



EXECUTION COPY

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D.M. ASSOCIATES L.P.

FIRST AMENDED AND RESTATED
CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP

Dated as of October 16, 1991

D.M. ASSOCIATES L.P.

FIRST AMENDED AND RESTATED CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP dated as of October 16, 1991 by and among Property Advisory Group, Inc., a Rhode Island corporation, as General Partner; Community Investments, Inc., a Massachusetts corporation ("Community Investments"), as Special Limited Partner; John B. Bentz and Robert R. Gaudreau, as Withdrawing Limited Partners; and 1990 Federal Tax Credit Partners, L. P. ("FTCP"), a Delaware limited partnership, as Investor Limited Partner.

The Partnership was formed as a limited partnership under the laws of the State of Rhode Island pursuant to a Limited Partnership Agreement and Certificate (the "Certificate") dated as of June 29, 1990 and filed with the Secretary of State of the State of Rhode Island on December 31, 1990.

The purposes of this Certificate and Agreement (the "Agreement") are to: (i) provide for the admission of Community Investments as the Special Limited Partner; (ii) provide for the withdrawal of the Withdrawing Limited Partners as Limited Partners; (iii) provide for the admission of FTCP as the Investor Limited Partner; and (iv) set out more fully the rights, obligations and duties of the General Partner and the Limited Partners. This Agreement amends and restates the initial Limited Partnership Agreement and Certificate in its entirety.

In consideration of the mutual promises made herein and other good and valuable consideration, the parties hereby agree as follows:

AGREEMENTS

ARTICLE I

NAME AND BUSINESS

1.1 Name; Continuation. The name of the Partnership is D.M. Associates L.P. The Partners hereby agree to continue the Partnership under the provisions of the Uniform Act.

1.2 Place of Business and Resident Agent. The principal office of the Partnership is 95 Sockanosset Crossroad, Suite 307, Cranston, Rhode Island 02920. The General Partner may at any time change the principal office of the Partnership and shall give reasonable prior notice thereof to the Limited Partners. The Partnership's agent for the service of process shall be Robert R. Gaudreau at the foregoing address.

1.3 Purpose. The purpose of the Partnership is to acquire, rehabilitate, maintain, operate, lease, dispose of and otherwise

deal with the Property and to engage in any other activities related and incidental thereto. The Partnership shall not engage in any other business or activity.

1.4 Term. The Partnership shall commence on the date hereof and shall continue in full force and effect until December 31, 2028 unless sooner dissolved in accordance with this Agreement.

ARTICLE II

DEFINITIONS

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

Accountants means Arthur Andersen & Co., or such other firm of independent certified public accountants as may be engaged by the General Partner for the Partnership, with the approval of the Special Limited Partner.

Adjusted Capital Contribution has the meaning ascribed to it in Section 4.3.2.

Adjusted Investor Contribution has the meaning ascribed to it in Section 4.3.2.

Adjusted Value means the value of the Partnership assets after they are adjusted under Section 4.2.2.4 to reflect the difference between their value on the books of the Partnership and their fair market value.

Admission Date means the date upon which the Investor Limited Partner is admitted to the Partnership pursuant to Section 3.1.

Affiliate means, as to any named Person or Persons (or as to every Partner of the Partnership if no Person is specifically named): (1) such Person; (2) each member of the Immediate Family of such Person; (3) each legal representative, heir, successor or assignee of any Person referred to in the preceding clauses (1) or (2); (4) each trustee of a trust for the benefit of any Person referred to in the preceding clauses (1) or (2); or (5) any other Person (a) who directly or indirectly controls, is controlled by, or is under common control with such Person, (b) who owns or controls 10% or more of the outstanding voting securities of such Person, (c) of which 10% or more of the voting securities are owned by such person or any of the Persons referred to in the foregoing clauses (1) through (3); (d) who is an officer, director, partner or trustee of such Person, or (e) for which such Person acts in the capacity of officer, director, partner or trustee.

Agreed Value means the fair market value of any property (determined without regard to liabilities secured by the property or to which the property is subject) contributed to the Partnership, as determined by the contributing Partner and the Partnership. The Agreed Value of any promissory note of which the contributing Partner is the maker shall be equal to the aggregate principal payments when and as actually made on the note, unless the promissory note is readily tradable on an established securities market or the note is disposed of by the Partnership in a taxable disposition.

Allocable Share of Minimum Gain means the amount determined as of the end of a taxable year equal to the excess of (i) the sum of the Non-Recourse Deductions and the Non-Recourse Distributions allocated or made to such Partner (including predecessors in interest) up to that time over (ii) the sum of such Partner's (including predecessors') aggregate share of net decreases in the Partnership Minimum Gain (including decreases attributable to revaluations) as determined under applicable Treasury Regulations.

Annual Credit has the meaning ascribed to it in Section 3.2(b).

Audited Financial Statements means financial statements (including balance sheet, statement of income, statement of partners' equity and statement of changes in financial position) prepared in accordance with generally accepted accounting principles and accompanied by an auditor's report signed by the Accountants.

Break-Even means operation of the Property at a level which produces, as determined by the Accountants: (i) Cash Receipts in excess of (ii) Cash Expenditures properly allocable to such period of time on an annualized basis (including, on an annualized basis, all anticipated Cash Expenditures of the Property, such as those of a seasonal nature, which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations) and, for any period in which no periodic payment of principal is required under the RIHMFC Loan, including as the debt service expense an amount equal to the periodic payment of principal and interest required under the RIHMFC Loan once such loan has been fully disbursed and amortization has begun thereunder.

Capital Account means the capital account of any Partner as specified in Section 4.2.

Capital Contribution means the total amount of cash and the initial Agreed Value of any property other than cash contributed to the Partnership by any Partner with respect to such Partner's interest in the Partnership.

Capital Cost Amount means an amount equal to the quotient of (i) the Capital Contribution of the Investor Limited Partner divided by

(ii) seventy-two one-hundredths (0.72), less the Capital Contribution of the Investor Limited Partner, representing a ratable portion of the Investor Limited Partner's cost of raising its capital.

Carrying Value means, in general, the adjusted basis of any Partnership assets as determined for federal income tax purposes as of the time of determination. The initial Carrying Value of contributed property shall be its Agreed Value. The Carrying Value of Partnership assets immediately following an adjustment in capital accounts under Section 4.2.2.4 shall be their Adjusted Value. Where the Carrying Value of Partnership assets differs from the tax basis of such assets, the Carrying Value shall be subsequently adjusted to reflect depreciation, depletion or amortization in a manner which bears the same relationship to the Carrying Value as the depreciation, depletion or amortization reflected for federal tax purposes bears to the adjusted tax basis of such assets; if the tax basis is zero, the General Partner may select any reasonable basis approved by the Special Limited Partner to adjust the Carrying Value to reflect such amounts.

Cash Available for Distribution means Cash Flow after payment of all Cash Flow Payments.

Cash Expenditures means cash funds used to pay expenses of the Partnership including without limitation payment of principal and interest on the Partnership's indebtedness, costs of repair or restoration of the Property, payment of fees under Section 5.9(a) and 5.9(d) and amounts set aside for restoration or creation of Partnership Reserves, but excluding depreciation, Cash Flow Payments and payments made out of Capital Contributions paid by the General Partner or the Investor Limited Partner hereunder.

Cash Flow means the excess of Cash Receipts over Cash Expenditures.

Cash Flow Payments means payment of (i) accrued Property Management Fees owed to the Management Agent or General Partner under Section 5.9(a) and accrued Local Administrative Fees owed to the Investor Limited Partner under Section 5.9(d), (ii) Credit Recovery Amounts due to the Investor Limited Partner under Section 3.2(b)(iii) and (iii) Development Loan and Operating Loan repayments due to the General Partner under the Development and Operating Deficit Guaranty Agreement. Such payments shall be made out of Cash Flow or Sale or Refinancing Proceeds in the foregoing order of priority.

Cash Receipts means all cash funds from operations received by the Partnership, other than Sale or Refinancing Proceeds.

Class B Limited Partner has the meaning ascribed to it in Section 8.1(c). A Class B Limited Partner shall have no rights hereunder except as expressly set forth in Section 8.1(c).

Code means the Internal Revenue Code of 1986, as it may be amended from time to time. References herein to any Code section shall include any successor provisions.

Competitive Real Estate Commission means that real estate or brokerage commission paid for the purchase or sale of a Property which is reasonable, customary and competitive in light of the size, type and location of such Property.

Completion Date means the date upon which, in the determination of the Accountants, the credit period has commenced with respect to the so-called "rehabilitation" Low-Income Housing Credit.

Credit Recovery Amount has the meaning ascribed to it in Section 3.2(b).

