

ETTA APARTMENTS ASSOCIATES
AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT AND CERTIFICATE

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ETTA APARTMENTS ASSOCIATES

AMENDED AND RESTATED

LIMITED PARTNERSHIP AGREEMENT AND CERTIFICATE

AGREEMENT OF AMENDMENT dated this 28th day of August, 1979, by and among Angelo V. Beretta, James A. Forte, Joseph Prete, and Frank D'Orio as General Partners; WFC Realty Co., Inc., a Massachusetts corporation, as Class A Limited Partner; Joseph A. Matteo as Class B Limited Partner; and those persons signing this Agreement as Investor Limited Partners.

Preliminary Statement

Etta Apartments Associates was formed as a limited partnership under the laws of the State of Rhode Island (the "Partnership") pursuant to a Limited Partnership Agreement dated July 5, 1978, by and among Joseph Prete and Frank D'Orio as Initial General Partners and Angelo V. Beretta, James A. Forte, and Joseph A. Matteo as Initial Limited Partners and a Certificate of Limited Partnership was filed in the office of the Secretary of State of said State on or about September 13, 1978.

The purposes of this Amendment and Certificate to the said Agreement are (i) to admit WFC Realty Co., Inc. as a Class A Limited Partner with the option to become a General Partner, (ii) to admit Angelo V. Beretta and James A. Forte as General Partners, (iii) to enable the Partnership to admit investors as Investor Limited Partners, (iv) to enable and require Joseph Prete and Frank D'Orio to withdraw from the Partnership as General Partners at the time Final Closing occurs, (v) to enable Angelo V. Beretta and James A. Forte to withdraw from the Partnership as Limited Partners, (vi) to cause Joseph A. Matteo to become a Class B Limited Partner, and (vii) to set out more fully the rights, obligations and duties of the General Partners and the Limited Partners.

Now, therefore, it is hereby agreed that the Partnership Agreement and the Certificate of Etta Apartments Associates as presently in effect shall be replaced in their entirety by the following Agreement and Certificate:

ARTICLE I

Defined Terms

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

"Accountants" means Raymond F. Murphy & Co., of Providence, Rhode Island or such other firm of certified public accountants as may be engaged by the Managing General Partners with the Consent of the Limited Partners.

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

"Affiliated Person" means any (i) General Partner or Class B Limited Partner (ii) member of the Immediate Family of any General Partner or Class B Limited Partner (iii) legal representative, successor or assignee of any person referred to in the preceding clauses (i) through (ii), (iv) trustee of a trust for the benefit of any Person referred to in the preceding clauses (i) through (iii), or (v) Entity which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with any Person referred to in the preceding clauses (i) through (iv), or (vi) Person who is an officer, director, trustee, employee, stockholder (10% or more) or partner, of any Person referred to in the preceding Clauses (i) through (v). For purposes of this definition, the term "control" means the owner of 10% or more of the beneficial interest or the voting power of the appropriate Entity.

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

"Capital Account" means, as to any Partner or class of Partners, the Capital Contribution actually made by such Partner or class, plus all income, gain or profits allocated to such Partner or class, and minus the sum of (i) all losses or deductions allocated to such Partner or class, (ii) all distributions to such Partner or class, and (iii) all other Payments to such Partner or class not allowed as additions to the basis of Partnership property or deductions from Partnership gross income for federal income tax purposes.

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

"Cash Flow" shall have the meaning provided in Section 10.2.B.

"Certificate" means the Certificate of Limited Partnership establishing the Partnership, filed in the office of the Secretary of State of Rhode Island on September 13, 1978, as said Certif-

icate is herein amended and may be further amended from time to time in accordance with the terms hereof and the Uniform Act.

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

"Code" means the Internal Revenue Code of 1954, as amended from time to time and all published rules, rulings (including private rulings) and regulations thereunder at the time of reference thereto.

"Commitments" means the commitments given to the Partnership by the Rhode Island Housing and Mortgage Finance Corporation ("RIHMFC") to advance funds under the construction and permanent Mortgage. The term "Commitments" shall also include the Construction Contract, the Construction Loan Agreement, the Agreement to Enter into Housing Assistance Payments Contract, and any other instruments delivered to, or required by, RIHMFC in connection with the Mortgage.

"Consent of the Limited Partners" means the written consent or approval of Investor Limited Partners (other than Affiliated Persons) whose total Percentage Interest represents at least 51% of the total Percentage Interest of all of the Investor Limited Partners (as set forth in the Schedule), as Limited Partners in the Partnership (other than Affiliated Persons), which consent or approval shall be obtained prior to the taking of the action for which it is required hereunder.

"Construction Completion Notes" means non-recourse, non-interest bearing promissory notes of the Partnership issued pursuant to Section 6.8 (on a form acceptable to RIHMFC and HUD) and not secured by any liens or other charges upon the Property which notes will be payable only as permitted in Section 6.8 and/or Article X of this Agreement, and which by their terms provide that payments thereon may be made only as permitted by applicable RIHMFC regulations.

"Construction Contract" means the construction contract (including all exhibits and attachments thereto and all RIHMFC approved plans and specifications referred to therein) entered into between the Partnership and MATT CONST., INC., as such contract may be modified from time to time with the consent of RIHMFC, pursuant to which the Project shall be constructed.

"Construction Loan Agreement" means the Construction Loan Agreement between the Partnership and RIHMFC (or such other lender as the Managing General Partners, in their sole discretion, may choose) and the Partnership, containing the terms and conditions upon which the proceeds of the Mortgage shall be disbursed by such lender to the Partnership.

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

"Event of Bankruptcy" means as to a General Partner

(a) his admission in writing of his inability to pay his debts generally as they become due;

(b) his filing a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Act (as now or in the future amended) or an admission seeking the relief therein provided;

(c) his making a general assignment for the benefit of his creditors;

(d) his consenting to the appointment of a receiver for all or a substantial part of his property;

(e) his being adjudicated a bankrupt;

(f) the entry of a court order appointing a receiver or trustee for all or a substantial part of his property without his consent;

(g) the assumption of custody or sequestration by a court of competent jurisdiction of all or substantially all of his property.

"Final Closing" means the "principal payment date" (as that term is defined in the Mortgage documents) being the earlier of (a) the first day of the calendar month following the calendar month in which the Housing Assistance Payments Contract becomes effective and (b) the first day of the thirty-sixth (36th) calendar month following the calendar month in which funds are first advanced to the Partnership under the Mortgage.

"General Partner" means any Person, including the Managing General Partners and the Initial General Partners, designated as a General Partner or any Person who becomes a General Partner as provided herein, in such Person's capacity as a General Partner of the Partnership.

"Housing Assistance Payments Contract" means the contract with HUD to provide Housing Assistance Payments for eligible tenants of the Project under the Section 8 Program of the United States Housing Act of 1937, as amended by Section 201 of the Housing and Community Development Act of 1974.

"HUD" means the Secretary of the Department of Housing and Urban Development of the United States of America and his successors.

"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 proposed apartment development and related facilities to be constructed on the Land as described in the Commitments with respect to the Project No. RI-43-H023-047.

"Initial Closing" means September 14, 1978, the date on which the credit instrument evidencing the construction Mortgage for the Property was executed by RIHMFC.

"Initial General Partner" or "Initial General Partners" shall mean and include Joseph Prete and Frank D'Orio, both of whom shall Withdraw from the Partnership as General Partners at the time Final Closing occurs.

"Initial Limited Partner" or "Initial Limited Partners" shall mean and include Angelo V. Beretta, James A. Forte and Joseph A. Matteo, of whom Angelo V. Beretta and James A. Forte are withdrawing from the Partnership as Limited Partners and becoming Managing General Partners of the Partnership as of the date of this Agreement.

"Installment" means the payment of Capital Contributions by the Investor Limited Partners, as provided in Section 5.1 hereof.

"Investor Limited Partners" means each Person designated as an Investor Limited Partner in the Schedule or any Person who becomes an Investor Limited Partner as provided herein, including a Substitute Investor Limited Partner, in each such Person's capacity as an Investor Limited Partner. Whenever this Agreement provides for action or consent by a given percentage of Investor Limited Partners, such percentage shall be determined without considering any Investor Limited Partner who is an Affiliated Person.

"Investor Service Fee" means the annual fee payable to the Investor Service Representative (prior to any distribution to the Partners) equal to \$750, prorated for any portion of a fiscal year. Such fee shall be deemed to be an operating expense of the Partnership for all purposes hereunder.

"Investor Service Representative" means Winthrop Financial Co., Inc., a Delaware corporation, its successors (pursuant to Section 11.2 or otherwise), assigns or designees.

"Land" means the parcel located in North Providence, Rhode Island, consisting of approximately 44,500 square feet and referred to in the Commitments with respect to Project No. RI-43-H023-047.

"Limited Partner" or "Limited Partners" shall mean and include the Investor Limited Partners and any other Person, including a Class A Limited Partner or Class B Limited Partner, if any, designated as a Limited Partner.

"Management Agent" means the managing and rental agent for the Project.

"Management Fee" means the amount payable from time to time by the Partnership to the Management Agent on an annual basis for management services in accordance with a management contract approved by RIHMFC, or when the Property is not subject to RIHMFC regulation, in accordance with a reasonable and competitive fee arrangement.

"Managing General Partner" or "Managing General Partners" shall mean and include Angelo V. Beretta and James A. Forte. The term shall include Realty (or its designee) admitted as a General Partner in the event that Realty elects to become such pursuant to Section 6.3.B or elects to continue the Partnership as provided in Section 7.2.

"MGP Administration Fee" means the annual fee payable to the Managing General Partners, out of the first available Cash Flow (prior to any distribution to the Partners, but after payment of the Investor Service Fee, including all arrears), equal to \$2,000, prorated for any portion of a fiscal year. Such fee shall commence at the time Final Closing occurs and shall be deemed an operating expense of the Partnership for all purposes hereunder.

"Mortgage" means the loan to the Partnership on the Property to provide funds for the acquisition, development, construction and permanent financing of the Property, and, where the context admits, any mortgage or deed of trust on the Land and any related regulatory agreement, security agreement, modification agreement or financing statement, and the promissory note or other credit instrument evidencing the debt thereunder and any other instrument in connection with the Mortgage which is binding on the Partnership. In case the Mortgage is replaced by any subsequent mortgage or mortgages, the term Mortgage shall refer to any such subsequent mortgage or mortgages.

"Mortgage Lender" means the party making the Mortgage loan to the Partnership.

"Operating Guarantee Period" means the period beginning on Final Closing and ending on the last day of the fiscal year in which the fifth installment of Capital Contributions is made by the Investor Limited Partners.

"Partner" means any General Partner or Limited Partner.

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

"Percentage Interest" means, as to a Partner, the percentage specified in the Schedule.

"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.

"Project" means the Land and the multifamily residential housing project constructed or to be constructed thereon, including the dwelling units, common areas, any commercial areas and amenities, known as Etta Apartments.

"Project Documents" means and includes the Mortgage, the Commitments, the Regulatory Agreement, the Housing Assistance Payments Contract, and all other documents related to the Property and signed by a General Partner.

"Project Expenses" means all the costs and expenses of any type incurred incident to the construction, development, equipping, financing, ownership and operation of the Property, including, without limitation, taxes, payments of principal (if amortization of the Mortgage has commenced) and interest on the Mortgage, the cost of operations, maintenance, repairs, capital improvements to the Property subsequent to Final Closing, the Investor Service Fee, the MGP Administration Fee and the funding of any reserves, deposits, or escrow accounts required to be maintained by RIHMFC. For the purposes of Sections 6.8 and 6.9, Project Expenses shall be determined on an accrual basis of accounting regardless of the basis upon which the books of the Partnership are kept for other purposes.

"Property" means the Land located in North Providence, Rhode Island, as more fully described in the Project Documents in connection with RIHMFC Project No. RI-43-H023-047 together with all buildings and other improvements on or to be constructed or made upon such Land.

"Realty" means WFC Realty Co., Inc., a Massachusetts corporation, its successors and assigns.

"Regulatory Agreement" means the Regulatory Agreement as approved by RIHMFC and executed in connection with the Mortgage, effective on the date of Initial Closing and setting forth (among other things) certain obligations of the Partnership to HUD and RIHMFC and certain restrictions on the operation of the Partnership.

