation or court decree.
- (vi) No event of Bankruptcy has occurred with respect to the General Partner.
- (vii) To the best of his knowledge, no occurrence or proceeding has occurred and is continuing, which will (a) materially adversely affect the operation of the Partnership or

the Property (except to the extent that funds are available to the Partnership to correct or cure such occurrence or proceeding), or (b) materially adversely affect the ability of any General Partner or any Affiliated Person to perform their respective obligations hereunder or under any other agreement with respect to the Property. This subparagraph shall be deemed to include, but not be limited to, the following: (1) legal actions or proceedings before any court, commission, administrative body or other governmental authority having jurisdiction over the zoning applicable to the Property and (2) acts of any governmental authority.

The General Partner will (jointly and severally if more than one) indemnify promptly and hold harmless the Partnership and the Limited Partners from and against any and all losses, damages and liabilities which the Partnership and the Limited Partners may incur by reason of (a) the willful and material breach of, or failure by any General Partner to perform any of the representations, warranties, covenants, or agreements in this Agreement or in any schedule, certificate, exhibit or other instruments furnished by the General Partner pursuant to this Agreement and/or in connection with the sale of the Units or (b) the willful and material failure by any General Partner to perform his obligations in accordance with the provisions of the Uniform Act; provided, however, that the foregoing indemnification shall not apply to the exercise by the lender of any rights under the Mortgage, or to acts for which the General Partner may be entitled under Section 6.7 to indemnification from the assets of the Partnership.

Section 6.7 Indemnification

The General Partner shall have no liability to the Partnership or to any Partner for any loss suffered by the Partnership which arises out of any action or inaction of the General Partner if the General Partner, in good faith, determined that such course of conduct was in the best interest of the Partnership and such course of conduct did not constitute negligence or misconduct of the General Partner. The General Partner shall be indemnified by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by him in connection with the Partnership, provided that the same were not the result of negligence or misconduct on the part of the General Partner.

Notwithstanding the above, the General Partner shall not be indemnified for liabilities arising under federal and state securities laws unless (1) there has been a successful adjudication

on the merits of each count involving securities law violations; or (2) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction.

The Partnership shall not incur the cost of the portion of any insurance which insures any party against any liability as to which such party is herein prohibited from being indemnified.

Any indemnity under this Section 6.7 shall be provided out of and to the extent of Partnership assets only and no Limited Partner shall have any personal liability on account thereof.

Section 6.8 Liability of General Partner to Limited Partners

Except as specifically provided to the contrary by this Agreement with respect to any material misrepresentation or the material breach of any representation, warranty or agreement contained in this Agreement or in any certificate or other document delivered in connection with the same by any General Partner, no General Partner shall be liable to the Partnership or to any Limited Partner for any loss in connection with the affairs of the Partnership so long as he acts in good faith and not with misconduct or in breach of his fiduciary duties hereunder.

Section 6.9 Certain Fees to The General Partner.

- (a) For his services in administering Partnership affairs and for supervising Partnership operations, the General Partner will receive an annual fee of \$15,000 (the "Supervisory Fee"), provided that, commencing in 1987, this fee will increase by 5% per year.
- (b) For his services in investigating the Property, evaluating its viability as a real estate investment, and negotiating and structuring the terms of the acquisition of the Property by the Partnership, the Ground Lease, and the Net Lease the General Partner will receive a fee of \$130,000 (the "Developer's Fee"), payable to the extent available upon the Initial Closing and no later than March 31, 1986.
- (c) The General Partner shall be entitled to reimbursement for Nonaccountable Organizational and Offering Expenses in the amount of \$42,000, payable to the extent available upon the Initial Closing, and no later than March 31, 1986. To the extent that Nonaccountable Organizational and Offering Expenses exceed \$42,000, they shall be the General Partner's obligation; to the extent they are less than \$42,000, the General Partner shall be entitled to retain the balance.

Section 6.10 Obligations of the General Partners

In the event there is more than one General Partner, each obligation of the General Partners hereunder shall be the joint and several obligation of each General Partner.

ARTICLE VII

Retirement of a General Partner; New General Partners

Section 7.1 Retirement

Except as hereinafter provided, no General Partner shall have the right to Retire voluntarily from the Partnership or sell, assign, transfer or encumber his interest as a General Partner without the Consent of the Investor Limited Partners. Each General Partner may assign the proceeds of any Partnership distribution in respect of his interest as a General Partner.

In the event of a Retirement of a General Partner, the Retiring General Partner shall transfer his interest in the Partnership in accordance with Section 7.4. In addition, such Retiring General Partner shall remain liable for the performance of all his obligations under this Agreement, which arose prior to such Retirement.

Section 7.2 Obligation to Continue

Upon the Retirement of a General Partner, any remaining General Partner or General Partners, if any, or, if none, the Retired General Partner or his heirs, successors or assigns, shall immediately send notice of such Retirement (the "Retirement Notice") to each Limited Partner, and the Partnership shall be (i) dissolved if there is no remaining General Partner or (ii) continued by the remaining General Partner(s) as provided in the sentence next following. The General Partners shall have the right to, and hereby covenant and agree to, unless there is no remaining General Partner, elect to continue the business of the Partnership.

Section 7.3 Retirement of a Sole General Partner

If, following the Retirement of a General Partner, there is no remaining General Partner of the Partnership, the remaining Partners within ninety (90) days of the mailing of the Retirement Notice may elect to reconstitute the Partnership and continue the business of the Partnership for the balance of the term specified in Section 2.5 by selecting a successor General Partner.