Credit Shortfall has the meaning ascribed to it in Section 3.2(b).

Deficit Balance means a deficit balance in a Partner's Capital Account, as determined after taking into account all adjustments required hereunder for the taxable year in question.

Designated Affiliate has the meaning ascribed to it in Section 5.7 (e).

Designated Net Worth Standard means the requirements of Revenue Procedure 89-12 or such other standards sufficient to support the issuance by Tax Counsel, or counsel satisfactory to the Special Limited Partner of a favorable opinion, satisfactory to the Special Limited Partner, on the issue of limited liability with respect to the Partnership's classification for Federal income tax purposes as a partnership rather than an association taxable as a corporation.

Designated Prime Rate means the highest interest rate announced from time to time as the "prime" or "base" rate by Chase Manhattan Bank, N.A.

Development and Operating Deficit Guaranty Agreement means that certain Development and Operating Deficit Guaranty Agreement of even date herewith among the General Partner, Robert R. Gaudreau and the Partnership.

Development Loan means a loan to the Partnership made pursuant to Section 1 of the Development and Operating Deficit Guaranty Agreement.

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

Event of Withdrawal means the occurrence of any event which causes a person to cease to be a general partner of a limited partnership under the Uniform Act.

Excess Deficit Balance means a Deficit Balance in a Partner's Capital Account in excess of (i) any Restoration Obligation of such Partner and (ii) the Partner's Allocable Share of Minimum Gain, after taking into account any reductions required by Treasury Regulations 1.704-1(b)(2)(ii)(d)4-6 for adjustments, allocations and distributions reasonably expected to be made (as of the close of the taxable year in question).

Filing Office means the Office of the Secretary of State of Rhode Island.

Final Determination means (i) a decision, judgment, decree or other order issued by a court of competent jurisdiction, which decision, judgment, decree or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted), (ii) a binding agreement entered into between the Service and the Partnership with respect to such issue or (iii) a final administrative or judicial determination by the Service with respect to such issue which, either by law or agreement, is not subject to appeal.

General Partner means Property Advisory Group, Inc., a Rhode Island corporation, or any other Person who becomes a General Partner as provided herein, in such Person's capacity as a general partner of the Partnership.

Governmental Authority means any governmental agency or authority having jurisdiction over the Partnership, the Property or any portion thereof.

Hazardous Material shall have the collective meanings given to the terms "hazardous material," "hazardous substances" and "hazardous wastes" in the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 et seq., as heretofore and hereafter amended, and shall also include any meanings given to such terms in any similar state or local statutes, ordinances, regulations or bylaws, whether now in effect or hereafter arising. In addition, the term "Hazardous Material" shall include any substance known to be hazardous to human health, such as lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, underground storage tanks, polychlorinated biphenyls (PCB's), toxic substances or other pollutants.

Hazardous Material Laws means any local, state, or Federal law or regulation pertaining to Hazardous Materials, whether now in effect or hereafter arising, including, without limitation, the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, Toxic Substance Control Act, Safe Drinking Water Control Act, Comprehensive Environmental Response, Compensation and Liability Act, or Occupational Safety and Health Act.

Immediate Family means, with respect to any individual Person, his or her spouse, parents, parents-in-law, descendants, nephews, nieces, brothers, sisters, brothers-in-law, sisters-in-law, children-in-law and grandchildren-in-law, and includes those Persons related by adoption.

Improvements means any structures or improvements on the Property.

Initial Operating Period means the period commencing on the Stabilization Date and terminating at the end of the calendar year during which falls the fourth anniversary of the Stabilization Date.

Interest means the entire interest of a Partner in the Partnership at any particular time, including his rights and obligations therein.

Investment Agreement means that certain Investment Agreement of even date herewith among the General Partner, the Investor Limited Partner, the Special Limited Partner and the Partnership.

Investor Contribution means the sum of (i) the Capital Contribution of the Investor Limited Partner and (ii) the Capital Cost Amount.

Investor Limited Partner means 1990 Federal Tax Credit Partners, L.P., a Delaware limited partnership, or any Person hereafter admitted to the Partnership as an Investor Limited Partner, in its capacity as such.

Lenders means the holders of the Mortgage Loans.

Limited Partner means any Investor Limited Partner or Special Limited Partner.

Limited Restoration Obligation means a Restoration Obligation which is limited to a stated dollar amount or stated percentage of a Partner's Capital Contribution.

Low-Income Housing Credit means the tax credit allowable under Section 38 as determined under Section 42 of the Code for qualified low-income housing projects.

Mortgages means any mortgages, mortgage deeds, deeds of trust, deeds to secure debt or any similar security instruments securing the Mortgage Loans.

Mortgage Loans means the RIHMFC Loan or any other secured indebtedness permitted hereunder.

Net Sale or Refinancing Proceeds means Sale or Refinancing Proceeds after payment of Cash Expenditures and any other liabilities of the Partnership then due and payable and, to the extent then available, Cash Flow Payments.

Non-Recourse Deductions shall mean, in each year, the amount of Partnership deductions which equals the excess, if any, of the net increase in the amount of the Partnership Minimum Gain during the year over the aggregate amount of Non-Recourse Distributions during such year.

Non-Recourse Distributions means the aggregate amount of distributions during a year of proceeds of a non-recourse liability that are allocable to an increase in the Partnership Minimum Gain as determined under applicable Treasury Regulations.

Operating Loan means a loan to the Partnership made pursuant to Section 2 of the Development and Operating Deficit Guaranty Agreement.

Partner means any General Partner or Limited Partner.

Partnership means the limited partnership continued pursuant to this Agreement.

Partnership Minimum Gain means the amount determined by computing, with respect to each non-recourse liability of the Partnership, the amount of gain, if any, that would be realized by the Partnership if it disposed of (in a taxable transaction) the property subject to such liability in full satisfaction of such liability, and by then aggregating the amounts so computed. Such computations shall be made in a manner consistent with applicable Treasury Regulations.

Partnership Profit and Partnership Loss means the taxable income or loss determined for federal income tax purposes for any fiscal period, with the adjustments provided in Section 4.2.

Partnership Reserves means reserves retained by the Partnership for working capital, debt service, capital improvements and similar contingencies, in the amounts required by any Lender or applicable governmental authority, or otherwise as approved by the Special Limited Partner. Any funds held in Partnership Reserves which are

no longer required for the purposes for which they were set aside shall be distributed pursuant to the provisions of Section 4.3.1 or 4.3.2, as the case may be.

Person means any individual or Entity.

Property means the real property located at 1155 Douglas Avenue, North Providence, Rhode Island, together with the 100 unit apartment complex and any other buildings or improvements thereon.

Property Documents means any loan documents, contracts, regulatory agreements or governmental orders or decrees affecting or relating to the Property.

Qualified Basis shall have the meaning ascribed to it in Section 42(c) of the code.

Related Agreement means the Investment Agreement, the Re-Purchase Agreement, the Development and Operating Deficit Guaranty Agreement and any other agreement entered into by the Partnership, the General Partner or the Investor Limited Partner in connection with the admission of the Investor Limited Partner to the Partnership.

Related Person means a Person related to a Partner by virtue of a relationship specified in Section 167(b) or Section 707(b) of the Code.

Re-Purchase Agreement means that certain Re-Purchase Agreement of even date herewith between the General Partner and the Investor Limited Partner.

Requisite Approvals means the approval or consent of the Lenders or any Governmental Authority, to the extent required by law or agreement.

Restoration Obligation means the obligation of the General Partner under Section 4.2.5, or of any Partner arising from an election filed under Section 4.2.4, to restore all or a portion of a Deficit Balance in its Capital Account.

RIHMFC Loan means that certain loan from the Rhode Island Housing and Mortgage Finance Corporation evidenced by a promissory note dated October 16, 1991 in the principal amount of \$4,300,000.

Sale or Refinancing Proceeds means funds received by the Partnership from the sale by the Partnership of the Property or of all or substantially all of its assets, the refinancing by the Partnership of any Mortgage on the Property, or any other transaction affecting the Partnership in connection with such event which is not in the ordinary course of its business. Sale or

Refinancing Proceeds and Cash Receipts are mutually exclusive definitions.

Service means the Internal Revenue Service.

Special Limited Partner means Community Investments, Inc., a Massachusetts corporation, or any Person hereafter admitted to the Partnership as a Special Limited Partner, in its capacity as such.

Stabilization Date means the date as of which the Property, for a period of three (3) consecutive calendar months (such period to begin no earlier than the Admission Date), has operated at or above Break-Even.

State means the State of Rhode Island.

Substituted Limited Partner means any Person who is admitted to the Partnership as a successor Limited Partner pursuant to Section 6.1.