"Retirement" (including the verb form Retire and the adjectival forms Retired and Retiring) means, as to a General Partner, and shall be deemed to have occurred automatically upon, the occurrence of an Event of Bankruptcy, dissolution or Withdrawal from the Partnership for any reason.

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

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

"State" means the State of Rhode Island.

"Subordinated Loan" means the loan or loans made by the Managing General Partners to the Partnership pursuant to Section 6.9 and which is or are non-recourse, repayable without interest and only as provided in Article X.

"Substantial Completion Date" means the date on which the Project is certified by the architect for the Project to be substantially complete.

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

"Uniform Act" means the Uniform Limited Partnership Act as embodied in Chapter 13 of Title 7 of the General Laws of Rhode Island, as amended.

"Unit" means a portion of the Investor Limited Partner Class Contribution representing a Capital Contribution of \$27,500 reduced by 2.464% of the excess, if any, of \$1,116,000 over the face amount of the Mortgage at Final Closing.

"Winthrop" means Winthrop Financial Co., Inc., a Delaware corporation, its successors and assigns.

"Withdrawal" (including the verb form Withdraw and the adjectival forms Withdrawn and Withdrawing) means, as to a

General Partner, any circumstances, whether voluntary or involuntary, by which such Person (i) ceases to be a General Partner in the Partnership, (ii) causes a dissolution, termination or winding up of the Partnership, (iii) sells, assigns, transfers or otherwise encumbers all or any portion of its interest as a General Partner in the Partnership, or (iv) ceases to perform the duties required by this Agreement.

ARTICLE II

Formation; Name; and Purpose

Section 2.1 Formation

The parties hereto hereby agree to continue the limited partnership known as Etta Apartments Associates, a limited partnership formed pursuant to the provisions of the Uniform Act.

Section 2.2 Name and Office

The Partnership shall continue to be conducted under the name and style of Etta Apartments. The principal office of the Partnership shall be c/o James A. Forte, 14 Whipple Street, Cumberland, Rhode Island 02864. The Managing General Partners may at any time change the location of such principal office 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, construct, develop, improve, maintain, operate, lease, sell, dispose and otherwise deal with the Property in a manner consistent with its status as a rental housing project under Section 8 of the United States Housing Act of 1937, as amended by Section 201 of the Housing and Community Development Act of 1974. The Partnership and the General Partners shall use their best efforts to operate the Property in accordance with any applicable RIHMFC and other governmental regulations, and shall take all steps necessary on a best efforts basis to assure the financial and economic viability of both the Partnership and the Project and the distribution of Cash Flow to the Partners. 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, Article VI, the Partnership 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 purpose of the Partnership.

(ii) To construct, operate, maintain, finance, improve, own, sell, convey, assign, mortgage or lease any real estate and any personal property necessary, convenient or incidental to the accomplishment of the purpose 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; provided, however, that the proceeds of such borrowings, except as otherwise permitted by Article X, shall not be used directly or indirectly to pay Subordinated Loans or Construction Completion Notes.

(iv) To borrow money on the general credit of the Partnership for the use in the Partnership business; provided, however, that the proceeds of such borrowings, except as otherwise permitted by Article X, shall not be used directly or indirectly to pay Subordinated Loans or Construction Completion Notes.

(v) To prepay in whole or in part, refinance, recast, increase, modify, or extend the Mortgage or any other mortgages affecting the Property and in connection therewith to execute any extensions, renewals, or modifications of the Mortgage or any such other mortgages on the Property.

(vi) To employ a Management Agent, including an Affiliated Person, to manage the Property, and to pay reasonable compensation for such services.

(vii) To rent apartment units in the Project from time to time for periods of not less than 30 days or more than three years and to collect all rents and other income and to pay therefrom all Project Expenses.

(viii) To enter into, perform and carry out contracts of any kind, including contracts with Affiliated Persons, necessary to, in connection with or incidental to, the accomplishment of the purposes of the Partnership, specifically including, but not limited to, the execution and delivery of the Commitments, the Housing Assistance Payments Contract, and all other agreements, certificates, instruments or documents required by RIHMFC or HUD in connection with the Commitments and the acquisition, construction, rehabilita-

tion, development, improvement, maintenance and operation of the Property or otherwise required by such agencies in connection with the Property.

(ix) 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.

(x) To enter into, on behalf of the Partnership, (1) easements, rights-of-way, utility or other agreements necessary for the development of the Property, (2) easements, cross-easements, rights-of-way and other agreements required to permit access over, through, and across the Property (to serve adjoining properties, for vehicular and pedestrian access, utility installation and maintenance and for other purposes) and (3) agreements with respect to use by residents of the Project and their guests of the recreational facilities, if any; provided, however, all of the foregoing shall be in accordance with applicable law and regulations.

Section 2.5 Term and Dissolution

The Partnership shall continue in full force and effect until December 31, 2029, 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 continued as provided in Section 7.2.

C. The election to dissolve the Partnership made in writing by the Managing General Partners with the Consent of the Limited Partners.

Upon dissolution of the Partnership, the General Partners (or their trustees, receivers, successors or legal representatives) shall cause the cancellation of the Certificate, and shall, unless the Partnership is continued pursuant to Section 7.2, 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 Partners shall determine that an immediate sale of part or all of the Partnership's assets would cause undue loss to the Partners, the liquidating General Partners may, in order to avoid

such loss, either (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 (other than Subordinated Loans and Construction Completion Notes) or (ii) distribute the assets to the Partners in kind; provided, however, that the proceeds of any sale or other disposition of Partnership assets shall be distributed in the fiscal year of the Partnership in which the sale or other disposition occurs.

ARTICLE III

Mortgage and Regulatory Agreement

Refinancing and Disposition of Property

Section 3.1 Mortgage and Regulatory Agreement

The Partnership shall borrow whatever amounts may be required for the acquisition, development and construction of the Property and to meet the expenses of operating the Property and shall secure the same by the Mortgage. The Mortgage shall provide that neither the Partnership nor any Partner shall have personal liability for the payment of all or any part of the Mortgage.

The Managing General Partners are specifically authorized to execute such documents as they deem necessary in connection with the acquisition, development, financing and operation of the Property, including, without limiting the generality hereof, the Mortgage and the Regulatory Agreement and other documents required by RIHMFC in connection with the Mortgage.

The Partnership shall be bound by the terms of the Mortgage, Housing Assistance Payments Contract, Regulatory Agreement and any other documents required in connection therewith. The Regulatory Agreement shall be binding upon and shall govern the rights and obligations of the Partners, their heirs, executors, administrators, successors and assigns so long as an outstanding mortgage is held by RIHMFC.

Section 3.2 Refinancing and Disposition of the Project

The Managing General Partners, on behalf of the Partnership, and with RIHMFC approval, may decrease or increase the Mortgage at or before Final Closing to conform to reasonable changes in the Commitments; provided, however, that in the event of an increase in the principal amount of the Mortgage the Consent of the Limited Partners shall be required unless (a) RIHMFC shall have approved an increase in the rents for the apartments in the Project or other changes are made in the operations of the

Project which, in either or both instances, shall provide a sufficient increase in gross rental income, to cover the resulting increase in the annual amount the Partnership is required to pay for interest and mortgage insurance premium, if any, on, and amortizations of the principal of, the Mortgage or (b) the total annual amount the Partnership is required to pay for interest on, and amortization of the principal of, the Mortgage does not exceed the total annual amount of such payments required to be made prior to the increase in the Mortgage. The Partnership may also refinance the Mortgage, including any required transfer or conveyance of Partnership assets for security or mortgage purposes, and sell, lease, exchange or otherwise transfer or convey all or substantially all of the assets of the Partnership, provided, however, that any such refinancing, sale, lease, exchange or other transfer, or conveyance and the terms thereof must receive the Consent of the Limited Partners, before such transaction shall be binding on the Partnership. The Managing General Partners shall give the Investor Service Representative and the Limited Partners at least thirty (30) days prior written notice of any transaction described above which requires Consent of the Limited Partners.

ARTICLE IV

Partners; Capital

Section 4.1 General Partners

A. The General Partners of the Partnership are Angelo V. Beretta, James A. Forte, Joseph Prete, and Frank D'Orio and their Capital Contributions are as set forth in the Schedule.

B. The Managing General Partners shall have the right to admit any Person as an additional or Substitute General Partner provided such admission receives the consent of all the Limited Partners and, if required, the approval of RIHMFC and HUD.

Section 4.2 Withdrawing Partners

A. Each of the Initial General Partners hereby agrees to withdraw at the time Final Closing occurs in consideration of the payment to him in accordance with Section 7.1.C of the amount of his original Capital Contribution to the Partnership, and neither the Managing General Partners, any Limited Partner, nor the Partnership shall have any further obligation to the Withdrawing Initial General Partners.

B. Angelo V. Beretta and James A. Forte are hereby withdrawing as Initial Limited Partners for the purpose of becoming the Managing General Partners. The capital contributions pre-

viously made to the Partnership by such two withdrawing Initial Limited Partners shall remain in the Partnership and shall constitute their Capital Contribution as a General Partner pursuant to Section 4.1 and as set forth in the Schedule.

C. Joseph A. Matteo is hereby withdrawing as an Initial Limited Partner for the purpose of becoming a Class B Limited Partner. The capital contributions previously made to the Partnership by such withdrawing Initial Limited Partner shall remain in the Partnership and shall constitute his Capital Contribution as a Class B Limited Partner as set forth in the Schedule.

Section 4.3 Partnership Capital

The capital of the Partnership shall be the aggregate amount of the cash contributed by the General Partners and by the Limited Partners, as set forth in the Schedule.

No interest shall be paid on any Capital Contribution to the Partnership.

Section 4.4 Withdrawal of Capital

No Partner shall have the right to withdraw from the Partnership all or any part of his Capital Contribution until December 31, 2029. No Partner shall have any right to demand and receive property (other than cash) of the Partnership in return for his Capital Contribution except as may be specifically provided in this Agreement. All rights to withdrawal of a Partner's Capital Contribution shall be subject to the provisions of the Uniform Act.

Section 4.5 Liability of Limited Partners

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

Section 4.6 Limited Partners

A. The Managing General Partners shall have the right to admit as Limited Partners, Investor Limited Partners who shall agree to contribute up to a total of \$220,000, reduced by 19.71326% of the excess, if any, of \$1,116,000 over the face amount of the Mortgage at Final Closing, to the capital of the Partnership pursuant to the provisions of Article V.

B. The Class A Limited Partner is Realty. Realty may become a Managing General Partner at its option at any time, subject only to the approval of RIHMFC and/or HUD, if required.

C. The Class B Limited Partner is Joseph A. Matteo.

D. Any Limited Partner shall, by his execution of this Agreement or as a result of being admitted to the Partnership as a Substitute Limited Partner pursuant to Article VIII and as a condition of receiving any interest in the Partnership property, agree to be bound by the terms and provisions of the Mortgage, Regulatory Agreement, Housing Assistance Payments Contract, this Agreement and any other documents required in connection therewith to the same extent and on the same terms as the Investor Limited Partners admitted pursuant to Section 4.6 hereof. Any Limited Partner shall also agree to accept such other terms and conditions set forth in writing to them at the time of admission as the Managing General Partners may reasonably determine.

E. Upon the admission of any Limited Partner, the Schedule shall be amended to reflect the name, address and Capital Contribution of such Limited Partner, and an amendment to the Certificate reflecting such admission, shall be filed with the Secretary of State of Rhode Island. Each Limited Partner may become signatory hereto by signing a conformed copy of this Agreement in such manner as the Managing General Partners 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 copy shall be binding until it has been signed by the Managing General Partners.

ARTICLE V

Capital Contributions of Investor Limited Partners

Section 5.1 Payments

The Investor Limited Partners to be admitted under Section 4.6 hereof shall make their Capital Contributions in 8 Units or multiples or fractions thereof. Payment for each such Unit shall be made in five installments as follows:

(1) \$6,000 per Unit (the "First Installment") shall be payable upon the Admission Date.

(2) \$8,250 per Unit, (the "Second Installment") shall be payable on the later to occur of (i) January 15, 1980 or (ii) the Substantial Completion Date.

(3) \$5,125 per Unit, reduced by .821386% of the excess, if any, of \$1,116,000 over the face amount of the Mortgage at Final Closing, per Unit (the "Third Installment") shall be payable on the latest to occur of (i) January 15, 1981, or (ii) Final Closing.