Section 7.4 Interest of Retired General Partner

- (a) Each General Partner hereby agrees that at the time of his Retirement all his General Partnership interest shall be automatically converted to that of a Limited Partner upon the terms set forth in Section 4.7(b).
- (b) For the purposes of Article X hereof, the effective date of the transfer pursuant to the provisions of Paragraph (a) of this Section 7.4 of the General Partner interest of a Retired General Partner shall be deemed to be the date on which such Retirement occurs.

Section 7.5 Designation of New General Partners

Subject to the provisions of Section 13.1, the General Partners may, subject to the written approval of all the Partners, at any time designate additional General Partners (including a corporation) each with such interest as a General Partner in the Partnership as the General Partners may agree upon.

Any incoming General Partner shall as a condition of receiving any interest in the Partnership Property, agree to be bound by any mortgage on the Property and any other documents required in connection therewith and by the provisions of this Agreement to the same extent and on the same terms as any other then General Partner(s).

Section 7.6 Amendment of Certificate

Upon the admission of an additional General Partner, an amendment to this Certificate and Agreement of Limited Partnership reflecting such admission, shall be filed with the Secretary of State of the state in accordance with the Uniform Act. Each General Partner is hereby constituted, and empowered to act alone as, the attorney-in-fact of each Limited Partner with authority, to execute, acknowledge, swear to, and deliver such instruments as may be necessary or appropriate to carry out the foregoing provisions of this Article VII, including amendments to the Certificate of Limited Partnership required by the Uniform Act, business certificates and the like.

ARTICLE VIII

Transferability of Limited Partner Interests

Section 8.1 Right to Assign

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

Section 8.2 Restrictions

- (a) No sale or exchange of any interest as Limited Partner in the Partnership may be made if such sale or exchange would violate Section 13.1.
- (b) In no event shall all or any part of a Limited Partner interest in the Partnership be assigned or transferred to a minor (other than to a member of a Limited Partner's Immediate Family by reason of death) or to an incompetent.
- (c) The General Partner may, in addition to any other requirement he may impose, require as a condition of sale, transfer, exchange or other disposition of any interest in the Partnership, that the transferor (i) assume all costs incurred by the Partnership in connection therewith and (ii) furnish an opinion of counsel in form and substance satisfactory to counsel to the

Partnership that such sale, transfer, exchange or other disposition complies with applicable federal and state securities laws.

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

Section 8.3 Substitute Limited Partners

No Limited Partner shall have the right to substitute an assignee as a Limited Partner in his place. The General Partner shall, however, have the right in his exclusive discretion to permit such assignees to become Substitute Limited Partners and any such permission by the General Partner shall be binding and conclusive without the consent or approval of any Limited Partner. Any Substitute Limited Partner shall, as a condition of receiving any interest in the Partnership assets, agree in writing to be bound by the Mortgage and other documents required in connection therewith and by the provisions of this Agreement.

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

Each General Partner is hereby constituted, and empowered to act alone as, the attorney-in-fact of each Limited Partner with authority to execute, swear to and deliver such instruments as may be necessary or appropriate to carry out the provisions of this Article VIII, including amendments to Schedule A, amendments to the Certificate and Agreement of Limited Partnership required by statute, business certificates and the like.

Section 8.4 Assignees

In the event of the decease or incapacity of any Limited Partner who has not filed a valid designation under Section 8.1, his legal representatives shall have the same status as an assignee of the Limited Partner unless and until the General Partner shall permit such legal representatives to become a Substitute Limited Partner on the same terms and conditions as herein

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

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

Any Limited Partner who shall assign all his interest in the Partnership shall cease to be a Limited Partner of the Partnership, and shall no longer have any rights or privileges of a Limited Partner except that, unless and until the assignee of such Limited Partner is admitted to the Partnership as a Substitute Limited Partner in accordance with Section 8.3, said assigning Limited Partner shall retain the statutory rights and be subject to the statutory obligations of an assignor limited partner under the Uniform Act.

In the event any assignment of a Limited Partner's interest as a Limited Partner shall be made, there shall be filed with the Partnership a duly executed and acknowledged counterpart of the instrument making such assignment; such instrument must evidence the written acceptance of the assignee to all the terms and provisions of this Agreement.

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

ARTICLE IX

Loans

All Partnership borrowings shall be subject to the terms of this Agreement and the Mortgage Note and Mortgage. To the extent borrowings are permitted, they may be made from any source, including Partners and Affiliated Persons.

If any Partner shall lend any monies to the Partnership, such loan shall be unsecured and the amount of any such loan shall not be an increase of his Capital Contribution nor affect in any way his share of the profits, losses or distributions of the Partnership. Any loans by a General Partner shall be obligations of the

Partnership of equal rank with obligations to unsecured thirdparty creditors, and shall be repayable as permitted by the terms of this Agreement and the Mortgage Note and Mortgage, including but not limited to being repaid from Cash Flow, and any interest payable thereon shall be at a reasonable and competitive rate.

ARTICLE X

Profits & Losses; Distributions; and Capital Accounts

Section 10.1 Profits and Losses

- (a) Subject to adjustment as provided in Section 5.1, for each fiscal year or portion thereof through December 31, 1995, all Profits, Losses and tax credits incurred and/or accrued from and after the Admission Date other than those arising from (i) the sale or other disposition of all or substantially all of the assets of the Partnership, or (ii) any other transaction the proceeds of which do not constitute Cash Flow shall be shared, 98.99% by the Investor Limited Partners, .01% by the Initial Limited Partner, and 1% by the General Partner. For the period from January 1, 1996 through December 31, 2004, the foregoing items of Profits, Losses and tax credits shall be shared 70% by the Investor Limited Partners, .01% by the Initial Limited Partner, and 29.99% by the General Partner.
- (b) Subject to adjustment as provided in Section 5.1, all Profits arising from (i) the sale or other disposition of all or substantially all the assets of the Partnership or (ii) any other transaction the proceeds of which do not constitute Cash Flow shall be shared by the Partners as follows:

First, by the Partners, (to be allocated to each Partner in the ratio which his Negative Capital Account bears to the aggregate Negative Capital Accounts of all the Partners), an amount of such profits equal to the amount of his Negative Capital Account.