Tax Counsel means Hill & Barlow of Boston, Massachusetts.

Title Policy means the owner's policy of title insurance issued to the Partnership in connection with the admission of the Investor Limited Partner.

Treasury Regulations means the regulations promulgated under the Code as in effect at the time of reference thereto.

Uniform Act or Act means the Revised Uniform Limited Partnership Act as in effect under the laws of the State, as amended from time to time.

ARTICLE III

PARTNERS; CAPITAL

3.1 General Partner and Limited Partners.

(a) The General Partner of the Partnership is Property Advisory Group, Inc.; its address and the Agreed Value of its Capital Contribution are set forth in Schedule A attached hereto. (The Capital Contribution of the General Partner includes a cash contribution of \$480,836, which shall be due and payable to the Partnership on or before December 31, 1991, together with the difference between \$798,407 and the final Capital Contribution of the Investor Limited Partner, which shall be due and payable to the Partnership on the date of payment of the Second Installment, as defined below.)

(b) Community Investments is hereby admitted to the Partnership as the Special Limited Partner; its address and Capital Contribution are set forth in Schedule A attached hereto.

(c) FTCP is hereby admitted to the Partnership as the Investor Limited Partner; its address and Capital Contribution are set forth in Schedule A attached hereto. The payment of its Capital Contribution is governed by Section 3.2.

(d) The Withdrawing Limited Partners hereby withdraw as Limited Partners and acknowledge that they have no further interest in the Partnership as of the Admission Date.

3.2 Payment of Capital Contributions by Investor Limited Partner.

(a) The Investor Limited Partner shall contribute as its Capital Contribution the aggregate sum of \$798,407 payable in two Installments (the "Installments") as follows:

(i) The first installment in the amount of \$674,733 (the "First Installment") shall be payable on the Admission Date.

(ii) The second installment in the amount of \$123,674 (the "Second Installment") shall be payable on the Stabilization Date.

(b) Until such time as each Installment has been contributed by the Investor Limited Partner, the aggregate amount of the Capital Contribution of the Investor Limited Partner shall be subject to reduction in the manner provided in this Section 3.2(b). If an event which would otherwise result in a reduction to the Investor Limited Partner's Capital Contribution occurs subsequent to the payment of all such Installments, the provisions of Section 3.2(b)(iii) shall apply.

(i) The Accountants shall determine the "Annual Credit" (as hereinafter defined) with respect to each tax year within 45 days following the end of such year. If the Accountants shall determine, or if there shall be a Final Determination, that the amount of the Annual Credit is, for any reason, less than \$180,499 then the Capital Contribution of the Investor Limited Partner shall be reduced by \$456 for each \$100 that such Annual Credit is less than \$180,499.

(ii) For the purposes of this Section 3.2(b), the term "Annual Credit" shall mean the amount of the aggregate annual Low-Income Housing Credit allowable to the Partners under Section 38 as determined under Section 42(a) of the Code; provided, however, that in determining such amount the following adjustments shall be made:

(a) no amount of any increase in the Low-Income Housing Credit allowable pursuant to Section 42(f)(3) of the Code shall be considered in determining the Annual Credit unless such increase is allowable during the second taxable year of the "credit period";

(b) the Annual Credit shall be determined without regard to the adjustments to the amount allowable for the first taxable year of the "credit period" pursuant to Sections 42(f)(2) or 42(f)(3)(B) of the Code.

(iii) If, at any time after all Installments have been contributed by the Investor Limited Partner, the amount of the Annual Credit is, for any reason, less than \$180,499 (such difference being hereinafter referred to as a "Credit Shortfall"), the Investor Limited Partner shall be compensated for such Credit Shortfall by payment of an amount (the "Credit Recovery Amount"), which shall be deemed to have been due on January 1 of such year, in an amount equal to the sum of (i) the product of 1.1 times the Credit Shortfall for such year plus (ii) the amount of any recapture, interest or penalty payable by the limited partners of the Investor Limited Partner (assuming pass-through of all such liability in the year incurred and a tax rate equal to the maximum individual rate applicable in such year). Credit Recovery Amounts shall be deemed to bear simple interest, from the respective dates on which such payments are deemed to have been due under this Section 3.2 (b)(iii), at the Designated Prime Rate plus two percent (2%) per annum. Except as provided in Section 5.6(a), Credit Recovery Amounts, together with the interest thereon, shall be repaid by the Partnership from Cash Flow and Sale or Refinancing Proceeds.

(c) The payment of the Installments shall be subject to the following conditions:

(i) The General Partner shall have executed and delivered to the Investor Limited Partner a true and correct certificate dated not more than ten days prior to the date any Installment is to be paid to the Partnership pursuant to Section 3.2(a) hereof, stating that the conditions to the payment of such Installment as set forth in this Section 3.2 have been satisfied and restating the representations and warranties of Section 5.5 as of the date of such certificate.

(ii) Each of the representations and warranties set forth in Section 5.5 shall be true and correct as of the date of such payment.

(iii) No event shall have occurred which would permit FTCP to give an "Election Notice" under the Purchase Agreement (as defined therein).

(iv) In the case of the First Installment, all Requisite Approvals to the admission of FTCP as Investor Limited Partner and Community Investments, Inc. as Special Limited Partner pursuant to this Agreement shall have been obtained and the Investor Limited Partner shall have received a certificate of the Accountants (in final form with respect to the so-called "acquisition" Low-Income Housing Credit and based on an estimated basis with respect to the so-called "rehabilitation" Low-Income Housing Credit) stating that the Qualified Basis of the Property eligible for the "acquisition" Low-Income Housing Credit equals or exceeds the amount required to support an Annual Credit of \$143,265 and that the projected Qualified Basis of the Property eligible for the "rehabilitation" Low-Income Housing Credit equals or exceeds the amount required to support an Annual Credit of \$37,234.

(v) In the case of the Second Installment, the Investor Limited Partner shall have received a certificate of the Accountants stating that the Qualified Basis of the Property equals or exceeds the amount required to support an Annual Credit of \$180,499 and that the Annual Credit to date has equalled such amount; the Completion Date shall have occurred; and the full disbursement of the RIHMFC Loan (except for any punchlist or other holdbacks held in escrow by RIHMFC in an amount not exceeding \$50,000) shall have occurred. If such certificate of the Accountants states that the Qualified Basis or the Annual Credit is less than the amount described above, then the certificate shall specify the lesser amount and the Second Installment shall be paid in a correspondingly reduced amount determined pursuant to Section 3.2(b).

The General Partner shall give the Investor Limited Partner not less than 21 days' prior written notice of the due date of each Installment subsequent to the First Installment.

(d) Notwithstanding the foregoing, if the Investor Limited Partner is relieved from its obligation to make payment of an Installment because of a failure to satisfy any condition thereof, but such condition can be satisfied by the payment of money, then in the discretion of the Investor Limited Partner payment of such Installment may be made notwithstanding the failure to satisfy such condition, provided that when such Installment is paid (i) the amount required to satisfy such condition is immediately disbursed to the requisite parties for the purpose of satisfying such condition, and (ii) any acceleration or maturity of indebtedness and any other default and any action or proceeding which was the basis of the failure to satisfy such condition or which resulted from such failure has been effectively waived and, in the case of any such action or proceedings, terminated with prejudice.

(e) The Investor Limited Partner hereby grants to the Partnership a security interest in the Investor Limited Partner's Interest as collateral security for the payment of each Installment

when due in accordance with this Agreement. Upon any default by the Investor Limited Partner in the payment of an Installment as and when so due and payable, continuing for ten (10) days after notice, the Partnership or its assignee shall have all the rights and remedies, with respect to the security interest hereby granted by such Investor Limited Partner, of a secured party under Article 9 of the Uniform Commercial Code as in effect in the State. The exercise of such right to foreclose upon such security interest shall not be deemed to be an election of remedies and shall be in addition to any other remedy the Partnership may have at law or in equity; provided, however, that the Partnership shall first foreclose upon such security interest before exercising any other remedy against the Investor Limited Partner for any deficiency remaining after such foreclosure.

3.3 Interest; Return of Capital. No Partner shall be entitled to interest on his Capital Contribution. No Partner shall have the right to withdraw his Capital Contribution or to demand and receive property of the Partnership in return for his Capital Contribution, except as may be specifically provided herein or required by law. Except as provided in the Purchase Agreement, no Partner shall be entitled to demand a redemption or repurchase of its Interest.