(4) \$4,375 per Unit, reduced by .821386% of the excess, if any, of \$1,116,000 over the face amount of the Mortgage at Final Closing, per Unit (the "Fourth Installment") shall be payable on the latest to occur of (i) January 15, 1982, or (ii) Final Closing.

(5) \$3,750 per Unit, reduced by .821386% of the excess, if any, of \$1,116,000 over the face amount of the Mortgage at Final Closing, per Unit (the "Fifth Installment") shall be payable on the latest to occur of (i) January 15, 1983, or (ii) Final Closing.

The Investor Limited Partners will be obligated to execute non-interest bearing (except as provided in Section 5.2) promissory notes to the Partnership evidencing their obligations to make payment of the Second through Fifth Installments of their Capital Contributions. The Managing General Partners on behalf of the Partnership, may assign those promissory notes to secure certain letters of credit and a line of credit which may be required by RIHMFC.

The obligation of the Investor Limited Partners to make each of the Installments of Capital Contribution hereunder is subject to the condition that the Managing General Partners shall have delivered a written certificate (the "MGP Certificate") (i) listing all preconditions, representations and warranties applicable to such Installment (including, without limitation, those set forth in Section 6.5 hereof), (ii) stating that all such preconditions, representations, warranties and agreements have been satisfied and are true and correct and (iii) stating that, as to the Managing General Partners or any other Affiliated Person(s), no material default has occurred and is continuing under the Agreement, or any of the Project Documents. In the event a default has occurred but the Managing General Partners are uncertain of its materiality, the Managing General Partners may request in writing a determination by the Investor Service Representative as to its materiality, which determination shall be conclusive and binding on all interested persons. The MGP Certificate shall be delivered to the Investor Service Representative on the Admission Date as a precondition to payment by the Investor Limited Partners of the First Installment of their Capital Contribution. As to the Second, Third, Fourth, and Fifth Installments, the Managing General Partners shall give the Investor Limited Partners not less than 30 days advance written notice of the due date therefor and shall deliver the MGP Certif-

icate to them not less than 30, nor more than 60, days prior to the due date for each such Installment.

If, as of the date when the MGP Certificate for the Second, Third, Fourth, or Fifth Installments would otherwise be due hereunder, the Managing General Partners (or their successors, heirs or assigns) are unable to make all of the representations and/or warranties contained in Section 6.5 hereof, as of the due date of such MGP Certificate, or the Managing General Partners (or their successors, heirs and assigns) or any Affiliated Person(s) shall be in material default of any agreement contained herein or in material default under any of the Project Documents, the Investor Limited Partners shall not then be required to make such Installment or any future Installments of Capital Contribution; provided, however, that if at a later time the Managing General Partners (i) have issued the MGP Certificate in respect of the deferred Installment dated as of the deferred payment date, and (ii) have reasonably satisfied the Investor Service Representative, as of the date of the deferred payment date, that (a) each of the representations and warranties contained in Section 6.5 hereof are true and correct and (b) they or their Affiliated Person(s), as the case may be, have cured their default with respect to any agreement contained herein or any of the Project Documents, then the Investor Limited Partners shall pay the amount of such Installment to the Partnership 30 days after notice from the Managing General Partners specifying that each of the representations and warranties contained in Section 6.5 hereof are true and correct, or such breach has been cured or such agreement has been complied with, and the manner in which such breach was cured or such agreement complied with. If an Installment is deferred as provided herein, then each subsequent Installment shall be due no earlier than 90 days after the deferred payment date of the immediately preceding Installment. If all conditions precedent relating to the payment of a deferred Installment are not satisfied within five (5) years from the date such Installment initially was due (disregarding all such conditions) under the provisions of this Section 5.1, then the Investor Limited Partners shall have no obligation to pay the amount of such Installment or any future Installments.

The obligation of the Investor Limited Partners to pay the First Installment is subject, in addition to the conditions specified above as applying to all Installments, to the delivery on the date of the First Installment of the legal opinion of Messrs. Goodwin, Procter & Hoar, Special Tax Counsel, substantially in the form set forth as an exhibit to the Confidential Memorandum prepared in connection with the offering for sale of Units in the Partnership, and the opinion of Tobin, LeRoy & Silverstein, a professional corporation, counsel to the Partnership, substantially in the form set forth as an exhibit to such Confidential Memorandum.

Section 5.2 Defaults

In the event any Investor Limited Partner fails to pay any Installment of his Capital Contribution on or prior to the time therefor set forth in Section 5.1, he shall be deemed to be in default hereunder (the "Defaulting Limited Partner") and the amount of Installment defaulted upon will bear interest at 18% per annum (or such lesser rate as is the maximum rate permitted by law) until the date of payment. The obligation to pay interest will be the obligation of only the Defaulting Limited Partner, regardless of whether his interest in the Partnership is purchased pursuant to this Section 5.2. Upon the occurrence of such default, the Managing General Partners shall give notice of such default to all Investor Limited Partners ("Default Notice") specifying the nature of the default and the aggregate amount of Capital Contributions theretofore contributed by the Defaulting Limited Partner. The non-defaulting Investor Limited Partners and the Class A and Class B Limited Partners shall have the option to purchase, for the price hereinafter specified, each Defaulting Limited Partner's entire interest as an Investor Limited Partner including all profits, losses and distributions attributable to such interest. Such option may be exercised by a Limited Partner (the "Purchasing Limited Partner") by mailing to the Partnership within 15 days of the mailing of the Default Notice written notice of his desire to purchase all or part of the Defaulting Limited Partner's interest as an Investor Limited Partner (the "Purchase Notice") specifying the percentage which the Purchasing Limited Partner desires to purchase. Whether or not this option is exercised, the Defaulting Limited Partner shall have no right to receive such profits, losses, and distributions, but any successor to his interest shall receive the benefits of the same.

In the event one or more Purchasing Limited Partners desire to purchase all or part of the Defaulting Limited Partner's interest as an Investor Limited Partner and the total of the percentages they desire to purchase (the "Total Percentage") is equal to or less than the total of such interest of the Defaulting Limited Partner, each Purchasing Investor Limited Partner shall be allowed to purchase the percentage specified in the Purchase Notice on the terms listed below. If any part of such interest is not so purchased by Purchasing Limited Partners, any one or more of the Managing General Partners (the "Purchasing General Partner(s)"), in proportion to their Percentage Interests as General Partners, shall have the option to purchase on the same terms and conditions such remaining part of such interest as an Investor Limited Partner of the Defaulting Limited Partner.

If any portion of the interest of the Defaulting Limited Partner remains unpurchased after being offered to the Limited Partners and the Managing General Partners, as described above,

the Managing General Partners may offer such portion to any person not then a Partner, on the terms and conditions hereinafter specified in this Section 5.2, and Winthrop agrees to use its best efforts to locate one or more persons who will accept such offer.

In the event two or more Purchasing Limited Partners desire to purchase a Total Percentage greater than the interest of the Defaulting Limited Partner, and they are unable to agree as to the apportionment thereof, they shall be entitled to purchase portions of such interest based on the ratio which the Percentage Interest of each Purchasing Limited Partner bears to the total Percentage Interest of all Purchasing Limited Partners. Any Purchasing Limited Partner shall become a Substitute Investor Limited Partner to the extent of any portion of any interest as an Investor Limited Partner which they, or any of them, may purchase hereunder. Any Purchasing General Partner or Affiliated Person(s) shall become a Substitute Investor Limited Partner to the extent of any portion of any interest as an Investor Limited Partner which they, or any of them, may purchase hereunder. Any purchaser of the interest of a Defaulting Limited Partner who, at the time of such purchase, is not a Partner of the Partnership or an Affiliated Person of a General Partner shall become an assignee and, with the unanimous consent of the Managing General Partners, a Substitute Investor Limited Partner.

The purchase price to be paid to the Defaulting Limited Partner pursuant to this Section 5.2 shall be an amount of cash equal to 50% of the paid-in Capital Contribution of the Defaulting Limited Partner less the sum of (i) the total amount of cash distributions, if any, theretofore made to the Defaulting Limited Partner under Article X of this Agreement, (ii) an amount equal to 50% of the amount of the net losses reported by the Partnership for Federal income tax purposes attributable to the interest of the Defaulting Limited Partner which have been or will be allocated to such interest and (iii) any expenses incurred by the purchaser of the interest in question and the Partnership in connection with such purchase. Each purchaser shall also (i) pay to the Partnership his pro rata share of the Installment as to which the default occurred and (ii) assume his pro rata share of all other obligations of the Defaulting Limited Partner, if any, to the Partnership. Notwithstanding the foregoing, however, the obligations of the Defaulting Limited Partner to the Partnership hereunder shall not be extinguished by the existence of any such option, or by its exercise, but only by, and to the extent of, the Capital Contributions made in his place by the purchaser or purchasers of his interest hereunder. If such option shall not be fully exercised within the foregoing periods, unless and until such default shall be cured, any distributions pursuant to Article X hereof in respect of the interest of the Defaulting Limited Partner shall be applied first to interest on the defaulted amount at 18% per annum (or such lesser rate as is the maximum rate permitted by law), second to the defaulted amount

and the excess, if any, remaining then shall be distributed to Realty, and the profits and losses in respect thereof shall be allocated to Realty. Exercise of the options provided by this Section 5.2 shall be suspended during any period in which exercise hereof would cause a termination of the Partnership referred to in Section 13.1.

As an alternative to commencing the procedure above provided in this Section 5.2, or in the event that any or all of the interest of a Defaulting Limited Partner remains unpurchased after following such procedure, the Managing General Partners may proceed to pursue any and all available legal remedies against the Defaulting Limited Partner in order to collect the amount owing from him to the Partnership.

Section 5.3 Repurchase Obligation of the Managing General Partners

If (i) prior to Final Closing, the Mortgage Lender shall have given written notice of the exercise of its right to accelerate payment of the indebtedness under the Mortgage, or (ii) prior to Final Closing, any lien (other than the Mortgage) shall attach to the Property and shall not have been discharged (including the posting of an adequate bond) within 120 days after such lien shall have attached, (iii) construction of the Improvements shall have been permanently abandoned for a period of at least twelve (12) months, or (iv) prior to the expiration of the Operating Guarantee Period any two of the Managing General Partners Retires from the Partnership and no Substitute Managing General Partner has been admitted pursuant to Section 4.1.B, or (v) the Housing Assistance Payments Contract has not been entered into by Final Closing or any default occurs on such contract prior to Final Closing (but only if notice of such default has been delivered to the Managing General Partners and such default has not been cured to the satisfaction of HUD and RIHMFC within 30 days or such longer period for cure as has been approved in writing by RIHMFC and HUD); then, within 30 days after the occurrence of such event, the Managing General Partners shall send written notice of such event to each Investor Limited Partner and offer to purchase the entire interest as an Investor Limited Partner of each such Investor Limited Partner. Any Investor Limited Partner desiring to sell his interest to the Managing General Partners shall send written notice thereof to the Partnership at any time within 60 days after his receipt of the notice from the Managing General Partners. The purchase shall be made by the Managing General Partners within 30 days after the receipt of such Investor Limited Partner's notice. The purchase price shall be an amount in cash, without interest, equal to the paid-in Capital Contribution of each Investor Limited Partner desiring to sell his interest less the total amount of cash distributions, if any, theretofore made to the selling Investor

Limited Partner pursuant to Article X of this Agreement. Upon the sending of such notice, the interest as an Investor Limited Partner of each such Investor Limited Partner shall terminate, and such Investor Limited Partner shall have no further obligation to pay any subsequent Installment(s) of his Capital Contribution. In the event of the purchase of an Investor Limited Partner's interest under this Section 5.3 by the Managing General Partners, the latter shall become a Substitute Investor Limited Partner to the extent of any interest as an Investor Limited Partner which they purchase under the provisions of this Section 5.3.

In the event that a repurchase of the interest of an Investor Limited Partner pursuant to this Section 5.3 results in there having been a sale or exchange, within any twelve-month period, of 50 percent or more of the total interest in partnership capital and profits, the Managing General Partners may elect to purchase the interest of all (but not less than all) of the remaining Investor Limited Partners on the same basis as they are purchasing the interests of the Investor Limited Partners who do elect to sell their interest hereunder. To exercise such election, the Managing General Partners must send written notice thereof to each of the non-electing Investor Limited Partners no later than 30 days after the expiration of the period within which such Investor Limited Partners could have elected to sell their interests pursuant to this Section 5.3.