Second, by the Partners (to be allocated to each Partner in the ratio which the amount distributable to him pursuant to Clause Third, then Fourth, then Fifth, then Sixth, then Seventh, of Section 10.2(c), bears to the total amount distributable to all the Partners pursuant to Clause Third, then Fourth, then Fifth, then Sixth, then Seventh, respectively, of said Section 10.2(c)), an amount of such Profits sufficient to bring their Capital Accounts up to the amounts distributable to them under Section 10.2(c), Clause Third, then Fourth, then Fifth, then Sixth, then Seventh from the transaction giving rise to the Profits being allocated hereby.

Third, any remaining profits, 50% by the Investor Limited Partners, 49.99% by the General Partner, and .01% by the Initial Limited Partner.

- (c) All Losses from the transactions described in (b) of this Section 10.1 shall be shared in accordance with the allocation set forth in Section 10.1(a).
- (d) Notwithstanding the foregoing provisions, all Partnership deductions for federal income tax purposes attributable to interest payable on the Working Capital Loan or the amortization of any financing fees in respect thereto shall be allocated only to those Investor Limited Partners electing to make their Capital Contributions on the deferred payment basis, to be allocated among those Investor Limited Partners in proportion to the respective Units held by them as a percentage of the Units held by all Investor Limited Partners electing to make their Capital Contributions on the deferred payment basis in the aggregate.
- (e) Notwithstanding the foregoing provisions, if Profits to be allocated hereunder include income treated as ordinary income for federal income tax purposes because such Profits are attributable to the recapture of depreciation under Section 1245 or 1250 of the Code, such Profits, to the extent treated as ordinary income, shall be allocated to and reported by the Partners in proportion to their accumulated depreciation allocations. The Partnership shall keep records of such allocations of depreciation to the Partners. In determining the accumulated depreciation allocations of the Partners, depreciation deductions for each taxable year shall be deemed allocated to the Partners in the same proportion as the Profits or Losses in that particular taxable year were allocated to the Partners.
- (f) In the event there shall be more than one General Partner serving hereunder, all Profits and Losses shared by the General Partners shall be shared by each General Partner in the ratio which his or its Capital Contribution bears to the paid-in General Partner Class Contribution. All Profits and Losses allocated to the Investor Limited Partners shall be allocated to each Investor Limited Partner in proportion to the number of Units owned by each Investor Limited Partner as a percentage of the aggregate number of Units owned by all Investor Limited Partners. Partners admitted to the Partnership after the Initial Closing shall be entitled to share in the allocation of Profits and Losses as of the first day of the month in which they are admitted to the Partnership, provided that Profits and Losses resulting from a sale, refinancing or other transaction the proceeds of which do not constitute Cash Flow shall be allocated to the

Investor Limited Partners who held Units on the last day of the month in which such transaction occurs.

The Partnership shall maintain on its books a Capital Account for each Partner, and all profits, income exempt from tax, and gain (or items thereof) and losses and deductions (or items thereof) shared by the Partners shall be credited or charged, as the case may be, to their Capital Accounts. In addition, each Partner's Capital Account will be credited with the cash and the adjusted basis of property contributed to the Partnership (net of liabilities to which such contributed property is subject) and shall be debited with the cash and the Partnership's adjusted basis of property distributed to him (net of liabilities assumed by such Partner and liabilities to which such distributed property is subject) and his distributive share of expenditures of the Partnership that are not deductible in computing taxable income and are not normally chargeable to Capital Accounts. the extent that the balance in the Capital Account of any Partner is reduced below zero at any time, such Partner shall be deemed to have a Negative Capital Account; to the extent that the balance in any Partner's Capital Account is above zero at any time, such Partner shall be deemed to have a Positive Capital Ac-Except as otherwise provided in this Agreement, whenever it is necessary to determine the Capital Account of a Partner for purposes of this Article X, the Capital Account of the Partner shall be determined after giving effect to the allocation for the Partnership's current year of profits and losses and all distributions for such year that decrease such Partner's Capital Account pursuant to this Article X. Loans by any Partner to the Partnership shall not be considered contributions to the capital of the Partnership and shall not be reflected in the Partners' Capital Accounts. A Partner shall not be entitled to withdraw any part of his Capital Account or to receive any distribution from the Partnership, except as specifically provided in this No Partner shall be liable for the return of the Capital Contributions, or any portion thereof, of any Partner; it being expressly understood that such return shall be made solely from the assets of the Partnership. Upon the sale, exchange, or other transfer of a Partnership interest, or the assignment of such interest to a Substitute Limited Partner, the Capital Account of the transferor Partner attributable to that interest shall carry over to the transferee Partner; provided, that in the case of a sale, exchange, or other transfer when the Partnership has a Section 754 election in effect under Section 12.6 hereof, the Partner who receives the benefit or detriment of the special basis adjustment under Section 743 may make a corresponding adjustment to his Capital Account for federal income tax purposes.

Section 10.2 Distributions Prior to Dissolution

(a) Subject to the Mortgage and any other applicable mortgages, after the repayment of all loans together with accrued interest thereon, and subject to adjustment pursuant to Section 5.1, Cash Flow for each fiscal year (or fractional portion thereof) shall be distributed (to the extent available) in accordance with the allocations set forth in Section 10.1(a).

Subject to the Mortgage and any other mortgages, distributions of Cash Flow to the Partners shall be made at such reasonable intervals during the fiscal year as shall be determined by the General Partner, and in any event shall be made within 90 days after the close of each fiscal year.