3.4 Special Rights of the Investor Limited Partner.

The Investor Limited Partner shall have the right to:

(1) amend this Agreement in any particular, notwithstanding the provisions of Section 10.2, provided that such amendment shall not, without the approval of the General Partner, alter the Interest of the General Partner (including its economic benefits, its obligations hereunder and its right to participation in management hereunder);

(2) dissolve the Partnership;

(3) remove the General Partner with or without cause and elect a new General Partner; provided that if the General Partner to be removed is the sole General Partner, then the new General Partner shall be admitted immediately prior to such removal;

(4) admit an additional General Partner; and

(5) approve or disapprove the sale of all or substantially all of the assets of the Partnership.

The Investor Limited Partner has only those rights expressly granted in this Section 3.4, elsewhere in this Agreement and in the Uniform Act and shall not participate in or have any control over

Partnership business or have any authority or right to act for or to bind the Partnership.

The Investor Limited Partner may exercise its rights under clauses (3) and (4) above only if a majority in interest of the limited partners of the Investor Limited Partner shall have voted to exercise such rights.

3.5 Meetings. Either the General Partner or the Investor Limited Partner may call meetings of the Partnership for any matters for which the Investor Limited Partner may vote or act as set forth in this Agreement, by providing written notice (either in person or by certified mail) of a meeting and the purpose of such meeting to be held on a date not less than fifteen (15) nor more than sixty (60) days after delivery of such notice, at a reasonably convenient time. All meetings shall be held at the principal office of the Partnership, or a reasonable alternative location specified by the General Partner or the Investor Limited Partner in the foregoing notice. The Investor Limited Partner may vote either in person or by proxy.

3.6 Liability of the Limited Partners. Except to the extent provided by law, the Limited Partners shall not be liable for any debts, liabilities, contracts, or other obligations of the Partnership, except for the payment of their Capital Contributions as set forth herein. The Limited Partners shall not be required to make any further capital contributions, lend any funds to the Partnership or repay any distributions received from the Partnership, except as otherwise required by law and except as expressly provided in this Agreement.

ARTICLE IV

CAPITAL ACCOUNTS; DISTRIBUTIONS; ALLOCATIONS

4.1 General. This Article sets forth certain provisions with respect to Capital Accounts of the Partners, distributions to the Partners, and allocation of gain and loss to the Partners.

4.2 Capital Accounts.

4.2.1 Establishment. A separate Capital Account shall be established and maintained for each Partner in accordance with this Article and applicable Treasury Regulations. In the event of a transfer of a Partnership interest (or portion thereof), the transferee shall succeed to the transferor's Capital Account (or corresponding portion thereof).

4.2.2 Adjustments. In general, each Partner's Capital Account shall be increased by such Partner's Capital Contributions

as and when made and by such Partner's share of Partnership Profit and shall be decreased by the cash and the fair market value of Partnership assets distributed to such Partner and by such Partner's share of Partnership Loss. In making such adjustments, the following provisions shall apply:

4.2.2.1 Liabilities of a Partner assumed by the Partnership or to which property contributed to the Partnership are subject shall be deducted and liabilities assumed by a Partner or to which property distributed to a Partner are subject shall be added.

4.2.2.2 Partnership Profit and Partnership Loss shall be determined and allocated in the same manner as income or loss for federal income tax purposes except that in determining Partnership Profit and Loss items of income and gain exempt from tax shall be added and items which are not deductible and which are not properly capitalized under the Code (or are treated as such under applicable Treasury Regulations) shall be deducted, and gain or loss on disposition of Partnership assets shall be determined with reference to the Carrying Value of such assets.

4.2.2.3 Each Partner's Capital Account shall be reduced by such Partner's share of any downward adjustment in the basis of Section 38 property owned by the Partnership. Such adjustment shall be shared in the same proportion as the tax credit giving rise to such reduction is shared under Section 4.4.2. In the event of any recapture of such tax credits, any upward adjustment to basis shall increase each Partner's Capital Account in like manner.

4.2.2.4 In connection with a contribution or distribution of money or other property (other than a de minimis amount) for an interest in the Partnership, the General Partner may elect, with the consent of the Special Limited Partner, in the manner provided under applicable Treasury Regulations to adjust the Capital Accounts of all Partners to reflect the difference between the value of Partnership assets as previously reflected on the books of the Partnership and the fair market value of such assets. Unrealized gain or loss resulting from such revaluation shall be allocated to each Partner's Capital Account in the same manner as if there were a taxable disposition of such revalued assets for their fair market value.

4.2.2.5 In the event of a distribution of Partnership assets to a Partner, the General Partner shall first make the adjustment provided for in Section 4.2.2.4 with respect to such property. A termination of the Partnership for purposes of Section 708(b)(1)(B) of the Code shall be treated for purposes of this Section 4.2 as a distribution of all Partnership assets to the Partners followed by a recontribution.

4.2.2.6 The Capital Accounts shall also be adjusted to reflect any additional adjustments provided for in this Agreement or applicable Treasury Regulations.

4.2.3 Liquidation. Upon liquidation of the Partnership (or any Partner's interest in the Partnership) any liquidating distributions to the Partners shall be made in accordance with the positive Capital Account balances of the Partners after taking into account all adjustments to the Partners' Capital Accounts for the taxable year or period during which such liquidation occurs.

4.2.4 Restoration Obligation. Effective upon admission, or for any subsequent taxable year, any Partner may file with the Partnership an election to be subject to a Restoration Obligation. Such Restoration Obligation may be unlimited or may be a Limited Restoration Obligation. If, following liquidation, after taking into account all adjustments required hereunder, any Partner has a Deficit Balance in his Capital Account, and such Partner has so elected under this Section 4.2.4, then such Partner shall be obligated, in the manner provided under applicable Treasury Regulations, to restore a portion or all of the amount of such Deficit Balance (depending on the terms of the election) to the Partnership to be paid to creditors or to be distributed to Partners with positive Capital Account balances.

4.2.5 Restoration Obligation of the General Partner. Notwithstanding the foregoing, the General Partner shall be subject to a Restoration Obligation equal to the excess, if any, of 1.01 percent of the total Capital Contributions of the Investor Limited Partner and the Special Limited Partner over the capital previously contributed by the General Partner.

4.3 Distributions.

4.3.1 Cash Available For Distribution will be distributed annually within 75 days after the end of each Partnership fiscal year as follows: 99% to the Investor Limited Partner and 1% to the General Partner.

4.3.2 Net Sale or Refinancing Proceeds will be distributed within 30 days of their receipt by the Partnership as follows:

(i) First, to the General Partner in an amount equal to its Adjusted Capital Contribution (defined as its Capital Contribution reduced by all prior distributions of Net Sale or Refinancing Proceeds made to it) and to the Investor Limited Partner in an amount equal to its Adjusted Investor Contribution (defined as its Investor Contribution reduced by all prior distributions of Net Sale or Refinancing Proceeds made to it), such proceeds to be distributed between the General Partner and

the Investor Limited Partner at any time in proportion to the then outstanding amounts of the Adjusted Capital Contribution and the Adjusted Investor Contribution;

(ii) Second, to the Special Limited Partner in an amount not to exceed \$10,000 (taking into account all prior distributions to the Special Limited Partner hereunder);

(iii) Third, the balance 50% to the Investor Limited Partner and 50% to the General Partner.

Notwithstanding any of the foregoing provisions, proceeds of a liquidation of the assets of the Partnership shall be distributed in accordance with Section 7.2.

4.4 Allocations.

4.4.1 Allocation of Taxable Income and Loss. For purposes of the Code and any similar law of any state, all items of income, gain, deduction, loss and tax credit of the Partnership as determined for federal income tax purposes for any taxable year or period shall be allocated as follows:

4.4.1.1 In General. Except as otherwise provided below or elsewhere under this Article, items of income, gain, loss and deduction for federal income tax purposes (and corresponding provisions of state law) shall be allocated 99% to the Investor Limited Partners and 1% to the General Partner.

4.4.1.2 Income and Gain from Sale or Refinancing. Income and gain arising from events which result in Net Sale or Refinancing Proceeds (or would so result if the proceeds thereof were sufficient in amount) shall be allocated as follows:

(i) First, to the Investor Limited Partner and the General Partner in proportion to cumulative losses previously allocated to them under Section 4.4.1.1 and Section 4.4.1.3 (ii), until the amount allocated hereunder equals the amount of such cumulative losses;

(ii) Second, to the Investor Limited Partner until the amount allocated hereunder equals the Capital Cost Amount;

(iii) Third, to the Special Limited Partner until the amount allocated hereunder equals \$10,000 (taking into account all prior allocations to the Special Limited Partner hereunder);

(iv) The balance 50% to the Investor Limited Partner and 50% to the General Partner.