The Managing General Partners hereby waive any defenses that they may have to their obligations under this Section 5.3 except those defenses attributable to acts or omissions of the selling Investor Limited Partners. The Managing General Partners shall indemnify each selling Investor Limited Partner against any claims (other than for income taxes) of unrelated third parties made against an Investor Limited Partner by reason of the payments made to him hereunder.

Section 5.4 Fees to Winthrop and Winthrop Securities Co., Inc.

A. For its services and expenses in securing the Investor Limited Partners, the Partnership shall pay to Winthrop Securities Co., Inc. a syndication fee equal to \$15,400. Such fees shall be paid at the time of the Capital Contributions of the Investor Limited Partners and shall be a first claim on such Capital Contributions to the following extent: \$5,133 at the time of the First Installment, \$5,133 at the time of the Second Installment, and \$5,134 at the time of the Third Installment.

B. For its services and expenses in organizing the Partnership, the Partnership shall pay to Winthrop, without regard to Partnership income, an organizational fee equal to \$15,000, payable at the time of the Second Installment.

C. The Partnership shall pay Winthrop, or Winthrop's counsel or accountants, without regard to Partnership income, a fee of \$10,000 for tax advice, \$7,000 of which shall be payable at the time of the First Installment, and \$3,000 of which shall be payable at the time of the Second Installment.

ARTICLE VI

Rights, Powers and Duties of the General Partners

Section 6.1 Restriction on Authority

Notwithstanding any other provisions of this Agreement, the General Partners shall have no authority to perform any act in violation of (i) the National Housing Act, the United States Housing Act of 1937 or any other applicable law or regulations thereunder, (ii) any applicable regulations of RIHMFC, or (iii) any agreement between the Partnership and RIHMFC. The General Partners shall have no authority to borrow on the general credit of the Partnership until exhaustion of the Managing General Partners' obligations under Sections 6.8 and 6.9. In addition, the General Partners shall not have any authority to do any of the following acts without the Consent of the Limited Partners and the approval of RIHMFC:

- (1) following completion of construction of the Improvements, to construct any new capital improvements, or to replace any existing capital improvements, which construction or replacement would substantially alter the character or use of the Property, or
- (2) to acquire any real property in addition to the Property, or
- (3) to become personally liable on, or to guarantee, the Mortgage or any other of the Project Documents, or
- (4) to refinance (except as otherwise provided in Section 3.2), sell or convey the Property.

The General Partners do not have the authority, without the written consent of each Limited Partner, to do any act required to be approved or ratified by the Limited Partners under the Uniform Act.

Anything to the contrary notwithstanding, the Managing General Partners may agree with the Mortgage Lender for deferment and/or reduction of principal, interest and/or replacement reserve payments under the Mortgage and Regulatory Agreement.

Section 6.2 Personal Services

No Affiliated Person shall receive any compensation for services rendered to the Partnership in connection with the construction of the Improvements and the initial rent-up of the Property, except (i) pursuant to the Construction Contract (including any subcontracts thereunder) or the RIHMFC approved management contract and (ii) as provided in Section 6.10. Except as provided herein 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, and neither the Partnership nor any Partner shall have any rights in and to such independent ventures or the income or profits derived therefrom.

Section 6.3 Business Management and Control

A. The Managing General Partners shall have the exclusive right to manage the business of the Partnership. The Managing General Partners shall have equal rights in the management of the Partnership business as provided by the Partnership Law of the State and shall act by the vote of assent of a majority in number of the Managing General Partners. In the event the Managing General Partners are unable to reach majority agreement upon the management of the Partnership business, then the decision of James A. Forte, as one of the Managing General Partners shall control. No Limited Partner (except one who may also be a General Partner, and then only in his capacity as General Partner) shall (i) have any authority or right to act for or bind the Partnership, or (ii) participate in or have any control over the Partnership business, except as required by law. The Limited Partners hereby consent to the exercise by the Managing General Partners of the powers conferred on them by this Agreement.

B. Notwithstanding the provision of Section 6.3.A, if (i) the Managing General Partners have failed to observe or perform any material obligation or covenant provided by this Agreement and such failure is not cured within 30 days after a demand therefor by at least 51% in interest of the Investor Limited Partners; or (ii) a default occurs on the Mortgage or foreclosure proceedings are commenced regarding any lien against the Property and within 30 days after notice thereof from the Mortgage Lender or the lienor is given, the default is not cured or the proceedings are not abandoned or enjoined; then, at Realty's option, Realty shall have the right to become a General Partner pursuant to the provisions of Section 4.6.B and to manage the business of the Partnership, and the Managing General Partners shall be deemed to have Withdrawn from the Partnership. In such event, the provisions of Sections 5.3, 6.5, 6.7, 6.8, 6.9, 7.1.B and 7.1.C shall not apply to Realty.

C. If and as long as there shall be more than one Managing General Partner serving hereunder, each Managing General Partner may, from time to time, by an instrument in writing delegate all or any of his powers or duties hereunder to another Managing General Partner or Partners. Such writing shall fully authorize such other Managing General Partner to act alone, without requirement of any other act or signature of the Managing General Partner, to take any action of any type and to do anything and everything which the Managing General Partners may be authorized to take or do hereunder, and specifically, without limitation of such authority, to execute, sign, seal and deliver in the name and on behalf of the Partnership:

(1) Any note, mortgage or other instruments or documents in connection with the Mortgage, the Regulatory Agreement and all other agreements, certificates, instruments or documents required by the RIHMFC or any mortgage in connection with the acquisition, ownership, construction, development and operation of the Project,

(2) any deed, lease, mortgage, mortgage note, bill of sale, contract or any other instrument purporting to convey or encumber the real or personal property of the Partnership,

(3) any rent supplement or interest subsidy contracts or agreements providing for public or nonpublic financial assistance, directly or indirectly, to tenants or occupants of the Project,

(4) any and all agreements, contracts, documents, certifications and instruments whatsoever involving the construction, development, management, maintenance and operation of the Project, including the employment of such Persons or other Entities as may be necessary therefor,

(5) any and all instruments or documents requisite to carrying out the intention and purpose of this Agreement, including, without limitation, the filing of all business certificates, Certificates of Limited Partnership, all amendments thereto and documents required, or deemed advisable by the Managing General Partners, in connection with any financing,

provided, however, that any such delegation shall not relieve the Managing General Partner making such delegation of these obligations under this Agreement.

Every contract, deed, mortgage, lease and other instrument executed by any Managing 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 the

execution and delivery of such instruments were duly authorized by the Managing General Partners. Any Person dealing with the Partnership or a Managing General Partner may always rely on a certificate signed by any Managing General Partner hereunder:

(1) as to who are the Managing General, General or Limited Partners hereunder,

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

(3) as to who is authorized to execute and deliver any instrument or document of the Partnership,

(4) as to the authenticity of any copy of the Partnership Agreement and amendments thereto, or

(5) 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 6.4 Duties and Obligations

A. The Managing General Partners shall promptly take all action which may be necessary or appropriate for the development of the Property and the proper maintenance and operation of the Property in accordance with the provisions of this Agreement and applicable laws and regulations.

B. The Managing General Partners will use their best efforts to cause the Partnership at all times after Final Closing to comply with and to perform its obligations under the Mortgage, the Regulatory Agreement and any other applicable requirements of RIHMFC or HUD.

C. The Managing General Partners on behalf of the Partnership, shall obtain and keep in force during the term of the Partnership fire and extended coverage, workmen's compensation and public liability insurance in favor of the Partnership, in such companies and in such amounts as shall be satisfactory to the Mortgage Lender and be reasonable and prudent in connection with the ownership of the Property.

D. The Managing General Partners shall diligently and faithfully devote such of their time to the business of the Partnership as may be necessary to conduct it for the greatest advantage of the Partnership and shall at all times act in a fiduciary manner toward the Partnership and the Limited Partners.

Section 6.5 Representation and Warranties

A. The Managing General Partners hereby represent and warrant to each Investor Limited Partner that, as of the date hereof and to the best of their knowledge (due inquiry having been made), the following are true:

(i) The Partnership is a duly organized limited partnership validly existing under the laws of the State and has complied with all filing requirements necessary under the Uniform Act for the preservation of the limited liability of the Investor Limited Partners.

(ii) Construction of the Improvements will progress, is progressing or has been completed in substantial conformity with the Commitments and the Construction Contract.

(iii) All payments and expenses required to be made or incurred in order to complete construction of the Improvements in substantial conformity with the Commitments and in order to satisfy all requirements under the Commitments and/or which form the basis for determining the principal sum of the Mortgage, including, without implied limitation, interest during construction and any escrow payments, have been paid or provided for by, or for the account of, the Partnership utilizing only (a) the funds available from the Mortgage, (b) the Capital Contributions of the Investor Limited Partners, (c) all interest and net rental income, if any, earned by the Partnership prior to Final Closing, (d) funds furnished by the Managing General Partners pursuant to Section 6.8, and (e) funds available from any other source approved by RIHMFC.

(iv) No event, occurrence or proceeding is pending or threatened which would (a) materially adversely affect the Partnership or the Project, or (b) materially adversely affect the ability of the General Partners or any Affiliated Person to perform their respective obligations hereunder or under any other agreement with respect to the Property or (c) prevent the completion of construction of the Improvements in substantial conformity with the Commitments and the Construction Contract. This subparagraph shall be deemed to include, but not be limited to the following: (x) legal actions and proceedings before any court, commission or administrative body having jurisdiction over the zoning or environmental laws or regulations applicable to the Property, (y) labor disputes and (z) acts of any governmental authority.

(v) No material default (or event which, with the giving of notice or the passage of time or both, would

constitute a default) has occurred and is continuing under any of the Commitments, the Project Documents, or any other agreement affecting the Property, and the same are in full force and effect.

(vi) Neither the Partnership nor any Partner has any personal liability with respect to the Mortgage.

(vii) The Partnership owns the fee simple interest in the Property, subject to no material liens, charges or encumbrances other than those which are both permitted by the Commitments and set forth in the title policy for the Property issued at Initial Closing, if any. The use of the Land for construction and operation of the Project is not in violation of applicable zoning, and there are no density restrictions, building or use laws, planning rules, regulations, ordinances or requirements or environmental procedures applicable to the Project which would materially inhibit or materially adversely affect the development of the Property or the acquisition of limited partnership interests in the Partnership by the Investor Limited Partners.

(viii) No event has occurred which would entitle an Investor Limited Partner to have a repurchase right under Section 5.3 hereof.

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

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

(xi) The Managing General Partners have an aggregate net worth of not less than \$2,000,000, exclusive of any interest in the Partnership.

(xii) 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.

(xiii) The Land was not, on or after June 30, 1976, occupied by a "certified historic structure" as defined in Section 191(d) of the Code, and is not located in a "registered historic district" as defined in Section 191(d) of the Code.

The truth and correctness of each of the foregoing representations and warranties is a condition precedent to the payment of each Installment. The inability of the Managing General Partners to give any of the foregoing representations and warranties or the breach of any of the foregoing representations or warranties (other than an intentional breach) shall not result in any liability to or obligation upon the Managing General Partners beyond that provided for in Sections 5.3, 6.5, 6.7, 6.8 and 6.9.

B. Subject to the express provisions of the immediately preceding paragraph, the Managing General Partners shall indemnify promptly and hold harmless the Partnership and the Limited Partners from and against any and all damages and liabilities which the Partnership and the Limited Partners may incur by reason of the (a) past, present or future negligent actions or omissions of the Managing General Partners or any Affiliated Person(s), or (b) any liabilities to which either the Partnership or the Property is subject on the date of this Agreement; provided, however, that the foregoing indemnification shall not apply to the Mortgage, reasonable contractual obligations normally incurred pursuant to the Commitments in connection with the operation of the Property or to acts for which the Managing General Partners may be entitled to indemnification under Section 6.6. In the event that a Managing General Partner makes any payment as required by this Section 6.5.B, he shall be entitled to receive equitable contribution from the other Managing General Partners provided that such right shall in no way reduce, limit or delay his obligation to pay the full amount then due to the Partnership and the Limited Partners.

C. The General Partners agree that they will not at any time become personally liable nor permit any of their Affiliated Persons to become liable for the payment under the Mortgage and will use their best efforts to prevent any other Partner from becoming so liable under Section 6.5.B.

D. The Managing General Partners agree throughout the term of this Partnership to maintain an aggregate net worth of at least \$2,000,000, exclusive of any interest in the Partnership.