- (b) <u>Definition of Cash Flow</u>. For all purposes of this Agreement, the term "Cash Flow" shall mean the Profits of the Partnership from and after the Admission Date [as determined for purposes of Section 10.1(a)] but subject to the following:
- (1) Depreciation of building, improvements and personal property and amortization of any financing fee or organization costs shall not be considered as a deduction.
- (2) Interest expense on the Working Capital Loan shall not be considered a deduction.
- (3) Amortization of mortgage principal shall be considered as a deduction.
- (4) If the General Partner shall so determine, a reasonable reserve shall be deducted to provide for working capital needs, funds for improvements or replacements or for any other contingencies of the Partnership.
- (5) Any amounts paid by the Partnership for capital expenditures shall be considered as a deduction, unless paid by cash withdrawal from any replacement reserve for capital expenditures.
- (6) The proceeds of any mortgage refinancing, and gain or loss from any sale, exchange, eminent domain taking, damage or destruction by fire or other casualty, or other disposition, of all or any part of the Property (other than the proceeds of any business or rental interruption insurance) shall not be included in determining Cash Flow.
- (7) Payments of insurance on account of rental interruption shall be included as income in Cash Flow.

Cash Flow shall be determined separately for each fiscal year or portion thereof.

(c) <u>Distributions of Other than Cash Flow</u>. Prior to dissolution, if the General Partner shall determine from time to time that there is cash available for distribution from sources other than Cash Flow (such as, for example, from a refinancing of any mortgage or a sale or disposition of any part of or all the Property or from any other transaction the proceeds of which do not constitute Cash Flow), such cash shall be distributed, subject to the Mortgage and subject to adjustment pursuant to Section 5.1, to the extent available as follows:

First, to the discharge of the Mortgage and, to the extent required by any lender or creditor, of debts and obligations of the Partnership;

Second, to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partner;

Third, to the Investor Limited Partners, an amount (if funds are insufficient to distribute the full amount, then pro rata in accordance with the amount of their paid-in Capital Contributions) to each Investor Limited Partner equal to their paid-in Capital Contributions not theretofore returned pursuant to this clause Third;

Fourth, to the General Partner and the Initial Limited Partner, an amount (if funds are insufficient to distribute the full amount, then pro rata in accordance with the amount of their paid-in Capital Contributions) equal to their paid-in Capital Contributions not theretofore returned pursuant to this clause Fourth:

Fifth, 98.99% to the Investor Limited Partners, .01% to the Initial Limited Partner, and 1% to the General Partner until such time as the Investor Limited Partners have received their Preferred Return;

Sixth, to the General Partner, any amounts due in respect of the Developer's Fee pursuant to the Developer's Fee Note, if any;

Seventh, any remaining proceeds shall be distributed as follows: 50% to the Investor Limited Partners, .01% to the Initial Limited Partner, and 49.99% to the General Partner.

(d) In the event there shall be more than one General Partner serving hereunder, all distributions to the General Partners shall be shared by each General Partner in the ratio which his

Capital Contribution bears to the General Partner Class Contribution. All distributions to the Investor Limited Partners shall be shared in proportion to the number of Units owned by each Investor Limited Partner as a percentage of the aggregate number of Units owned by all Investor Limited Partners. The Capital Account of each Partner shall be charged with his allocable share of each distribution.

Section 10.3 <u>Distributions Upon Dissolution</u>

- (a) Upon Dissolution, after payment of, or adequate provision for, the debts and obligations of the Partnership, the remaining assets of the Partnership (or the proceeds of sales or other dispositions in liquidation of the Partnership assets, as may be determined by the remaining or surviving General Partners) shall be distributed to the Partners in the order of priority set forth in Section 10.2(c), Third through Seventh.
- (b) All distributions to the Partners under this Section 10.3 shall be shared by the Partners according to the provisions of Section 10.2(d) hereof. If any assets of the Partnership are to be distributed in kind, such assets shall be distributed on the basis of the fair market value thereof and any Partner entitled to any interest in such assets shall receive such interest therein as a tenant-in-common with all other Partners so entitled. The fair market value of such assets shall be determined by an appraiser to be selected by the then Chief Judge of the United States District Court for the District of Rhode Island.
- (c) Upon liquidation of the Partnership and the winding up of Partnership affairs, in the event that any Partner has a Negative Capital Account after the application of Section 10.1 and Section 10.3(a) hereof, such Partner shall contribute to the Partnership immediately prior to liquidation an amount of cash equal to the amount of his Negative Capital Account, which amount shall be distributed to the Partners having Positive Capital Accounts in accordance with their Positive Capital Account balances after first applying such amount to pay any outstanding obligations of creditors of the Partnership.

ARTICLE XI [Intentionally Omitted]

Books and Records, Accounting, Tax Elections, Etc.

Section 12.1 Books and Records

The General Partner shall keep or cause to be kept complete and accurate books and records of the Partnership which shall be maintained in accordance with sound accounting practices and shall be maintained and be available at the principal office of the Partnership for examination by any Partner, or his duly authorized representatives, at any and all reasonable times. The Partnership may maintain such books and records and may provide such financial or other statements, as the General Partner deems advisable.

Section 12.2 Bank Accounts

The bank accounts of the Partnership shall be maintained in such banking institutions permitted by the holders of the Mortgage as the General Partner shall determine, and withdrawals shall be made only in the regular course of business on such signature or signatures as the General Partner shall determine. All deposits (including security deposits and other funds required to be escrowed by the holders of the Mortgage) and other funds not needed in the operation of the business shall be deposited, to the extent permitted by applicable Mortgage requirements, in interest-bearing accounts or invested in short-term United States government or municipal obligations maturing within one year.