4.4.1.3 Losses From Sale or Refinancing. Losses arising from events which result in Net Sale or Refinancing Proceeds (or would so result if the proceeds thereof were sufficient in amount) shall be allocated as follows:

(i) First, to the Partners in proportion to cumulative amounts previously allocated to them under 4.4.1.2 (i)-(v) above, in the inverse order of application, until the amounts allocated hereunder equals the amounts so allocated;

(ii) The balance 50% to the Investor Limited Partner and 50% to the General Partner.

4.4.2 Allocation of Tax Credits. All tax credits shall be allocated to the Partners in accordance with the Code and applicable Treasury Regulations. Except to the extent otherwise required under the Code or Regulations, Low-Income Housing Credits and rehabilitation credits under Section 48 of the Code shall be allocated 99% to the Investor Limited Partner and 1% to the General Partner.

4.4.3 Special Rules.

4.4.3.1 Allocations Where Partnership Basis Differs From Capital Account Values. In accordance with applicable Treasury Regulations, items of income, gain, loss and deductions with respect to any property contributed as a Capital Contribution or revalued for purposes of the Partners' Capital Accounts under Section 4.2.2 shall be allocated, for federal income tax purposes, so as to take account of any variation between the adjusted basis of such assets to the Partnership for federal income tax purposes and its value on the books of the Partnership in accordance with the principles of Section 704(c) and the Treasury Regulations thereunder. Such allocations shall not affect the Partners' Capital Accounts under Section 4.2.

4.4.3.2 Limitation on Losses. Unless a Partner is subject to an unlimited Restoration Obligation under Section 4.2.4 for the taxable year, a Partner shall not be allocated items of loss or deduction as of the close of any taxable year to the extent such an allocation would cause or increase an Excess Deficit Balance in his Capital Account. Any such amounts which are not allocated to a Partner under this Section 4.4.3.2 shall be allocated at the end of the taxable year as provided in applicable Treasury Regulations.

4.4.3.3 Qualified Income Offset. In the event any Partners unexpectedly receive any adjustments, allocations or distributions described in Treasury Regulations 1.704-1(b)(2)(ii) (d)4-6, items of Partnership income and gain shall be specifically allocated to such Partners in an amount and manner sufficient to eliminate any Excess Deficit Balances in their Capital Accounts

created by such adjustments, allocations or distributions as quickly as possible.

4.4.3.4 Minimum Gain Chargeback. If there is a net decrease in the Partnership Minimum Gain for any year, all Partners will be allocated items of Partnership income and gain for such year (and, if necessary, for subsequent years) in accordance with applicable Treasury Regulations in proportion to, and to the extent of, an amount equal to the greater of (i) the portion of each Partner's share of the net decrease in Partnership Minimum Gain during such year that is allocable to the disposition of Partnership property subject to one or more non-recourse liabilities of the Partnership or (ii) the Excess Deficit Balance in the Partner's Capital Account after giving effect to the reduction in the Partnership Minimum Gain but before any allocation of income, gain, loss or deduction or Section 705(a)(2)(B) expenditure for such year.

4.4.3.5 Certain Non-Recourse Deductions. To the extent that any Partner (or a related party as defined under applicable Treasury Regulations) may bear the burden of economic loss attributable to a purported non-recourse liability of the Partnership, any loss or deduction attributable to such liability shall not be treated as a Non-Recourse Deduction under the provisions hereof but shall be allocated to such Partner or otherwise as required by applicable Treasury Regulations. If losses or deductions have been allocated to a Partner pursuant hereto, corresponding amounts of income and gain shall thereafter be allocated to such Partner to offset such allocation as rapidly as possible. If a Partner's share of the Minimum Gain attributable to such liabilities is reduced in any year, such Partner shall be allocated items of income and gain for such year (and, if necessary for subsequent years) in proportion to, and to the extent of, an amount equal to the greater of (i) the portion of such reduction attributable to the disposition of Partnership property subject to such liabilities or (ii) the Excess Deficit Balance in such Partner's Capital Account after adjustment to reflect any Minimum Gain allocated under Section 4.4.3.4 above, all determined in accordance with applicable Treasury Regulations.

4.4.3.6 Minimum Allocation to General Partner. Anything herein to the contrary notwithstanding, the General Partner shall have at all times during the existence of the Partnership at least a one percent (1%) interest in each material item of income, gain, loss, deduction or credit, except that any temporary allocation provided for in this Section 4.4.3 shall not be subject to this provision.

4.4.3.7 Non-Recourse Deductions; Non-Recourse Liabilities. Non-Recourse Deductions of the Partnership shall be allocated among the Partners 99% to the Investor Limited Partner and 1% to the General Partner, except as otherwise required by

applicable Treasury Regulations. Allocation of non-recourse liabilities, to the extent made under applicable Treasury Regulations in accordance with a Partner's interest in profits, shall be allocated 99% to the Investor Limited Partner and 1% to the General Partner, except as otherwise required by applicable Treasury Regulations.

4.4.3.8 Curative Allocations. To the extent that amounts of income, gain, loss or deduction have been allocated pursuant to 4.4.3.2 and 4.4.3.3 (the "Regulatory Allocations") subsequent allocations of offsetting amounts shall be made in order to adjust the allocations to the net amount that would have been allocated under the Article had the Regulatory Allocations not occurred.

4.4.3.9 Treasury Regulations. The allocations provided for in this Section 4.4 are intended to comply with Treasury Regulations issued under Section 704 and related provisions of the Code and all determinations and adjustments provided for hereunder shall be made under and in accordance with such Treasury Regulations.

4.4.3.10 Authority of the General Partner. The allocation provisions set forth in this Article 4 are designed to provide the Partners with tax allocations which are consistent with the economic interests of the Partners as set forth in the distribution provisions of this Agreement and to result in adjustments to the Partners' Capital Accounts so that distribution of positive capital account balances in liquidation will be in accordance with the economic interest of the Partners as so set forth. The General Partner shall interpret and administer these provisions in accordance with these objectives. Further, if the General Partner receives an opinion of its tax counsel at any time that the operation of the allocations provisions is, in any material respect, inconsistent with these objectives and specifying the manner in which, in their opinion, such provisions should be amended to be consistent with such objectives, the General Partner is authorized and empowered, with the approval of the Special Limited Partner, to amend these provisions (other than Section 4.3) in accordance with such opinion.

ARTICLE V

RIGHTS, POWERS AND DUTIES OF THE GENERAL PARTNER

5.1 Restrictions on Authority

(a) Notwithstanding any other provisions of this Agreement, the General Partner shall have no authority to perform any act in respect of the Partnership or the Property in violation

or contravention of the Property Documents, the requirements of any Lender or Governmental Authority, or the provisions of this Agreement.

(b) The General Partner shall not have any authority to do any of the following acts without the approval of the Special Limited Partner:

(i) to borrow money on the general credit of the Partnership, except for the RIHMFC Loan and any Operating or Development Loans, or

(ii) to become personally liable for, or to guarantee, or to cause or permit any Limited Partner or any Related Person with respect to any Partner to become personally liable for or to guarantee, the RIHMFC Loan or any other indebtedness of the Partnership, or

(iii) following completion of the construction of the Improvements, to construct any new capital improvements, or to replace any existing capital improvements if construction or replacement would substantially alter the character or use of the Property, or

(iv) to acquire any real property in addition to the Property (other than easements or similar rights necessary or convenient for the operation of the Property), or

(v) to cause the Partnership to make any loan or advance to any Person (for purposes of this clause, accounts receivable in the ordinary course of business from Persons other than the General Partner or its Affiliates shall not be deemed to be advances or loans), or

(vi) to refinance the Mortgage Loans, or to sell or convey the Property, except that the General Partner may cause the Partnership to grant easements and similar rights affecting the Land to obtain utility services for the Property or for the other purposes necessary or convenient for the operation of the Property, or

(vii) to file any voluntary petition for the Partnership under the federal Bankruptcy Act, or seek the protection of any other federal or state bankruptcy or insolvency law or debtor relief statute.

5.2 Personal Services; Competition

(a) Subject to the provisions of Section 5.4(a), the General Partner shall devote to the affairs of the Partnership such time as it may deem necessary for the proper performance of its

duties. The General Partner shall receive no compensation for its services as General Partner except as specifically provided in this Agreement.

(b) Any Partner or any Affiliate of a Partner may engage independently or with others in other business ventures of any nature and description, including owning and operating properties in competition with the Partnership, and neither the Partnership nor any Partner shall have any right, by virtue of this Agreement or the partnership relationship created hereby, in or to any such ventures or activities or to the income or proceeds derived therefrom.