E. The Initial General Partners hereby represent and warrant that, as of the date hereof and to the best of their knowledge (due inquiry having been made), the assertions set forth in Sections 6.5.A(iv), (v), (vi), (vii), and (xiii) are true and correct.

Section 6.6 Indemnification

Each Managing General Partner and Class A and Class B Limited Partner shall be indemnified by the Partnership for any act performed by him within the scope of the authority conferred upon him by this Agreement; provided, however, such indemnity shall be payable only if the Managing General Partner or the Class A or Class B Limited Partner acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Partnership and the Partners, and the Managing General Partner or the Class A or Class B Limited Partner had no reasonable grounds to believe that his conduct was negligent or unlawful. No indemnification may be made in respect of any claim, issue or matter as to which the Managing General Partner or the Class A or Class B Limited Partner shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Partnership unless, and only to the extent that, the court in which such action or suit was brought determines that, despite the adjudication of liability, but in view of all circumstances of the case, such Managing General Partner or the Class A or Class B Limited Partner is fairly and reasonably entitled to indemnity for those expenses which the court deems proper. Any indemnity under this Section 6.6 shall be paid from, and only to the extent of, Partnership assets, and no Limited Partner shall have any personal liability on account thereof.

Section 6.7 Limitation on Liability to Limited Partners

No General Partner or Class A or Class B Limited Partner shall be liable, responsible or accountable for damages or otherwise to any Limited Partner for any act performed within the scope of the authority conferred by this Agreement, except for acts of fraud or gross negligence or for damages arising from breach of fiduciary duty, misrepresentation of a material fact or breach of covenant or warranty and except as provided in Sections 5.3, 6.5, 6.8 and 6.9.

Section 6.8 Obligation to Complete Construction

The Managing General Partners shall use their best efforts to cause the Improvements to be constructed in the manner set forth in the Construction Contract. In the event the proceeds of the Mortgage, the paid-in Capital Contributions of the Investor Limited Partners and available net rental income of the Property prior to Final Closing (to the extent the use thereof is allowed by RIHMFC) are insufficient to acquire the Land, complete construction of the Property in accordance with the Construction Contract and the Commitments, arrive at Final Closing in conformity with the Project Documents, and to meet all development and other fees and expenses (including payments of the principal and interest on the Construction Supervision Fee described in Section 6.10.A, any escrow payments, and all payments owing to the general contractor under the Construction Contract) required to (i) complete construction of the Property and achieve Final Closing and (ii) pay all Project Expenses accrued through Final Closing or required to be paid at or prior to Final Closing, the Managing General Partners shall advance to the Partnership all such funds which shall be necessary to accomplish the foregoing at such time as those costs, expenses or fees become due and payable. Any such advances shall be represented by non-interest bearing Construction Completion Notes, issued by the Partnership which shall be repayable out of Mortgage proceeds received by the Partnership on or before Final Closing or future Capital Contributions of the Investor Limited Partners, refunds of deposits or escrows advanced by the General Partners on behalf of the Partnership (to the extent such use thereof is allowed by RIHMFC) or net rental income of the Project prior to Final Closing (to the extent such use thereof is allowed by RIHMFC); and, to the extent not so repaid, such Notes shall be repayable only as provided in Article X hereof.

Section 6.9 Obligation to Provide for Project Expenses

The Managing General Partners agree that, in the event the Partnership requires any funds for Project Expenses during the Operating Guarantee Period, they will, subject to the approval of RIHMFC, lend to the Partnership all such funds which may be required to pay, when due, all such Project Expenses; provided, however, that the Managing General Partners shall not be obligated to advance any additional funds for such purpose if, and as long as, the aggregate outstanding amount of such loans equals or exceeds the dollar limit in effect at the time. Such dollar limit shall be as follows: \$50,000 until the later to occur of December 31, 1980 or 12 months after Final Closing, \$40,000 for the next succeeding 12 month period, \$30,000 for the next succeeding 12 month period and \$20,000 for the next succeeding 12 month period. Such obligatory loans shall be Subordinated Loans which shall not bear interest and shall be repayable only in accordance with the provisions of Article X of this Agreement.

Section 6.10 Certain Payments to the Managing General Partners

A. For their services in supervising to completion the construction of the Property, the Partnership shall be required to pay to the Managing General Partners, without regard to Partnership income, a total fee of \$129,165. The fee determined under the preceding sentence shall be reduced by the sum of (i) 19.71326% of the excess, if any, of \$1,116,000 over the face amount of the Mortgage at Final Closing, and (ii) the aggregate amount in excess of the proceeds of the Mortgage and available net rental income of the Property prior to Final Closing, used, in accordance with Section 6.8, to complete construction of the Property, to achieve Final Closing and pay Project Expenses (for this purpose Project Expenses shall not include the Construction Supervision Fee, the fees described in Sections 6.10.B, 6.10.C, and 6.10.D and the fees described in Section 5.4) accrued through Final Closing; provided that the reduction under clause (ii) shall not exceed \$50,000.

On the later of January 15, 1980, or the Substantial Completion Date, the Partnership shall issue a promissory note to the Managing General Partners for the unpaid balance of this fee, but not in excess of \$84,431 reduced by 19.71326% of the excess, if any, of \$1,116,000 over the face amount of the Mortgage at Final Closing. The note shall bear simple interest at the rate of 9-3/4% per annum and shall provide that amounts due thereunder may not be prepaid. One year after issuance of the note, 32.73% of the principal of the note plus all accrued interest shall be due and payable. Two years after issuance of the note, 34.89% of the principal of the note plus all accrued interest shall be due and payable. Three years after issuance of the note, the balance of the principal and accrued interest of the note shall be due and payable. The Partnership may pay the principal and interest of this note only with funds supplied by the Third through Fifth Installments of the Capital Contributions of the Limited Partners or funds advanced by the Managing General Partners pursuant to Section 6.8, and the note shall contain a provision stating this limitation.

B. The Partnership shall be required to pay to the Managing General Partners, without regard to Partnership income, a fee of \$14,000 for their services from November, 1979, through May, 1980, in connection with the initial rent-up and management of the Property. Said fee shall be payable at any time after the date of the Second Installment.

C. The Partnership shall be required to pay to the Managing General Partners, without regard to Partnership income, a fee of \$20,000 for their services from January, 1979, through December, 1982 in connection with the administration of Partnership affairs

and management of the Property and for their commitment to make Subordinated Loans as provided for in Section 6.9. Said fee shall be payable \$10,000 at any time after the date of the First Installment and \$10,000 at any time after the date of the Second Installment.

D. For their services, including reporting to the Limited Partners pursuant to Section 12.4, maintaining the records required by Section 12.1, acting as attorneys-in-fact pursuant to Section 13.2 and amending the Certificate pursuant to Section 13.3, the Partnership shall be required to pay to the Managing General Partners the MGP Administration Fee.

E. Except as otherwise provided in this Section 6.10, neither the General Partners nor any other Affiliated Person shall be entitled to any other fee or allowance (for example, the Builder's and/or Sponsor's Profit and Risk Allowance) except that (i) a Managing General Partner or any Affiliated Person shall be entitled to any other fees or allowances, including but not limited to architectural, legal, organizational, general construction requirements, construction overhead, relocation and management costs, which are permitted by the RIHMFC as flat allowances or certifiable costs (including increases in the payments under the Construction Contract) of the Project payable out of Mortgage proceeds or income prior to Final Closing and to any refund of deposits or escrows advanced by him on behalf of the Partnership not otherwise utilized to repay Construction Completion Notes and (ii) Winthrop, Winthrop Securities Co., Inc. and certain advisers shall be entitled to the fees described in Section 5.4.

F. No fee may be paid in any fiscal year under this Section 6.10 until the Investor Service Fee and all fees due under Section 5.4 have been paid in full (including all arrears).

Section 6.11 Survival of Obligations

The obligations set forth in Sections 5.3, 6.5, 6.7, 6.8 and 6.9 shall survive any Retirement of a General Partner from the Partnership for any reason.

ARTICLE VII

Retirement of a General Partner

Section 7.1 Retirement

A. Except as provided herein, the General Partners shall not have the right to Retire from the Partnership or sell, assign, transfer, encumber or otherwise dispose of all or any

portion of their interests in the Partnership without the approval of the RIHMFC, if required, and the consent of all of the Partners. If Realty has become a General Partner, it shall have the right at any time to Retire from the Partnership without obtaining the consent of any Person; provided, however, any assignee of its interest shall become a Substitute General Partner only with the consent of all of the General Partners and the consent of all of the Limited Partners.

B. Subject to the approval of RIHMFC, if required, a Managing General Partner may Retire from the Partnership provided there is a remaining Managing General Partner or if there is no remaining Managing General Partner provided that prior to or contemporaneous with such Retirement a Substitute Managing General Partner has been admitted to the Partnership pursuant to Section 4.1.B, and provided further that such a Retirement prior to Final Closing may only be on account of his death or the adjudication of legal insanity or legal incompetence. In such event and except to the extent that the Retiring Managing General Partner (or his legal representative) shall have agreed to assign a portion of his interest to such Substitute Managing General Partner, all of such Retiring Managing General Partner's interest as a General Partner in the Partnership shall be converted to that of a Class B Limited Partner. In addition, such Retiring Managing General Partner shall remain liable for the performance of all of his obligations under Sections 5.3, 6.8 and 6.9 of this Agreement and shall continue to be liable for all obligations under Section 6.5 of this Agreement which arose prior to the Retirement of such Managing General Partner.

C. Subject to the approval of RIHMFC, if required, each of the Initial General Partners shall Withdraw from the Partnership at the time Final Closing occurs and shall sell all the interest he holds as a General Partner in the Partnership to the Managing General Partners, in proportion to their relative Percentage Interests, for the sum of \$50.

D. For purposes of this Section 7.1, the interest of a General Partner in the Partnership as a General Partner shall include, without limitation, his pro rata share, as a General Partner, of Cash Flow, profits and losses and net cash proceeds from the (i) sale of all or any substantial portion of the Property or (ii) refinancing of any Mortgage on the Property.

E. The forfeitures and sales provided in this Section 7.1 shall not be construed as a limitation upon the remedies of the Investor Limited Partners in the event of a violation by any one or more the General Partners of the provisions of this Section 7.1.

Section 7.2 Obligation to Continue

A. 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. In such event the Partnership (i) shall be dissolved if there is no remaining Managing General Partner (unless it is continued by all of the Partners as provided in Section 7.2.B), or (ii) shall be continued by the remaining Managing General Partner(s) as provided in the sentence next following. The Managing General Partner(s) shall have the right to, and hereby covenant and agree to, unless there is no remaining Managing General Partner, elect to continue the business of the Partnership. In the event that Realty or its designee has become the sole remaining General Partner and Realty elects to continue the business of the Partnership pursuant to clause (ii) above, Realty or its designee shall become the Managing General Partner but the provisions of Sections 5.3, 6.5, 6.7, 6.8, and 6.9, shall not apply.

B. If, following the Retirement of a General Partner, there is no remaining Managing General Partner or Substitute Managing General Partner of the Partnership, the Limited Partners may, within ninety (90) days after notice of such Retirement, 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 Substitute Managing General Partner by unanimous consent of the Limited Partners. If the Limited Partners elect to reconstitute the Partnership and admit a Substitute Managing General Partner, the relationship of the Partners and of any Person who has acquired an interest of a Partner in the Partnership shall be governed by this Agreement. Upon the Retirement of the sole remaining Managing General Partner, the Investor Service Representative shall immediately be vested with and shall in fact have all of the power and authority to act as a Managing General Partner but only until such time as a Substitute Managing General Partner has been admitted into the Partnership. If the Investor Service Representative does in fact act as a Managing General Partner, it shall be entitled to all of the rights and benefits of a Managing General Partner (including, but not limited to, indemnification) but shall not be subject to any of the obligations or duties of a Managing General Partner.

Section 7.3 Interest of a Retired General Partner

For the purposes of Article X hereof, the effective date of any sale by a Retired General Partner to a successor General Partner pursuant to the provisions of Section 7.1 of all or any portion of the General Partner interest of such Retired General Partner shall be deemed to be the date of Retirement, but the Partnership shall not make any distributions to the designated transferee until the transfer has been made.