Section 12.3 Reports to Limited Partners

Within 75 days after the end of each fiscal year, the General Partner shall cause to be delivered to the Limited Partners and to all Persons who were Limited Partners at any time during the fiscal year, all necessary tax information and as soon as available after the end of each fiscal year (i) annual current unaudited financial statements of the Partnership, prepared on an income tax basis, using the cash receipts and disbursements method of accounting; (ii) a certification by the General Partners (a) as to the status of all Mortgage payments and taxes and insurance payments with respect to the Property as of the date of the yearend report, (b) that to the best of the knowledge of the General Partner, there is no default under the Mortgage, the Ground Lease, the Net Lease, or the Agreement, or if there be any default, a description thereof, and (c) that the General Partner has no knowledge of any material building, health or fire code

violation or similar violation of a governmental law, ordinance or regulation against the Property or, if there be such knowledge, a description of such violation; and (iii) a descriptive statement of all transactions during the fiscal year between the Partnership and any Affiliated Person, including the nature of the transaction and the payments involved.

Section 12.4 Depreciation and Elections

On the advice of the Partnership's accountants, the General Partner shall elect to use such method of depreciation with respect to depreciable assets of the Partnership that is, in the opinion of the Partnership's accountants, most advantageous to the Limited Partners.

Subject to the provisions of Section 12.6, all elections required or permitted to be made by the Partnership under the Internal Revenue Code shall be made by the General Partner in such manner as will, in the opinion of the Partnership's accountants, be most advantageous to the Limited Partners.

Section 12.5 Other Expenses

The Partnership shall treat as an expense for federal income tax purposes all charges incurred during or relating to the construction of improvements which may, for federal income tax purposes, be considered as expenses.

Section 12.6 Special Basis Adjustments

In the event of a transfer of all or any part of the interest of any Partner, the Partnership may elect, pursuant to Section 754 of the Internal Revenue Code of 1954 (or corresponding provisions of succeeding law), to adjust the basis of the Partnership Property. Notwithstanding anything contained in Article X of this Agreement, any adjustments made pursuant to said Section 754 shall affect only the successor in interest to the transferring Partner. Each Partner will furnish the Partnership with all information necessary to give effect to such election, and the Partnership shall be required to make such adjustment and calculate depreciation deductions in accordance therewith only for transferee Partners who supply the necessary information to enable the Parternships to determine when, and at what price the transferee Partner acquired the Units.

Section 12.7 Fiscal Year and Accounting Method

The fiscal year of the Partnership shall be the calendar year. The books of the Partnership shall be kept on an accrual basis.

ARTICLE XIII

General Provisions

Section 13.1 Restrictions

- (a) Notwithstanding any other provision of this Agreement, except as otherwise provided in this paragraph, no sale or exchange of any Partner's interest in the Partnership may be made if the interest sought to be sold or exchanged, when added to the total of all other interests in the Partnership sold or exchanged within the period of twelve consecutive months prior to the proposed date of sale or exchange, would result in the termination of the Partnership under Section 708 of the Internal Revenue Code (or any successor statute). However, such a sale or exchange may be made if, prior to the date of transfer, a ruling of the Internal Revenue Service (or its successors) to the effect that such proposed sale or exchange transfer will not result in such termination shall have been published in the Internal Revenue Bulletin or a private ruling to the same effect shall have been granted to the transferring Partner or the Partnership upon the application and at the expense of the Partner desiring to sell or exchange his interest in the Partnership.
- (b) No sale, transfer, exchange or other disposition of any interest in the Partnership may be made except in compliance with the then applicable rules and regulations of the governmental authority with jurisdiction over such disposition, and the General Partner may require as a condition of any transfer of such interest that the transferor furnish an opinion of counsel in form and substance satisfactory to counsel to the Partnership that the proposed transfer complies with applicable federal and state securities laws.
- (c) Any sale, exchange or other transfer in contravention of any of the provisions of this Section 13.1 shall be void and ineffectual, and shall not bind or be recognized by the Partnership.

Section 13.2 Appointment of General Partner as Attorney-in-Fact

Without limiting the effect of provisions elsewhere in this Agreement appointing each General Partner and the President, any Vice-President, Treasurer, Secretary and Assistant Secretary of any corporate General Partner as attorney-in-fact for all those who become Limited Partners (including substitute or additional Limited Partners) under this Agreement in connection with the doing of certain acts and the filing of certain papers, each Limited Partner hereunder (including a substitute or additional Limited Partner) hereby irrevocably appoints and empowers each General Partner, and the President, any Vice-President, Treasurer, Secretary and Assistant Secretary of any corporate General Partner, his true and lawful attorney-in-fact and agent to effectuate, with full power and authority to act in his name place and stead in effectuating and requisite to carrying out the intention and purposes of the Partnership and this Agreement, including, but not limited to, the execution, acknowledgment, swearing to, delivering, filing and recording of all certificates (including the Amended and Restated Certificate and Agreement of Limited Partnership) and amendments thereto, documents, conveyances, leases, contracts, loan documents and/or counterparts thereof, the execution and filing of appropriate documents with the holders of the Mortgage or any other mortgages, and all other documents, including financial statements, which the General Partner deems necessary or reasonably appropriate:

- (a) To qualify or continue the Partnership as a Limited Partnership;
- (b) To reflect a modification of the Partnership or an amendment of this Amended and Restated Certificate and Agreement of Limited Partnership (i) authorized pursuant to the terms hereof, (ii) necessary to cure any ambiguity or to correct or supplement any provision herein not inconsistent with the provisions hereof or (iii) required to be deleted or added by the staff of the Securities and Exchange Commission or by a state Blue Sky official for the benefit or protection of the Limited Partners;
- (c) To accomplish the purposes and carry out the powers of the Partnership as set forth in Article II and in Article IV; or
- (d) To reflect the dissolution and termination of the Partnership;
- (e) To reflect the withdrawal or admission of a Limited Partner (including a Substitute Limited Partner).