5.3 Business Management and Control; Certain Rights of Special Limited Partner

(a) Consistent with the provisions of this Agreement, the General Partner shall have the exclusive right to manage the business of the Partnership and to take all actions on behalf of the Partnership. Except as otherwise specifically provided herein, the General Partner shall have all of the rights and powers granted to a general partner in a limited partnership pursuant to the provisions of the Uniform Act, and shall have all the rights and powers which it deems necessary or appropriate to effect the purposes of the Partnership. 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) except as provided by law, participate in, or have any control over, the Partnership business. The Limited Partners hereby consent to the exercise by the General Partner of the powers conferred on it by this Agreement.

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

(i) as to who are the General Partner(s) or Limited Partners hereunder,

(ii) as to the existence or non-existence of any fact or facts which constitute conditions precedent to acts by the General Partner(s) or in any other manner germane to the affairs of this Partnership,

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

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

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

(c) If the Partnership is in material default under any of its obligations under the Property Documents (any default which would provide the basis for foreclosure or the exercise of a purchase option being deemed material), which default, in the reasonable judgment of the Special Limited Partner, is due to the gross negligence or intentional misconduct of the General Partner, or if the General Partner is in material default under any of the obligations under this Agreement or any Related Agreement, which default, in the reasonable judgment of the Special Limited Partner, is due to the gross negligence or intentional misconduct of the General Partner, or if the Annual Credit (as defined in Section 3.2(b) in any given year is less than 80% of \$180,499, or if an Event of Withdrawal shall have occurred with respect to a sole General Partner, the Special Limited Partner shall give notice of such event or default to the General Partner (except in the case of an Event of Withdrawal with respect to a sole General Partner, in which case no such notice shall be required and the rights of the Special Limited Partner set forth in this Section 5.3(c) shall be effective immediately). If such default is not cured within 10 days of such notice, or in the case of a default under any of the Property Documents, within 10 days of the notice of default from the relevant third party (or cured within 60 days in the event it is impossible to cure such default within such 10-day period, provided that the General Partner is diligently and in good faith seeking to cure such default and that such default does not provide the basis for foreclosure or the exercise of a purchase option or cause any recapture of the Low-Income Housing Credit), the Special Limited Partner may, with the approval of the Investor Limited Partner, elect to remove such General Partner and to become, or to designate another Entity (the majority in interest of which is owned by the general partners of the Investor Limited Partner) to become, a successor General Partner with all the rights and privileges of a General Partner. Upon such election (and designation) and such approval, the Special Limited Partner or such designated entity shall automatically become and shall be deemed to be a General Partner (and to succeed to the General Partner's Interest in the Partnership) and each Partner hereby irrevocably appoints the Special Limited Partner (with full power of substitution) as the attorney-in-fact of such Partner for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to

this Agreement and the Certificate necessary or appropriate to confirm the foregoing.

5.4 Duties and Obligations of the General Partner

(a) The General Partner shall promptly take all action which may be necessary or appropriate for the development, maintenance and operation of the Property in accordance with the provisions of this Agreement, the Property Documents and applicable laws and regulations, including such action as may be necessary to (i) supervise the activities of the management agent and rental agent (if any) for the Property, (ii) make inspections of the Property to determine if the Property is being properly maintained and that necessary repairs are being made thereto, (iii) prepare or cause to be prepared all reports of operations which are to be furnished to the Partners or which are required by the Lenders, and all taxing bodies or any other appropriate Governmental Authorities, (iv) pay and perform, to the extent of Partnership funds, the obligations of the Partnership, including (to the extent Cash Flow is available) Cash Flow Payments, (v) cause the property to be insured against fire, casualty and other risks in the maximum amount required by the Lenders, or good management practices, (vi) obtain and keep in force during the term of the Partnership business or rental interruption, workmen's compensation and public liability insurance for the benefit of the Partnership and its Partners in the maximum amount required by the Lenders, or good management practices, (vii) establish and maintain reasonable Partnership Reserves to provide for working capital needs and other contingencies of the Partnership, (viii) enforce all contracts entered into for the benefit of the Partnership, and (ix) do all other things which may be necessary to manage the affairs and business of the Partnership.

All of the insurance policies required by this Section 5.4(a) shall (x) be written by insurance companies rated A or better by Best's, (y) as to liability insurance policies, include FTCP and Community Investments as a named insured, and (z) include a provision requiring the insurance company to notify FTCP in writing 30 days prior to the cancellation of any such policy. The General Partner shall promptly provide FTCP or its representatives with copies of such insurance policies upon request from time to time. The insurance coverage required by Section 5.4(a)(v) shall be in an amount at least equal to the then current full replacement value of the buildings and other improvements located on the Property. Further, in the event of any casualty, provided that the insurance proceeds shall be made available therefor, the General Partner shall repair any damage to the Property which was caused by such event, so as to restore the Property (as nearly as possible) to the condition and market value thereof immediately prior to such occurrence, provided that the General Partner shall not be required to expend funds in excess of the amount of the insurance proceeds actually paid to or for the benefit of the Partnership.

(b) The General Partner shall use its best efforts consistent with sound management practice to maximize the Cash Flow available for distribution to the Partners, subject to the requirements of the RIHMFC Loan, including, if necessary, seeking any necessary approvals of rent increases, and implementing appropriate adjustments in the rent schedule of the Property, subject to the requirements of Section 42(g)(2) of the Code.

(c) The General Partner shall use its best efforts to keep the Mortgage Loans in full force and effect during the term thereof in accordance with the terms thereof, and shall provide the Special Limited Partner with a copy of any notice of default or alleged default given by the holder of any Mortgage Loan within two days from the receipt thereof by the General Partner. The General Partner shall use its best efforts to keep Section 8 or similar programs available to the Partnership and the Property.

(d) The General Partner shall lease the apartment units in the Property to qualified low-income tenants and otherwise take (and cause the Management Agent to take) all required steps to qualify the Property, and all portions thereof, during the compliance period (as defined in Section 42(i)(1) of the Code) as a "qualified low-income housing project" under Section 42(g)(1) of the Code as such section of the Code is interpreted from time to time in Treasury Regulations and rulings promulgated thereunder. The General Partner shall not, without the approval of the Special Limited Partner, take any action which would cause the termination or discontinuance of the qualification of the Property, or any portion thereof, as a "qualified low income housing project" under Section 42(g)(1) of the Code or which would cause the recapture of any Low-Income Housing Credit.

(e) The General Partner shall prepare and submit to the Secretary of the Treasury (or any other governmental authority designated for such purpose), on a timely basis, any and all annual reports, information returns and other certifications and information required (i) to insure that the Partnership (and its Partners) will continue to qualify for the Low-Income Housing Credit and (ii) to avoid recapture of such credit or the imposition of penalties or interest on the Partnership or any of its Partners for failure to comply with the requirements of Section 42 of the Code.

(f) The General Partner shall use its best efforts to insure that the amount of the Annual Credit (as defined in Section 3.2(b)(ii)) shall not be less than \$180,499.

(g) The General Partner shall at all times maintain such net worth and shall take such additional steps as may be necessary to satisfy the Designated Net Worth Standard.

(h) The General Partner shall not contract away the fiduciary duty owed at common law to the Limited Partners.

(i) The General Partner shall not cause the Partnership to reinvest Cash Flow or Sale or Refinancing Proceeds, other than amounts set aside for Partnership Reserves.

(j) The General Partner shall (i) not store (except in compliance with all laws, ordinances, and regulations pertaining thereto), or dispose of any Hazardous Material at the Property; (ii) neither directly nor indirectly transport or arrange for the transport of any Hazardous Material (except in compliance with all laws, ordinances, and regulations pertaining thereto); (iii) provide the Special Limited Partner with written notice (x) upon the General Partner's obtaining knowledge of any potential or known release, or threat of release, of any Hazardous Material at or from or threatening the Property and (z) upon the General Partner's obtaining knowledge of any incurrence of any expense or loss by any Governmental Authority in connection with the assessment, containment, or removal of any Hazardous Material for which expense or loss the General Partner or the Partnership may be liable or for which expense or loss a lien may be imposed on the Property.

(k) If the General Partner becomes aware of the presence of levels of Hazardous Material at the Property in concentrations and under conditions deemed detrimental to human health by, and in quantities or proportions that exceed safe limits for such substance established by, Hazardous Substance Laws, the General Partner shall (i) notify the Special Limited Partner of such situation and (ii) take all actions necessary to correct such situation as expeditiously as possible and to prevent the Property from being in violation of any Hazardous Material Laws provided, however, that the General Partner may use Partnership funds for such purposes, and shall not be required by the provisions hereof to use its own personal funds, except as may be required pursuant to this Agreement.

Section 5.5 Representations and Warranties of the General Partner

(a) The General Partner hereby represents and warrants to the Limited Partners that 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 recording requirements with the proper authorities in the State necessary to establish the limited liability of the Limited Partners as provided herein.