Section 7.4 Retirement; Event of Bankruptcy as to General Partner; Power of Attorney; Suspension of Capital Contributions

A. Subject to the provisions of this Article VII, a General Partner shall be automatically Retired from the Partnership upon the occurrence of any of the events specified in Article I under the definition of "Retirement".

B. Notwithstanding any other provisions of this Agreement, if the Retirement of a General Partner shall have occurred by reason of an Event of Bankruptcy, the bankrupt General Partner shall continue to be responsible for (x) any loss caused by the nonperformance of his obligations under this Agreement or in respect of the Property, (y) in the case of a Managing General Partner, the furnishing of funds necessary to complete construction of the Property as provided in Section 6.8 hereof or the payment of Project Expenses as provided in Section 6.9 hereof, and (z) in the case of a Managing General Partner, the repurchase obligations specified in Section 5.3 hereof. Any fees otherwise payable to the bankrupt General Partner and not paid at the time of the Event of Bankruptcy in question shall be retained by the Partnership for such purposes as the remaining Managing General Partners shall determine.

C. From and after the date of the occurrence of (i) an Event of Bankruptcy as to all Managing General Partners or (ii) any Retirement of a Managing General Partner for any reason whatsoever, other than pursuant to Section 7.1.B, the obligations of the Investor Limited Partners under Section 5.1 to make Capital Contributions to the Partnership shall be suspended, and such obligations shall be reinstated only when such Event of Bankruptcy or Retirement shall have been cured (including by the admission of a Substitute Managing General Partner) in a manner satisfactory to Realty; provided that before any amounts are thereafter paid to any General Partner, such Capital Contributions of Investor Limited Partners shall be applied to the satisfaction of all obligations of the Partnership and of the General Partner, including, without limitation, completion of construction of the Improvements.

D. Inasmuch as the interest of the General Partners and the Limited Partners under this Agreement depends on the continuing existence of a viable Managing General Partner willing and able to perform the functions of Managing General Partner under this Agreement, the rights of, and payments to, the Managing General Partners have been agreed on in consideration, among other things, of their agreement and ability to perform such functions, and the inclusion of this Article VII in this Agreement has been a material inducement to the Investor Limited Partners to enter into this Agreement.

Section 7.5 Amendment of Certificate

Upon the admission of any Substitute or additional General Partners, the Schedule shall be amended to reflect such admission and an amendment to the Certificate, also reflecting such admission, shall be filed in accordance with the Uniform Act. Each Managing 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 Schedule, amendments to the certificate required by the Uniform Act, business certificates and the like.

ARTICLE VIII

Transferability of Limited Partner Interests

Section 8.1 Limited Right to Assign

Subject to the provisions of this Article VIII (as qualified by Section 13.1), no Limited Partner shall have the right to assign or transfer all or any portion of his interest in the Partnership without the prior written consent of all Managing General Partners. Notwithstanding the preceding sentence, a Limited Partner may, by written instrument, designate any Person to become the assignee of all or a portion of his interest as a Limited Partner immediately upon his death. Such an assignee, if he is then living, shall become a Substitute Limited Partner 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; provided, however, that the estate of the deceased Limited Partner shall remain liable for the unpaid Installments of the Capital Contributions of the deceased Limited Partner. Any such designation must be filed with the Managing General Partners during such Limited Partner's lifetime. Such designation may be revoked from time to time and a new such designation made and filed with the Managing General Partner. The Partnership need not recognize such designated assignee as a Substitute Limited Partner until (i) duly notified in writing of the death of the assignor Limited Partner and (ii) furnished with a legal opinion acceptable to the Managing General Partner to the effect that such designation is valid under the applicable laws of testate and intestate succession.

In the event of the death or incapacity of any Limited Partner who has not filed a valid designation under this Section 8.1, his legal representatives shall have the same rights as an

assignee by designation of the Limited Partner as hereinabove provided. The death or incapacity of a Limited Partner shall not dissolve or terminate the Partnership.

Notwithstanding the first sentence of this Section 8.1, a Limited Partner may assign all or a portion of his interest in the Partnership to or for the benefit of a member or members of his Immediate Family. If an assignment is made to or for the benefit of a member or members of a Limited Partner's Immediate Family then such assignee may become a Substitute Limited Partner only in accordance with Section 8.3 but, notwithstanding Section 8.4, in any event shall be entitled to the share of profits, losses and distributions in respect of the Percentage Interest so assigned.

Section 8.2 Restrictions

A. No sale or exchange of the interest of any Person as Limited Partner in the Partnership, other than the purchase by the Managing General Partners of the interest of an Investor Limited Partner under Section 5.3, shall 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's 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. In no event shall a Limited Partner assign or transfer without the written permission of the Managing General Partners an interest in the Partnership representing less than one-half of a Unit, unless such interest constitutes his entire interest in the Partnership.

C. The Managing General Partners may require as a condition of any 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 him with a legal opinion satisfactory to counsel for 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

Except as may otherwise be provided in Section 5.3 and 8.2, no Limited Partner shall have the right to substitute an assignee as a Limited Partner in his place. The Managing General Partners

shall, however, have the right in their exclusive discretion to permit a Limited Partner to designate a Person who shall thereby become a Substitute Limited Partner. Any such permission by the Managing General Partners shall be binding and conclusive without the consent or approval of any Limited Partner. The Managing General Partners' failure or refusal to permit an assignee to become a Substitute Limited Partner shall not give rise to any cause of action against the Partnership or any Partner.

Any Substitute Limited Partner shall, as a condition of receiving any interest in the Partnership Property, agree to be bound by the Mortgage and Regulatory Agreement and other documents required in connection therewith and by the provisions of this Agreement to the same extent as other Limited Partners.

Upon the admission of a Substitute Limited Partner, the Schedule shall be amended to reflect the name and address of such Substitute Limited Partner and to eliminate, if necessary, the name and address of the predecessor of such Substitute Limited Partner, and an amendment to the Certificate 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 Managing General Partners to signify his agreement to be bound by all of the provisions of this Agreement.

Any assignee of an Investor Limited Partner who becomes a Substitute Limited Partner shall succeed to the assignor's Investor Limited Partner interest as set forth in the Schedule and any assignee of a Class A or Class B Limited Partner who becomes a Substitute Limited Partner shall succeed to the assignor's Class A or Class B Limited Partner interest as set forth in the Schedule.

Section 8.4 Assignees

If the purported assignee of a Limited Partner does not become a Substitute Limited Partner in accordance with Section 8.3, the Partnership shall not recognize the assignment and the purported assignee shall not have any rights to receive any portion of the share of profits, losses and distributions of the Partnership to which the Limited Partner making the purported assignment would have been entitled if no such purported assignment had been made by such Limited Partner. Any such profits, losses and distributions shall continue to be allocated as if there were no assignment.

ARTICLE IX

Loans

Section 9.1 In General

All Partnership borrowings shall be subject to the restrictions of Section 6.1 and applicable RIHMFC rules and regulations. To the extent borrowings are permitted, they may be made from any source, including Partners and Affiliated Persons thereof. The Partnership may issue notes to evidence such borrowings or in payment for goods and services furnished to the Partnership.

If any Partner shall lend any monies to the Partnership, the amount of any such loan shall not be an increase of his capital contribution or affect in any way his share of the profits, losses or distributions of the Partnership. Except as otherwise provided in Section 6.8 and Section 6.9, the amount of any loan made by a Partner to the Partnership is not to be considered a Subordinated Loan or Construction Completion Note and shall be repayable, together with interest thereon at the rate then prevailing for comparable loans, to the same extent and in the same manner as a loan made by a lender who is not a Partner.

Section 9.2 Preexisting Advances

The Managing General Partners are authorized to repay to themselves and Affiliated Persons all advances for certifiable costs actually made to, or for the benefit of, the Partnership prior to the date of this Agreement. The Managing General Partners must document any such advances to the satisfaction of Realty.

ARTICLE X

Profits & Losses; Distributions

Section 10.1 Profits and Losses

A. For Federal and State income tax purposes, all profits and losses, other than those arising from (i) the sale or other disposition of any substantial portion of the assets of the Partnership or (ii) any other transaction the proceeds of which do not constitute Cash Flow, shall be allocated to the Partners according to their Percentage Interest.

B. For Federal and State income tax purposes, all profits and losses arising from (i) the sale or other disposition of a substantial portion of the assets of the Partnership or (ii) any

other transaction the proceeds of which do not constitute Cash Flow shall be allocated 50% to the Investor Limited Partners, 28.2% to the General Partners, 18.8% to the Class B Limited Partner, and 3% to Realty. Notwithstanding the provisions of the immediately preceding sentence, the net profits arising from the sale, exchange, condemnation (or similar eminent domain taking), casualty or other disposition of all, or substantially all of, the Property, or from the liquidation of all, or substantially all, of the assets of the Partnership (by reason of sale, exchange, condemnation, or similar eminent domain taking, casualty or other disposition), shall be allocated for Federal income tax purposes between the General Partners and the Limited Partners in accordance with their respective Partnership interests (treated as a separate class for this purpose) in the following order of priority:

(i) First, to the Partners, the smallest amount which will result in the elimination to any of the classes of Partners of the negative balance, if any, of the Capital Account of such class as of the date on which this allocation under Section 10.1.B First is made;

(ii) Second, to such classes of Partners as to which the negative balance referred to in sub-paragraph (i) above has not been eliminated, an amount equal to such remaining negative balances;

(iii) Third, an amount equal to the distributions under Section 10.2.C Fourth on or after the date as of which the allocation under this Section 10.1.B is made less the Capital Account of each Partner who is to receive such a distribution (after the allocation pursuant to Section 10.1.B(i) and (ii) has been made) shall be allocated to each such Partner;

(iv) Fourth, an amount equal to the distributions under Section 10.2.C Seventh on or after the date as of which the allocation under this Section 10.1.B is made less the Capital Account of each Partner who is to receive such a distribution (after the allocation pursuant to Section 10.1.B(i), (ii) and (iii) has been made) shall be allocated to each such Partner; and

(v) Fifth, the balance of any such net profits, 50% to the Investor Limited Partners, 3% to Realty, 28.2% to the General Partners, and 18.8% to the Class B Limited Partner.

The allocation of such net profits with respect to any Partner shall take into account adjustments to the tax basis of the Property under Section 754 of the Code as such adjustments relate to a particular Partner.

If the amount of net profits available to be allocated pursuant to clauses (i) or (ii) above is less than the excess referred to in such clause, the allocation of net profits between the classes of Partners pursuant to such clause shall be made on a pro rata basis, according to the amount which would have been allocated to such classes if the full excess were available to allocate.

C. Except as otherwise provided herein, all profits and losses shared by the Partners or a class of Partners shall be shared by the Partners or members of the class in the ratios of their Percentage Interests, one to the other.

D. The term "profits" and "losses" as used in this Agreement shall mean taxable income and losses as determined in accordance with the accounting methods followed by the Partnership for Federal income tax purposes.

Section 10.2 Distribution Prior to Dissolution

A. Subject to any applicable RIHMFC regulations, Cash Flow for each calendar year (or fractional portion thereof) shall be distributed in the following order of priority:

First, to the Partners, an amount equal to 50% of the net profits, if any, for tax purposes computed under Section 10.1.D for the fiscal year;

Second, to the repayment of the outstanding balance, if any, of Subordinated Loans; and

Third, the balance thereof to the Partners.

Subject to the applicable RIHMFC regulations, distributions of Cash Flow to the Partners shall be made at such reasonable intervals during the fiscal year as shall be determined by the Managing General Partners and in any event shall be made within 45 days after the close of each fiscal year.

Except as otherwise provided herein, all distributions to the Partners or a class of Partners shall be shared by the Partners or the members of the class in the ratio of their Percentage Interests, one to the other.

B. Definition of Cash Flow. For all purposes of this Agreement, the term "Cash Flow" shall mean the profits or losses of the Partnership from and after Final Closing (as profits and losses are determined in accordance with Section 10.1.D) but subject to any applicable RIHMFC requirements, and further subject to the following modifications:

(a) Depreciation of buildings, improvements and personal property, amortization of any fee and other non-cash charges utilized in computing the Partnership's taxable income shall not be considered as deductions from Cash Flow.

(b) Mortgage amortization, repayment of the debts of the Partnership, including loans from Partners other than Subordinated Loans and Construction Completion Notes, and any other cash expenditures not deductible in determining profits and losses shall be considered as deductions from Cash Flow.