- (f) To effect, consent to, evidence, or reflect sales or transfers by the Partnership of Partnership property, sales or transfers of Partnership interests, removal of the General Partner pursuant to the Partnership Agreement or the initial amount or decrease or reduction of any Partner's invested capital.
- (g) To perfect or contniue the Partnership's security interest in the Units of any Investor Limited Partner electing the deferred payment method granted pursuant to Section 5.1 hereof.

No General Partner shall take any action as an attorney-in-fact for any Limited Partner which would in any way increase the liability of said Limited Partner beyond the liability expressly set forth in this Agreement.

The appointment by each Limited Partner of each General Partner and the aforementioned corporate officers of any corporate General Partner as aforesaid as attorneys-in-fact shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Limited Partners and the General Partners under this Agreement will be relying upon the power of each General Partner and the said officers to act as contemplated by this Agreement in such filing and other action by them on behalf of the Partnership. The foregoing power of attorney shall be irrevocable and shall survive the assignment by any Limited Partner of the whole or any part of his interest hereunder, shall be binding on any assignee or vendee of a Limited Partnership interest hereunder or any portion thereof, including any assignee or vendee of only the distribution rights relating thereto, and shall survive the death, incompetency or legal disability of any Limited Partner.

Section 13.3 Amendments to Certificate of Limited Partnership

The General Partner shall file from time to time such amendments to this Amended and Restated Certificate and Agreement of Limited Partnership as may be required by the laws of the State or elsewhere or by the terms of this Agreement.

Section 13.4 Notices

Any and all notices called for under this Agreement shall be deemed adequately given only if in writing and sent by registered or certified mail, postage prepaid, to the party or parties for whom such notices are intended.

All such notices in order to be effective shall be addressed to the last address of record on the Partnership books when given by the General Partner and intended for the Limited Partners; and to the address of the Partnership when given by the Investor Limited Partners and intended for the General Partner.

Section 13.5 Word Meanings

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

Section 13.6 Binding Provisions

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

Section 13.7 Applicable Law

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

Section 13.8 Counterparts

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

Section 13.9 Mortgage Requirements

So long as the Mortgage is outstanding, (a) each of the provisions of this Agreement shall be subject to, and the General Partner covenants to act in accordance with the Mortgage and (b) the Mortgage documents, as amended or supplemented, shall govern, to the extent expressly provided therein, the rights and obligations of the Partners, their heirs, executors, administrators, successors and assigns.

Section 13.10 Separability of Provisions

Each provision of this Agreement shall be considered separable and (a) if for any reason any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (b) if for any reason any provision or provisions herein would cause the Limited Partners to be bound by the obligations of the Partnership under the laws of the State as the same may now or hereafter exist, such provision or provisions shall be deemed void and of no effect.

Section 13.11 Investment Representation

Each person who becomes an Investor Limited Partner pursuant to Section 4.2 or Section 4.6 does hereby represent and warrant by the signing of a counterpart of this Agreement that (a) the interest acquired by him was acquired for investment and not for resale or distribution, (b) he is qualified by his personal experience to analyze the risks and the advantages and disadvantages of an investment in such interest or has relied upon the advice of a Person so qualified, and (c) he has not relied on the advice of the General Partner in making his investment decision.

Section 13.12 Paragraph Titles

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

Section 13.13 Amendments and Other Actions

- (a) Except as provided in Section 13.2, this Agreement may not be amended or modified except by the General Partner with the Consent of the Investor Limited Partners, provided, however, that all the Limited Partners must give their consent in writing to any amendment which would (i) extend the term of the Partnership as set forth in Section 2.5 hereof, (ii) amend this Section 13.13, (iii) increase the liability of the Partners or (iv) amend any Section of this Agreement under which any action requires the consent of all Partners.
- (b) Notwithstanding any other provision of this Agreement, no action may be taken under the Agreement unless such action is taken in compliance with the provisions of the Uniform Act.

Section 13.14 Restrictions on Transfer

The Units hereby bear the following restrictive transfer

"The Units represented by this Agreement have not been registered under the Securities Act of 1933 pursuant to available exemptions including Section 3(b) and Section 4(2) thereof and have been acquired pursuant to an investment representation on the part of the purchaser thereof, and the Units shall not be assigned or transferred, whether or not for consideration, by the purchaser except in accordance with the requirements of this Agreement, which shall include the issuance to the Partnership of a favorable opinion of its counsel and/or the submission to the Partnership of such other evidence as may be satisfactory to counsel to the Partnership, in either case, to the effect that any such transfer shall not be in violation of the Securities Act of 1933, as amended, and applicable state securities law."

Section 13.15 Designation of Tax Matters Partner

The Partners hereby designate Marsella as the "Tax Matters Partner" as defined in Section 6231 of the Code, and he shall have the duties, rights and responsibilities as set forth in Sections 6221 through and including 6232 of the Code.

WITNESS the execution hereof under seal as of the $\coprod^{\uparrow n}$ day of February , 1986.

Romolo A. Marsella, General Partner

nanalon Beverly Mangione

Initial Limited Partner

Romolo A. Marsella, Attorney-in-Fact for the Investor Limited Partners listed on Schedule A attached hereto and made a part hereof

STATE OF RHODE ISLAND COUNTY OF PROVIDENCE

In Providence on this 1th day of tebruary, 1986, before me personally appeared Romolo A. Marsella, to me known and known by me to be the person executing the foregoing instrument individually and as Attorney-in-Fact for the Investor Limited Partners listed on Schedule A, and, being first duly sworn, he acknowledged said instrument by him executed to be his free act and deed, individually and in said capacity, and the free act and deed of the Investor Limited Partners, and declared that the statements therein are true.