(ii) Property Advisory Group, Inc. is a duly organized corporation validly existing under the laws of the State and has

full power and authority to perform its obligations under this Agreement and the Related Agreements.

(iii) The execution and delivery of all instruments and the performance of all acts made or taken by the General Partner pertaining to the Partnership or the Property, including this Agreement and the Related Agreements, have been duly authorized by all necessary corporate or other action, and the consummation of any such transactions with or on behalf of the Partnership does not and will not constitute a breach or violation of, or a default under, the charter or by-laws of the General Partner or any agreement by which the General Partner or any of its properties is bound, nor constitute a violation of any law, administrative regulation or court decree.

(iv) The Partnership has good, clear, record and marketable title to the Property, free and clear of any liens, charges or encumbrances other than the Mortgages and matters set forth in the Title Policy.

(v) All building, zoning and other applicable certificates, permits and licenses necessary to permit the construction, use, occupancy and operation of the Property have been obtained (other than, prior to completion of the Property or a specified portion thereof, such as are issuable only on the completion of the Property or such specified portion thereof); and neither the Partnership nor the General Partner has received any notice or have any knowledge of any violation with respect to the Property of any law, rule, regulation, order or decree of any governmental authority having jurisdiction which would have a material adverse effect on the Property or the construction, use or occupancy thereof.

(vi) There are no structural defects in the improvements located on the Property or in installed systems in such improvements and the same are in good working order; no such improvement relies on any land or improvement not located on the Property to fulfill any zoning, building code or other governmental or municipal requirements or for structural support or the furnishing to such improvement of any essential building system or utilities; the Property is connected to and serviced by water, solid waste and sewage disposal, storm drainage and electricity facilities which are adequate for the intended use of the Property.

(vii) No litigation or proceeding against the Partnership or the General Partner (including any inquiry or audit by any taxing authority), or any other litigation or proceeding affecting the Property, is pending or threatened before any court, administrative agency or other governmental authority which would, if adversely determined, have a material adverse

effect on the Partnership or the General Partner, or their respective business or operations, or the Property.

(viii) No default by the General Partner or any Affiliate thereof having any relationship with the Property or the Partnership has occurred or is continuing (nor has there occurred any continuing event which, with the giving of notice or the passage of time or both, would constitute such a default) under any of the Property Documents, and the Property Documents are in full force and effect (except to the extent fully performed in accordance with their respective terms).

(ix) The General Partner is not in default in the observance or performance of any provision of this Agreement or any Related Agreement to be observed or performed by the General Partner.

(x) No Event of Withdrawal has occurred with respect to the General Partner.

(xi) The General Partner satisfies the Designated Net Worth Standard.

(xii) The Partnership has not made an assignment for the benefit of its creditors; filed a voluntary petition in bankruptcy; filed any petition or answer seeking, consenting to or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the federal bankruptcy code or any other bankruptcy or insolvency statute or law; sought, consented to or acquiesced in the appointment of any trustee, receiver, custodian or similar official of the Partnership or any of its assets and no proceeding against the Partnership seeking any of the foregoing relief has been filed or commenced.

(xiii) No Partner or Related Person thereof is personally liable for, or has guaranteed, any indebtedness of the Partnership, except as permitted by Section 5.1(ii).

(xiv) All tax returns and Form K-1's due under Section 9.2 hereof have been properly filed and/or transmitted, as the case may be.

(xv) The General Partner or its chief operating officers have at least two years relevant real estate or other experience demonstrating the knowledge and experience to acquire and manage the Property, and the General Partner or any Affiliate of the General Partner providing services to the Partnership have at least four years relevant experience in the kind of service being rendered or otherwise have sufficient knowledge and experience to perform the services proposed.

(xvi) No Hazardous Material was ever or is now stored on, transported, or disposed of on the Property. Neither the Partnership nor the General Partner has received any notice or have any knowledge of any violation with respect to the Property of any Federal, state or local statute, regulation or ordinance pertaining to Hazardous Materials, nor is the General Partner aware of a condition which should, in the exercise of due diligence, cause it to investigate the existence of an environmental condition of such a nature as described above.

(xvii) No General Partner, Affiliate of the General Partner or Person for whose conduct the General Partner is or was responsible has ever: (A) owned, occupied, or operated property on which any Hazardous Material was or is stored (except if such storage was or is at all times in compliance with all laws, ordinances and regulations pertaining thereto); (B) caused or was legally responsible for any release or threat of release of any Hazardous Material; or (C) received notification from any Federal, state or other governmental authority of any potential, known, or threat of release of Hazardous Material from the Property or any other property owned, occupied, or operated either by the General Partner, Affiliate of the General Partner, or Person for whose liability may result in a lien on the Property, or the incurrence of any expense or loss by any such governmental authority or by any other Person in connection with the assessment, containment, or removal of any release or threat of release of any Hazardous Material from the Property or any other such property.

(xviii) The Partnership qualifies for Low-Income Housing Credit in the amount of \$180,499 based on the RIHMFC Loan and the issuance of tax-exempt bonds in connection therewith.

(xix) All written statements, financial or otherwise, submitted by the General Partner to the Investor Limited Partner in connection with the admission of the Investor Limited Partner and the Special Limited Partner to the Partnership are true, complete and correct in all material respects and completely disclose any outstanding liabilities (including tax liabilities of the General Partner and the Partnership), and no such statement omits to state a material fact necessary to make the statements contained therein not misleading.

5.6 Indemnification by the General Partner

(a) The General Partner shall indemnify and hold harmless the Partnership and the Limited Partners from and against any and all losses, damages and liabilities which the Partnership may incur by reason of (i) the past, present or future negligence or misconduct of the General Partner or any Affiliate of the General

Partner, or the breach of any warranty or covenant set forth herein, or (ii) any liabilities (other than the Mortgage Loans) to which either the Partnership or the Property is subject at the Admission Date. Such losses shall include any loss or recapture of any Low-Income Housing Credit, or any interest or penalty payable in connection therewith, by reason of the foregoing, which amounts shall be paid by the General Partner to the Investor Limited Partner; except that, to the extent such amounts have previously been paid by the Partnership to the Investor Limited Partner as Credit Recovery Amounts under Section 3.2(b)(ii), then such amounts shall be paid by the General Partner to the Partnership.

(b) The General Partner shall indemnify, defend, and hold the Limited Partners harmless from and against any and all costs, expenses (including reasonable attorney's fees necessarily incurred), damages, or liabilities on account of the presence of any Hazardous Material at the Property to the extent that the Limited Partners are required personally to discharge such costs, expenses, damages, or liabilities in whole or in part from any source other than Partnership resources. Any liability described in the immediately preceding sentence may be defended, compromised, settled, or pursued by the Limited Partners with counsel of the Limited Partners' selection, but at the expense of the General Partner. Notwithstanding anything else set forth in this Agreement, this indemnification shall survive the withdrawal of the General Partner and/or the termination of this Agreement.

5.7 Limitation of Liability; Indemnification.

(a) Except as provided in Section 5.6, no General Partner or Designated Affiliate (as defined in Section 5.7(e)) shall have any liability to the Partnership or to any Partner for any loss suffered by the Partnership which arises out of any action or inaction of the General Partner or such Designated Affiliate if the General Partner or such Designated Affiliate was acting on behalf of or performing services for the Partnership, the General Partner or such Designated Affiliate, determined in good faith that such course of conduct was in the best interest of the Partnership and such course of conduct did not constitute negligence or misconduct of the General Partner or such Designated Affiliate, or the breach of any covenant or warranty set forth herein. To the full extent permitted by law, each General Partner and its Designated Affiliates shall be indemnified by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained in connection with the Partnership, provided that all of the following conditions are met: (i) such General Partner or Designated Affiliate thereof was acting on behalf of or performing services for the Partnership, (ii) such General Partner or Designated Affiliate thereof has determined in good faith that the course of conduct which caused the loss, judgment, liability, expense or amount paid in settlement was in the best interests of

the Partnership; (iii) such loss, judgment, liability, expense or amount paid in settlement was not the result of negligence or misconduct on the part of the General Partner or Designated Affiliate, or the breach of any covenant or warranty set forth herein; and (iv) such indemnification or agreement to hold harmless is recoverable only out of the assets of the Partnership, and not from the Limited Partners.

(b) Notwithstanding Section 5.7(a), no General Partner, no Person acting as a broker-dealer, nor any Designated Affiliate shall be indemnified for any losses, liabilities or expenses arising from or out of an alleged violation of Federal or state securities laws unless (1) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and the court approves indemnification of litigation costs, or (2) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee and the court approves indemnification of litigation costs or (3) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made.