(c) If the Managing General Partners shall so determine, reasonable reserves shall be established to provide for working capital needs, funds for improvements or replacements or for any other contingencies of the Partnership and the amount allocated to such reserve or reserves from time to time shall be considered as deductions from Cash Flow and, conversely, any amounts previously set aside as reserves shall be considered as additions to Cash Flow when and to the extent the Managing General Partners no longer regard such reserves as reasonably necessary in the efficient conduct of the affairs of the Partnership.

(d) Any amounts paid by the Partnership for capital expenditures shall be considered as a deduction from Cash Flow, unless paid by cash withdrawal from insurance proceeds or any replacement reserve for capital expenditures.

(e) Gain or loss from the sale, exchange, condemnation (or similar eminent domain taking), casualty or other disposition or all, or any substantial portion of, the Property (other than the proceeds of any business or rental interruption insurance), or from the liquidation of the Property following a dissolution of the Partnership shall not be included in determining Cash Flow.

(f) Payments pursuant to Sections 5.4 and 6.10 or amortization thereof shall not be considered as deductions from Cash Flow.

Cash Flow shall be determined separately for each calendar year or portion thereof and shall not be cumulative.

C. Distributions of Other Than Cash Flow. Prior to dissolution and subject to any applicable RIHMFC regulations, if there is cash available for distribution from sources other than Cash Flow (such as, for example, from a refinancing of the Mortgage or a sale or disposition of any 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 in the same calendar year in which the event generating the cash occurs as follows:

First, to the discharge, to the extent required by any lender or creditor, of debts and obligations of the Partnership excluding Subordinated Loans and excluding Construction Completion Notes;

Second, to fund reserves for contingent liabilities and anticipated capital improvements to the extent deemed reasonable by the Managing General Partners;

Third, to the payment of the cumulative unpaid amount of the Investor Service Fee;

Fourth, to the Investor Limited Partners, an amount equal to the excess, if any, of the Investor Limited Partners Class Capital Contributions over the aggregate amount of distributions theretofore made to the Investor Limited Partners under this Clause Fourth;

Fifth, to the payment of outstanding Subordinated Loans;

Sixth, to the payment of outstanding Construction Completion Notes, if any;

Seventh, to the Managing General Partners and the Class B Limited Partner, an amount equal to the excess, if any, of their Class Capital Contributions over the aggregate amount of distributions theretofore made to them under this Clause Seventh;

Eighth, to those Partners with a positive balance in their Capital Accounts on the date on which distribution under this Section 10.2.C Eighth is made, after taking into account distributions pursuant to clauses First through Seventh above, the amount of such positive balance;

Ninth, the balance thereof, 50% to the Investor Limited Partners, 3% to Realty, 28.2% to the General Partners and 18.8% to the Class B Limited Partner.

Notwithstanding the foregoing, in no event shall the General Partners, as a single class, receive as an aggregate distribution under this Section 10.2.C less than 1/99 of the aggregate of the amounts distributed to the Limited Partners under this Section 10.2.C. In the event that the aggregate amount distributable to the General Partners, as a single class, under Clauses Seventh through Ninth does not equal 1/99 of the aggregate amount dis-

tributable to the Limited Partners without regard to this provision, then the amounts otherwise distributable to the Limited Partners under Clauses Fourth, Eighth and Ninth shall be reduced in order to assure the General Partners of their 1/99 share.

D. Except as otherwise provided herein, all distributions to the Partners or a class of Partners shall be shared by the Partners or the members of the class in the ratio of their Percentage Interests, one to the other.

Section 10.3 Distributions Upon Dissolution

Upon dissolution, after payment of, or adequate provision for, the debts and obligations of the Partnership, excluding Subordinated Loans and excluding Construction Completion Notes, the remaining assets of the Partnership (or the proceeds of sales or other dispositions in liquidation of the Partnership assets, as may be determined by the remaining or surviving Managing General Partner(s)) shall be distributed to the Partners in the priority set forth in Section 10.2.C, Second through Ninth.

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 equal to the average of three appraisals, one of which will be prepared by an appraiser chosen by the majority in interest of the Limited Partners, one prepared by an appraiser chosen by the Managing General Partner and one by a third appraiser chosen by the first two appraisers. In the event that the first two appraisers cannot agree upon a third appraiser, the latter shall be selected by the then president of the Real Estate Board of Boston, Massachusetts or similar or successor Entity. Notwithstanding the foregoing, in the event any assets of the Partnership are to be distributed in kind, the Managing General Partners may transfer such assets to a trustee which has been approved by Realty, and such assets shall be held by such trustee for the benefit of the respective Partners entitled to an interest in such assets pursuant to the foregoing provisions.

ARTICLE XI

Management Agent; Investors' Representative

Section 11.1 Management Agent

The Managing General Partners shall have responsibility for obtaining a Management Agent. The Managing General Partners shall cause the Partnership to enter into an agreement with the Management Agent, which may be an Affiliated Person. Except as provided herein or otherwise required by RIHMFC, such agreement may not be delegated, assigned, or terminated without the consent of Realty. If at any time after Final Closing (i) the Property shall be subject to a substantial building code violation or violations which shall not have been cured within a reasonable time not exceeding six months after notice from the applicable governmental agency or department or from the Investor Limited Partners, or (ii) the Partnership shall not have distributed any cash to the Partners pursuant to the provisions of Section 10.2.A for any two consecutive years commencing after December 31, 1983, or (iii) any action is commenced to foreclose under the Project Documents or any other lien against the Property unless bonds are given or funds are deposited in escrow as to stay the action, then the Managing General Partners shall forthwith give to the Limited Partners notice of such event, and thereafter the Partnership shall, subject to RIHMFC approval, within 30 days terminate its management agreement with the Management Agent, unless the consent of Realty, or the Consent of the Limited Partners if Realty is not then a Partner, is obtained to the retention of the Management Agent as the manager of the Property. Unless such consent is so obtained, the Managing General Partners shall immediately proceed to select a new Management Agent for the Property which selection shall be subject to the consent of Realty or the Consent of the Limited Partners if Realty is not then a Partner. The Managing General Partners shall have the duty to manage the Property during any period when there is no Management Agent. In all cases, except if otherwise required by RIHMFC, no Management Fee shall be payable to any Person unless the management contract with any such Person shall provide for termination of the same upon the occurrence of any of the events described in this Section 11.1.

Section 11.2 Investors' Representative

For the continuing services of the Investor Service Representative in monitoring the operational results of the Project, supervising compliance with this Agreement, reviewing the tax returns of the Partnership, in using its best efforts to collect the Capital Contributions of the Investor Limited Partners (provided that the Investor Service Representative shall have no liability for such Contributions and shall have no obligation to commence legal proceedings against a Defaulting Limited Partner) and transmitting information to the Investor Limited Partners, the Investor

Service Representative shall be paid annually the Investor Service Fee. Such fee (including all arrears) shall be paid before any distribution may be made to the Partners pursuant to Sections 10.2 or 10.3 and before any payments may be made pursuant to Section 6.10 for that fiscal year.

Any portion of the Investor Service Fee not paid in any fiscal year by the Partnership shall be cumulative and shall be paid, without interest, by the Partnership in the first fiscal year in which funds are available.

The Investor Limited Partners shall have the right by a vote of 51% in interest of the Investor Limited Partners and written notice to the Managing General Partners to (i) designate a successor to the Investor Service Representative, and from and after such designation (a) all references in this Agreement to the Investor Service Representative shall be deemed to be references to such successor and (b) the Investor Service Fee for any fiscal year succeeding the fiscal year in which such designation was made shall be paid to such successor in the manner provided in this Agreement and (ii) to terminate the obligation of the Partnership to pay the Investor Service Fee to the Investor Service Representative or any such successor for any fiscal year following the fiscal year in which such termination is effected. However, if such designation or termination as described in the immediately preceding sentence is made, the Investor Service Representative shall have no further obligation to perform any administrative services.

ARTICLE XII

Books and Records, Accounting, Tax Elections, Etc.

Section 12.1 Books and Records

The Managing General Partners shall keep or cause to be kept complete and accurate books and records of the Partnership and supporting documentation of transactions with respect to the conduct of the Partnership's business, which shall be maintained in accordance with sound accounting practices and shall be available at the principal office of the Partnership for examination by any Partner, or his duly authorized representatives, or the Investor Service Representative at any and all reasonable times during normal business hours at the office of the Partnership. The Partnership may maintain such books and records and may provide such financial or other statements, including those required from time to time by RIHMFC or any other appropriate administrative agency, as the Managing General Partners may deem advisable.

Section 12.2 Bank Accounts

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

Section 12.3 Accountants

The Accountants for the Partnership shall be those named in Article I hereof or such other firm of certified public accountants as shall be engaged by the Managing General Partners with the Consent of the Limited Partners. The Accountants shall prepare for execution by the Managing General Partners all tax returns of the Partnership and shall audit and certify all annual financial reports to the Partners in accordance with generally accepted accounting principles.

Section 12.4 Reports to Investor Limited Partners

The Managing General Partners, upon the request of the Investor Service Representative, shall comply with the following provisions:

A. The Managing General Partners shall, within 20 days after the end of each quarterly period ending on the March 31, June 30, and September 30 next occurring after the admission of the Investor Limited Partners, and upon request from any Investor Limited Partner, his representative or the Investor Service Representative, cause to be prepared and sent to the Limited Partners a comparison of the budget for the quarter and actual expenditures, and a summary of the cash receipts and disbursements, and the unpaid liabilities including loans payable, if any, of the Partnership for such quarter, potential gross annual income at 100% occupancy, actual income collected within the quarter, amount of income due over 30 days old, an unaudited income statement prepared on the accrual basis of accounting and cumulative for the current fiscal year, an estimate of the profit or loss for the entire fiscal year and such additional information as shall be reasonably requested.

B. Until Final Closing, the Managing General Partners shall, within 30 days after the end of each quarterly period

commencing with the quarter ending September 30, 1979, cause to be prepared and sent to the Investor Limited Partners through the Investor Service Representative a report which shall state (i) the percentage of completion furnished to the Mortgage Lender in the most recent submission for a Mortgage advance, (ii) the anticipated date of completion of construction of the Improvements, (iii) whether there are any anticipated cost overruns, and, if so, the amount thereof, (iv) a narrative summary of any material deviations from the original plans for construction or commencement of rent-up of the Property including the information specified in Paragraph D below, (v) the number of units available for occupancy, and (vi) the actual number of units occupied.

C. After Final Closing such reports shall state, in addition to the information specified in paragraph A, (i) the current rental occupancy level for the quarter, (ii) the number of units vacated and number of evictions within the month and the previous quarter, (iii) if an operating deficit is being incurred or is anticipated by the Managing General Partners, and if so, the amount thereof and the manner in which such deficit shall be funded, and (iv) the Cash Flow statement of the Partnership for the preceding quarter indicating the cash available to be escrowed for a distribution to the Limited Partners.

D. After Final Closing, an annual operating pro forma budget shall be prepared by the Managing General Partners and distributed to each Limited Partner within 30 days of the beginning of each fiscal year.

E. Within 60 days after the end of each fiscal year, the Managing General Partners shall cause to be prepared and sent to all then Investor Limited Partners through the Investor Service Representative (i) a balance sheet and the related statements of income and retained earnings and changes in financial position, accompanied by a report of the Accountants stating that an audit of such financial statement has been made in accordance with generally accepted auditing standards, stating the opinion of the Accountant in respect of the financial statements and the accounting principles and practices reflected therein and as to the consistency of the application of the accounting principles, and identifying any matters to which the Accountant takes exception and stating, to the extent practicable, the effect of each such exception on such financial statement; (ii) a certification by the Managing General Partners that (a) all Mortgage payments and taxes and insurance premiums with respect to the Property are current as of the date of the year-end report, (b) no notice has been received of any defaults under the Mortgage, management agreement or Partnership Agreement, or if there be any such default, a description thereof, and (c) no notice has been received of any building, health or fire code violation or

similar violation of a governmental law, ordinance or regulation against the Property of a material nature or, if there be any such notice, a description of the violation in question; (iii) that information specified in Paragraph C above as it relates to the final quarter of the fiscal year in question; and (iv) 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. Upon the written request of any Investor Limited Partner for further information with respect to any matter covered in items (i), (ii), (iii) or (iv) above, the Managing General Partners shall furnish such information within 15 days of receipt of such request. All necessary tax information shall be furnished to all then Investor Limited Partners through the Investor Service Representative within 60 days of the end of each calendar year.