Kristin all Kuper Notary Public my commission expires 6130/86

STATE OF RHODE ISLAND COUNTY OF PROVIDENCE

In Providence on this 6th day of Fibruary, 1986, before me personally appeared Beverly Mangione, to me known and known by me to be the person executing the foregoing instrument and, being first duly sworn, she acknowledged said instrument by her executed to be her free act and deed and declared that the statements therein are true.

Brian M. Foley Notary Public My Commission expris 6/30/86

LINCOLN HMO ASSOCIATES, L.P.

INVESTOR LIMITED PARTNERS

SCHEDULE A

Name and Business Address	<u>Units</u>	Cash Contributed	Cash Agrabe Contr	eed to ibuted on 7/1/87
Arthur W. and Ursula M. Beauregard 169 Hope Street Bristol, RI 02809	1	\$70,000		
Robert McMillen Doyle 24 Barnes Street Providence, RI 02906	1	\$25,000	\$25,000	\$25,700
Roger A. Handy 926 Buttonwoods Avenue Warwick, RI 02886	1	\$70,000		· •
Raymond J. Hill 9 Tenth Avenue Providence, RI 02906	1/2	\$12,500	\$12,500	\$12,850
Lincoln Doctors Associates 530 North Main Street Providence, RI 02903	1	\$70,000		
Raymond C. and Ann C. Mills 156 Rhode Island Avenue			·	
Newport, RI 02840	1	\$25,000	\$25,000	\$25,700
James V. Murphy 28 Ladderlook Road Warwick, RI 02886	1	\$25,000	\$25,000	\$25,700
Rhode Island Hospital Trust National Bank & Richard F. Staples, Trustees U/A Sheila I Pellegrini c/o Charle E. Gleadow, Jr., One Hospital Trust Plaza				
Providence, RI 02903	1	\$70,000		

Name and Business Address	Units	Cash Contributed	Cash Agreed to be Contributed on $\frac{7}{1/86}$ $\frac{7}{1/87}$
Rhode Island Hospital Trust National Bank & Richard F. Staples, Trustees U/D Carol R. Blair c/o Charles E. Gleadow, Jr., One Hospital Trust Plaza, Providence, RI 02903		\$70,000	
John L. Slocum 412 Narragansett Bay Avenue	1./2	225 222	
Warwick, RI 02889	1/2	\$35,000	
Melvin L. Zurier 59 Freeman Parkway			
Providence, RI 02906	<u>1</u>	\$25,000	\$25,000 \$25,700
	10	\$497,500	\$112,500 \$115,650

PROMISSORY NOTE

\$

DATE:

FOR VALUE RECEIVED, the undersigned promises to pay to LINCOLN HMO ASSOCIATES, L.P., a Rhode Island limited partnership (the "Partnership"), or to its order the principal sum of FIFTY THOUSAND SEVEN HUNDRED DOLLARS AND NO/100 (\$50,700), without interest, multiplied by the number of Units set forth below, payable in the following two (2) installments per Unit; the first installment in the principal amount of TWENTY FIVE THOUSAND DOLLARS AND NO/100 (\$25,000) to be paid on July 1, 1986, and the second installment in the principal amount of TWENTY FIVE THOUSAND SEVEN HUNDRED DOLLARS AND NO/100 (\$25,700) to be paid on July 1, 1987. The principal shall be payable at the office of the Partnership, One Smith Hill, Providence, RI 02903, or such other place as the holder may designate in writing, in lawful money of the United States of America.

The undersigned agrees that the number of Units to be used in calculating the amount due under this Note shall be Unit(s), which corresponds to the number of Unit(s) consisting of limited partnership interests in the Partnership being acquired by the undersigned.

This Note is secured by an irrevocable, unconditional letter of credit (the "Letter of Credit") and by a security interest in the undersigned's Units granted pursuant to Section 5.2 of the Amended and Restated Agreement and Certificate of Limited Partnership of the Partnership (the "Partnership Agreement").

Upon the occurrence of (which event shall be an Event of Default hereunder): (a) the death of the undersigned if the undersigned is an individual; or (b) the failure of the undersigned to make any payment of principal hereunder when the same is due; or (c) if the accompanying Letter of Credit has an expiration date prior to August 30, 1987, the failure of the undersigned to cause the expiration date of the Letter of Credit to be extended to August 30, 1987 not later than 30 days before its expiration date; or (d) the undersigned: (i) applying for or consenting to the appointment of a receiver, trustee, custodian or liquidator of him/her/it or any of his/her/its property, (ii) admitting in writing his/her/its inability to pay his/her/ its debts as they mature, (iii) making a general assignment for the benefit of creditors, (iv) being adjudicated a bankrupt or insolvent or being the subject of an order for relief under Title

11 of the United States Code, or (v) filing a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against him/her/it in any proceeding under any such law or if corporate action shall be taken for the purpose of effecting any of the foregoing; then the holder hereof may declare the entire unpaid principal balance hereunder immediately due and payable without notice, demand or presentment and may exercise any of his/her/its rights under any of the items of security for the payment hereof.

This Note is given to further evidence the obligation of the undersigned to make Capital Contributions payable by the undersigned to the Partnership under the terms of the Partnership Agreement.

Presentment, notice of dishonor and protest are hereby waived by all makers, sureties, guarantors and endorsers hereof. This Note shall be the joint and several obligation of all makers, sureties, guarantors and endorsers and shall be binding upon them and their heirs, executors, personal representatives, successors and assigns. If there shall be an Event of Default hereunder, and if suit is brought hereon, the holder hereof shall be entitled to collect in such proceeding all reasonable costs and expenses of suit, including, but not limited to reasonable attorneys' fees. Irrespective of the exercise or nonexercise of any of the aforesaid rights, if any payment of principal or interest hereunder is not paid in full when the same is due, the undersigned shall pay to the holder a processing fee on such unpaid amount equal to two and one-half percent (2½%) in excess of the "Base Rate" of interest announced from time to time by Rhode Island Hospital Trust National Bank.