F. Immediate notice shall be given to the Investor Service Representative of any delay or default in Mortgage payments or of any litigation of material significance or any other action or circumstance that could potentially have any adverse effect on the Investor Limited Partners, and of any deferments granted by the Mortgage Lender. As soon as the Mortgage is determined, documentation shall be supplied to the Investor Service Representative for transmission to the Investor Limited Partners setting forth the exact amount of the Mortgage, the date initiating permanent financing, the interest rate, life of mortgage, and debt service parameters.

G. Prior to May 1 and November 1 of each year, the Managing General Partners shall cause to be prepared and sent to all Investor Limited Partners through the Investor Service Representative, a current estimate of each Investor Limited Partner's share of the profits or losses of the Partnership for Federal income tax purposes for the current fiscal year.

Section 12.5 Depreciation and Elections

With respect to all depreciable assets the Partnership shall elect to use, so far as permitted by the provisions of the Code, accelerated depreciation methods. However, on the advice of the Accountants the Partnership shall elect or change to some other method of depreciation so long as such other method is, in the opinion of the Accountants, most advantageous to the Investor Limited Partners.

Subject to the provisions of Section 12.7, all other elections required or permitted to be made by the Partnership under the Code shall be made by the Managing General Partners in such manner as will, in the opinion of the Accountants, be most advantageous to the Investor Limited Partners.

Section 12.6 Other Expenses

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

Section 12.7 Special Basis Adjustments

In the event of a transfer of all or any part of the interest of any Partner, including a transfer of an interest pursuant to Article VII, the Partnership shall elect, pursuant to Section 754 of the Code (or corresponding provisions of succeeding law), to adjust the basis for the Partnership Property. Notwithstanding anything contained in Article X of this Agreement, any adjustments made pursuant to 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.

Section 12.8 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 Code (or any comparable provision of any successor statute). However, such a sale or exchange may be made if (i) at the time of such transfer no part of the Improvements are occupied or ready for occupancy or (ii) prior to the date of transfer, a ruling of the Internal Revenue Service to the effect that such proposed sale, exchange or transfer will not result in such a 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. This Section 13.1 shall in no event impair, or be a defense to, the obligation of the Managing General Partners to purchase the interests of the Investor Limited Partners provided in Section 5.3 hereof and to the extent that such Sections are inconsistent, Section 5.3 shall control.

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 RIHMFC or any other governmental authority with jurisdiction over such disposition, and except with respect to transfers made pursuant to Section 5.3, the Managing General Partners may require as a condition of any transfer of such interests that the transferor furnish a legal opinion that the proposed transfer complied 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 Managing General Partners as Attorneys-in-Fact

Without limiting the effect of provisions elsewhere in this Agreement appointing each Managing 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 Initial General Partner and each Investor Limited Partner hereunder (including a Substitute or additional Limited Partner) hereby irrevocably appoints and empowers any one of the Managing General Partners, and the President, the Treasurer and the Secretary of any corporate Managing General Partner, his true and lawful attorney-in-fact, in his name, place and stead, to execute, acknowledge and swear to all instruments and file all documents requisite to carrying out the intention and purpose of this Agreement, including, without limitation, the following:

(i) Any and all amendments to the Certificate of Limited Partnership that may be required by this Agreement or the laws of the State, including without limitation, amendments required to effect the Withdrawal of the Initial General Partners at the time Final Closing occurs and/or the admission of a successor or additional General Partner pursuant to Article VII or additional or Substitute Limited Partners pursuant to Sections 4.6 or 8.3;

(ii) any certificate of dissolution or cancellation of the Certificate of Limited Partnership that may be necessary upon the termination of the Partnership;

(iii) any and all amendments to the Schedule of this Agreement necessary to reflect any change or transfer of a Partner's Partnership Interest including without limitation transfers of a Defaulting Limited Partner's Partnership Interest pursuant to Section 5.2 and any other amendments to this Agreement adopted pursuant to Section 13.13;

(iv) any business certificate, Certificate of Limited Partnership, amendment thereto, or other instrument or document of any kind necessary to accomplish the business, purposes and objectives of the Partnership;

(v) any instrument or papers required to continue the business of the Partnership pursuant to Article VII; and

(vi) all other instruments that may be required or permitted by law to be filed on behalf of the Partnership and that are not inconsistent with this Agreement.

A Managing General Partner shall take no action as an attorney-in-fact for any Limited Partner which would in any way increase the liability of the Limited Partner beyond the liability expressly set forth in this Agreement or diminish the substantive rights of the Limited Partner.

The appointment by each Initial General Partner and each Investor Limited Partner of any one of the Managing General Partners and the President, the Treasurer and the Secretary of any corporate Managing 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 and General Partners under this Agreement will be relying upon the power of the Managing General Partners and the said officers to act as contemplated by this Agreement in such filing and other action by them on behalf of the Partnership, and shall be irrevocable. The foregoing power of attorney shall survive the assignment by any General or Limited Partner of the whole or any part of his interest hereunder, and the death or dissolution of any General or Limited Partner.

Section 13.3 Amendments to Certificates

Within 90 days after the end of any fiscal year in which the Investor Limited Partners shall have received any distributions under Article X hereof, the Managing General Partners shall cause to be filed as required under the law of the State and elsewhere as the Managing General Partners deem appropriate an amendment to the Certificate reducing by the amount of their allocable share of such distribution the amount of Capital Contribution of each Investor Limited Partner as stated in the last previous amendment to the Certificate. Nothing in this

Section 13.3 shall authorize, however, any change in the Schedule to this Agreement nor shall the filing of any such amendment affect the computation of any Partner's share of distributions, profits, losses or any other item shared by the Partners under Article X. In no event shall any such amendment reduce the amount of any such Capital Contribution below \$1.00.

Section 13.4 Notices

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

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

All notices required to be given by the Partnership or the Managing General Partners to the Investor Limited Partners shall be deemed to have been duly given if such notice is given to the Investor Service Representative at 225 Franklin Street, Boston, Massachusetts 02110, or such other address as may be designated by it in writing, at least three business days prior to the last day on which the notice in question may be timely given. The Investor Service Representative shall be obligated to promptly forward to each Investor Limited Partner all such notices which it receives.

Section 13.5 Word Meanings

The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires.

Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of the Partnership.

As among the parties hereto, the terms of this Agreement shall control in the event of a specific conflict between such terms and the terms of the Certificate as amended.

Whenever this Agreement provides for action or consent by a certain percentage of interest of the Investor Limited Partners, such percentage shall be determined without giving effect to any Limited Partnership interest then held by a General Partner or an Affiliated Person of a General Partner.

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 Managing General Partners. Any counterpart hereof signed by the party against whom enforcement of this Agreement is sought shall be admissible into evidence as an original hereof to prove the contents hereof.

Section 13.9 Survival of Representations and Warranties

All representations and warranties herein shall survive the dissolution and final liquidation of the Partnership, except to the extent that a representation or warranty expressly provides otherwise.

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 Investor Limited Partners to be bound by the obligations of the Partnership (other than the rules and regulations of RIHMFC) 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 Limited Partner represents that he is acquiring his interest as a Limited Partner for his own account for investment and not with a view to the distribution or resale thereof and with no present intention of distributing or reselling any portion. Each Limited Partner agrees that he will not sell or offer to sell all or any portion of his interest as a Limited Partner, or solicit offers to buy the same from or otherwise approach or negotiate in respect thereof with any person or persons whomsoever, so as thereby to bring this transaction and the offering of Limited Partnership interest in the Partnership within the provisions of Section 5 of the Securities Act of 1933, as amended, or the registration requirements of any state "Blue Sky" statute.

Section 13.12 Paragraph Titles

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

Section 13.13 Amendment Procedure

This Agreement may not be modified or amended except with the written consent of the Managing General Partners and the Consent of the Limited Partners; provided, that any modification or amendment which would (i) increase the amount of the Capital Contributions payable by the Limited Partners, (ii) extend the termination date specified in Section 2.4 hereof, (iii) change the method or accelerate the dates for the payment of such Capital Contributions or otherwise increase the liability of the Limited Partners, (iv) affect the rights of the Limited Partners under Article X, or (v) amend this Section 13.13 shall require the written consent of all Limited Partners.

Section 13.14 Time of Admission

Each Investor Limited Partner shall be deemed to have been admitted to the Partnership as of the first day of the month during which his admission actually occurs for all purposes under this Agreement, including Article X.

WITNESS the execution under seal as of the 28th day of August, 1979.

MANAGING GENERAL PARTNERS

Witness: L. Noel Lopez

Angelo V. Beretta
Angelo V. Beretta

Witness: L. Noel Lopez

James A. Forte
James A. Forte

CLASS A LIMITED PARTNER

WFC REALTY CO., INC.

Witness: L. Noel Lopez

By Eileen M. Merrigan
CLASS B LIMITED PARTNER

Witness: L. Noel Lopez

Joseph A. Matteo
Joseph A. Matteo

INVESTOR LIMITED PARTNERS

Witness: L. Noel Lopez

By Eileen M. Merrigan
Eileen M. Merrigan, Attorney-in-fact

INITIAL GENERAL PARTNERS

Witness: L. Noel Lopez

Joseph Prete
Joseph Prete

Witness: L. Noel Lopez

Frank D'Ofio
Frank D'Ofio

WITHDRAWING INITIAL LIMITED PARTNERS

Witness: L. Noel Lopez

Angelo V. Beretta
Angelo V. Beretta
18 Kirkbrae Drive
Lincoln, Rhode Island

Witness: L. [Signature]

[Signature]
James A. Forte
3100 Diamond Hill Road
Cumberland, Rhode Island

Witness: L. [Signature]

[Signature]
Joseph A. Matteo
1 Matteo Drive
North Providence, Rhode Island

State of Rhode Island

City of Providence,

August 28, 1979

THIS IS TO CERTIFY that on the 28th day of August, 1979, there personally appeared before me the above Angelo V. Beretta, James A. Forte, Eileen M. Merrigan, individually and as attorney-in-fact, Joseph A. Matteo, Joseph Prete, and Frank D'Orio who acknowledged and swore that the execution of the foregoing instrument was their true and free act, and the true and free act of the entities set forth above who duly approved the execution of the foregoing instrument.

[Signature]
Notary Public

My commission expires: 6-30-81

SCHEDULE A
TO
ETTA APARTMENTS ASSOCIATES PARTNERSHIP
AMENDED AND RESTATED LIMITED PARTNERSHIP
AGREEMENT AND CERTIFICATE

<u>Name and Address:</u>	<u>Capital Contributions</u>	<u>Percentage Interest</u> ¹
<u>GENERAL PARTNERS:</u>		
Angelo V. Beretta, Jr. 18 Kirkbrae Drive Lincoln, Rhode Island	\$2,970.00 ²	.49% ³
James A. Forte 3100 Diamond Hill Road Cumberland, Rhode Island	\$2,970.00 ²	.49% ³
Joseph Prete 45 Dakota Street Providence, Rhode Island	\$ 50.00 ²	.01%
Frank D'Orio 140 Moderd Avenue Providence, Rhode Island	\$ 50.00 ²	.01%
	<u>\$6,040.00</u>	<u>1%</u>
<u>CLASS A LIMITED PARTNER:</u>		
WFC REALTY CO., INC. 225 Franklin Street Boston, MA 02110	<u>\$100.00⁴</u>	<u>.6%</u>
<u>CLASS B LIMITED PARTNER:</u>		
Joseph A. Matteo 1 Matteo Drive North Providence, Rhode Island	<u>\$3,960.00²</u>	<u>.4%</u>
<u>INVESTOR LIMITED PARTNERS:</u>		
Harold Altman P.O. Box 57 Lemont, Pennsylvania 16851	<u>\$220,000.00⁵</u>	<u>98%</u>

Notes:

1. Partners' percentage interests are subject to modification and adjustment as set forth in the Agreement and Certificate.
2. Contributed in cash on or about July 5, 1978.
3. At Final Closing Joseph Prete and Frank D'Orion will withdraw and the Percentage Interest of both Angelo V. Beretta, Jr. and James A. Forte will increase to .5%.
4. Contributed in cash on the date of this Amended and Restated Agreement.
5. The timing of and possible downward adjustments in the contributions of the Investor Limited Partners are set forth in the Agreement.



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RECEIVED & FILED AUG 29, 1979

Handwritten signature