This Note and the security for the payment hereof may be assigned and/or endorsed by the Partnership.

This Note shall be governed and construed by the laws of the State of Rhode Island.

The undersigned, to the extent that he/she/it may lawfully do so, hereby submits to the jurisdiction of the courts of the State of Rhode Island and the United States District Court for the District of Rhode Island, and to the courts of any other jurisdiction where the Partnership or where any subsequent holder of this Note may be located, as well as to the jurisdiction of all courts to which an appeal may be taken from the aforesaid courts,

for the purpose of any suit, action or other proceeding arising out of this Note, and expressly waives any and all objections he/she/it may have as to venue or forum nonconvenience in any of such courts. The undersigned also expressly stipulates and agrees that service of process by mail upon him/her/it constitutes personal service upon the undersigned. The undersigned also waives trial by jury in any action brought on or with respect to this Note.

The undersigned hereby waives his/her/its right to assert against any holder of this Note any defenses or claims which the undersigned may have against the Partnership.

Witness	(Signature of Investor)		
	(Type or Print Name of Investor)		
Witness	(Signature of Co-Investor)		
	(Type or Print Name of Co- Investor)		

Rhode Island Hospital Trust
National Bank
One Hospital Trust Plaza
Providence, Rhode Island 02903

Attention: Corporate Real Estate Department

RE: Standby Letter of Credit No. (name)

Gentlemen:

We hereby establish our irrevocable Letter of Credit in your favor for the account of (name, address)

available by your draft(s) -- AT SIGHT -- drawn on (bank name, address)

up to an aggregate amount of FIFTY THOUSAND SEVEN HUNDRED AND NO/100 DOLLARS (\$50,700), accompanied by the following documents:

- 1. The original Letter of Credit and amendments if any, and
- 2. A statement signed by an authorized officer of Rhode Island Hospital Trust National Bank, or its transferee, reading as follows: "The amount of this draft represents funds due us under a Promissory Note executed by , as he/she is in default thereof for principal," and
- 3. The original Promissory Note executed by and payable to the first beneficiary or transferee, properly endorsed.
- 4. This Letter of Credit is transferable to another party within the United States in which case (bank name)

 must be advised via copy of the attached transfer letter and cashier's check of

SCHEDULE D

Rhode Island Hospital Trust National Bank Page Two

5. It is a condition of this Credit that the available amount hereunder shall be reduced without amendment sixty (60) days following the due date as per schedule shown below:

DATE	PRINCIPAL
July 1, 1986	\$25,000 without interest
July 1, 1987	\$25,700 without interest

- Pursuant to Paragraph 2, you may also draw hereunder prior to maturity date of the Promissory Note, it being 6. understood that the Note has become due and payable by reason of acceleration.
- 7. Each draft must bear the clause, "Drawn under (bank name) Letter of Credit No. dated 198 ."
- 8. We hereby engage with you that all drafts shall be duly honored if drawn under and in compliance with the terms of this Credit and presented at our counters only on or before August 30, 1987.

Except as otherwise expressly stated herein, this Letter of Credit is subject to the "Uniform Customs and Practices for Documentary Credits (1983 Revision) International Chamber of Commerce Publication No. 400."

Very truly yours,

SCHEDULE D

Print Name of Limited Partner

LINCOLN HMO ASSOCIATES, L.P.

AMENDED AND RESTATED AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP

COUNTERPART SIGNATURE PAGE

Intending to be legally bound by the Amended and Restated Agreement and Certificate of Limited Partnership of Lincoln HMO Associates, L.P. (the "Partnership"), a copy of which is set forth as Exhibit "B" to the Partnership's Private Offering Memorandum dated January 6, 1986, and to become a Limited Partner of the Partnership on acceptance by the General Partner of the Partnership, the undersigned has executed the Amended and Restated Agreement and Certificate of Limited Partnership by executing this Counterpart Signature Page which the General Partner is authorized to attach to said Agreement on such acceptance.

Signature(s):		
<pre>Print Name(s):</pre>		
•		
Residence Address:		
Number of Units:		
Dated:,	1986	
ACCEPTED ON,	1986	
GENERAL PARTNER:		
Romolo A. Marsella		

INDIVIDUAL ACKNOWLEDGMENT

STATE OF

COUNTY OF

On the day of , 1986 before me personally, came , known to me to be the individual(s) described in and who acknowledged the foregoing instrument and swore and acknowledged that he/she executed the same as his/her free act and deed.

	Notary Pub	
Expires:	My Commiss:	ion
	_	
	CORPORATE ACKNOWLEDGMENT	•
STATE OF		
COUNTY OF		
did sign the forego	above-named its eing authorized and direct ing instrument, and that to d corporation and his/her	the same is the free
Expires:	Notary Pub. My Commiss:	

PARTNERSHIP ACKNOWLEDGMENT

STATE OF

COUNTY OF

On the $$\operatorname{day}$$ of , 1986 before me personally appeared the above-named , by

, a partner thereof, who swore and acknowledged that being authorized and directed to do so he/she did sign the foregoing instrument, and that the same is the free act and deed of said partnership and his/her free act and deed personally as such partner.

	Notary Public
	My Commission
Expires:	
TRUST ACKNOW	LEDGMENT
STATE OF	
COUNTY OF	
On the day of personally appeared the above-name, a trustee acknowledged that being authorized did sign the foregoing instrument, act and deed of said trust and his personally as such trustee.	thereof, who swore and and directed to do so he/she and that the same is the free
	Notary Public
Expires:	My Commission

PEB 11 (SOS