(c) If any claim is made for indemnification for Federal or state securities laws violations, the party seeking such indemnification shall place before the court the positions of the Securities and Exchange Commission, the Massachusetts Securities Division, the Missouri Securities Division, the Pennsylvania Securities Division, the Tennessee Securities Division, and of any other state securities administrator whose rules requires such disclosure, with respect to the issue of indemnification for securities laws violations.

(d) The Partnership shall not incur the costs of that portion of any insurance, other than public liability insurance, which insures any party against any liability as to which party is herein prohibited from being indemnified. Nothing in this Section 6.6 however, shall restrict the right of the Partnership to (1) indemnify unaffiliated parties who will be performing services on behalf of the Partnership, including, but not limited to, consultants, engineers and experts, pursuant to any contract entered into by the General Partner on behalf of the Partnership in order to carry out the objectives of the Partnership or (2) apply Partnership funds, including, without limitation, proceeds of public liability insurance in favor of the Partnership, to cover damage to property or personal injuries to unaffiliated parties.

(e) As used in this Section 5.7, a "Designated Affiliate" is an Affiliate of a General Partner performing services on behalf of the Partnership, within the scope of the authority of the General Partner, who: (1) directly or indirectly controls, is controlled by,

or is under common control with, the General Partner, (2) owns or controls 10% or more of the outstanding voting securities of the General Partner, (3) is an officer, director, partner or trustee of the General Partner or (4) any Entity for which the General Partner acts as an officer, director, partner or trustee.

5.8 Certain Obligations of the General Partner

(a) The General Partner has entered into an agreement with the Partnership pursuant to which the General Partner is obligated, upon the conditions set forth in such agreement, to advance loans to the Partnership in order to pay outstanding Cash Expenditures of the Partnership.

(b) The General Partner has entered into an agreement with the Investor Limited Partner pursuant to which the General Partner is obligated, upon conditions set forth in such agreement, to purchase the Investor Limited Partner's Interest in the Partnership.

(c) The obligation of the General Partner pursuant to Section 5.8(a) above is for the benefit of the Partnership and the Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or any rights hereunder.

5.9 Management Agent; Certain Payments to the General Partner and the Investor Limited Partner and their Affiliates.

(a) The General Partner shall have the responsibility for managing the Property and obtaining a management agent (the "Management Agent"), the choice of which with respect to any successor to the Management Agent at the Admission Date shall be made with the approval of the Special Limited Partner, such approval not to be unreasonably withheld or delayed. The Management Agent at the Admission Date shall be Ferland Property Management. For its services in connection with the management of the Property, including without limitation all leasing, maintenance and repair, bookkeeping, risk management and supervisory functions, the Management Agent shall receive a reasonable and competitive property management fee (the "Property Management Fee") in an annual amount not to exceed six percent (6%) of gross rental receipts for the Property (or such lesser amount as may from time to time be approved by RIHMFC), provided, however, that if in any fiscal year there are not sufficient Cash Receipts to pay the full amount of the Property Management Fee after payment of the other Cash Expenditures (and no person is required to make further Development Loans or Operating Loans), then a portion of such fee shall be paid and the remainder shall accrue without interest, to be paid from positive Cash Flow in subsequent years. The General Partner will have the duty to manage

the Property during any period when there is no Management Agent and the Partnership will pay the General Partner for such services an annual management fee equal to amount set forth above.

The General Partner shall cause the Partnership to enter into an written agreement with the Management Agent (the "Management Agreement"). If the Management Agent (whether or not it is an Affiliate of the General Partner) notifies the Partnership of its intention to voluntarily terminate the Management Agreement or defaults in its obligations under the Management Agreement in such a manner as to give the Partnership the right to terminate the same, or the Management Agent is an Affiliate of the General Partner and

(i) the Property shall be subject to a substantial building code violation or violations which shall not have been cured within 90 days after notice from the applicable governmental agency or department or unless such violation(s) is (are) being validly contested by the General Partner by proceedings which operate to prevent any fines or criminal penalties from being levied against the Partnership or unless in the case of any such violation not susceptible of cure within such 90 day period, the Management Agent and/or the General Partner is diligently making reasonable efforts to cure the same;

(ii) operating revenues of the Property in respect of any period of twenty-four consecutive calendar months, taken together with available Partnership Reserves, shall be insufficient to permit the Partnership to pay when due on a current basis all Partnership obligations in respect of such twenty-four month period and the General Partner has failed to advance sufficient funds to the Partnership to enable it to pay all such obligations,

(iii) recapture of the Low-Income Housing Credit, or any default under any agreement which would provide the basis for foreclosure or the exercise of a purchase option by a third party, shall occur as the result of any act or omission of the Management Agent or the General Partner, or

(iv) the Management Agent or its agents or employees have demonstrated incompetence or malfeasance in the management of the Property,

then the General Partner shall forthwith give to the Special Limited Partner notice of such event (a "Management Default Notice") and, if so directed by the Special Limited Partner, shall thereupon terminate the Management Agreement with the Management Agent. If the Management Agent is so terminated, the General Partner shall immediately proceed to select a qualified Person unaffiliated with the General Partner as the new Management Agent for the Property, which selection shall be subject to the prior approval of the Special Limited Partner.

(b) Intentionally Omitted.

(c) The General Partner or an Affiliate thereof shall, at its election, serve as broker in connection with any sale of the Property or interests therein and receive a Competitive Real Estate Commission not to exceed 3% of the sale price of the Property or interest therein.

(d) For its services in monitoring the operations of the Partnership and the preparation of the reports required by Section 9.2, the Investor Limited Partner shall receive an annual fee (the "Local Administrative Fee") in the amount of \$7,500 per annum in 1990 and increased by five percent (5%) per annum thereafter, payable quarterly in arrears and pro-rated in the partial years at the commencement and termination of the Partnership. At any time when, whether due to the terms of the RIHMFC Loan or otherwise, the Partnership is not permitted to pay the Local Administrative Fee, the Management Agent shall pay over to the Investor Limited Partner such fee out of its Property Management Fee received from the Partnership, without reimbursement from the Partnership.

(e) Neither the General Partner or any of its Affiliates shall receive any fees or profits from the Partnership in connection with the acquisition, construction, development, operation or disposition of the Property, or for the administration of the Partnership's business or otherwise, except for (i) payments made pursuant to that certain Construction Agreement between the Partnership and the General Partner dated July 18, 1991, that certain Development Management Agreement between the Partnership and PAG Development Co., L.P. dated October 16, 1991 and that certain letter agreement between Ferland Property Management and the General Partner dated September 17, 1991; (ii) payments provided in this Section 5.9 and (iii) distributions under Article IV. None of the affiliate contracts set forth above may be amended without the prior approval of the Special Limited Partner.

5.10 Offers To Purchase.

The General Partner shall have the option, exercisable at any time within one year following the termination of the fifteen year compliance period (as defined in Section 42(i)(1) of the Code), to either (1) purchase the Property at a price which would yield to the Investor Limited Partner, after payment by the Partnership of the then outstanding balance of the Mortgage Loans and any other outstanding indebtedness or liabilities of the Partnership, an amount equal to the Adjusted Investor Contribution (as defined in Section 4.3.2(i)), provided that such price shall in no event be less than the fair market value of the Property, taking into account any continuing restrictions on the use of the Property, as determined by an appraiser mutually approved by the General Partner

and the Special Limited Partner; or (2) cause the Partnership to redeem the Interest of the Investor Limited Partner by payment of an amount equal to the Adjusted Investor Contribution, provided that such amount shall in no event reflect a value of such Interest based on less than the fair market value of the Property, taking into account any continuing restrictions on the use of the Property, as determined by an appraiser mutually approved by the General Partner and the Special Limited Partner. After the termination of the foregoing option period, the General Partner shall have the obligation to notify promptly the Special Limited Partner of any third party offer to purchase the Property. The Special Limited Partner shall thereupon have the right, exercisable by notice to the General Partner within thirty (30) days of its receipt of notice of the offer, to direct the sale of the Property pursuant to the offer. If timely directed by the Special Limited Partner, the General Partner shall thereupon consummate such sale as soon as practicable; provided, however, that if within thirty (30) days after such direction by the Special Limited Partner another third party or the General Partner is prepared to enter into a binding purchase and sale agreement with the Partnership for the same or a higher purchase price (and materially similar other terms and conditions), then the General Partner may enter into such agreement within such thirty (30) day period and shall thereupon consummate such sale as soon as practicable.

5.11 Joint and Several Obligations. In the event that there are more than one General Partner, all obligations of the General Partners hereunder are joint and several obligations of the General Partners, except as herein expressly provided to the contrary.

ARTICLE VI

TRANSFER OF LIMITED PARTNERSHIP INTERESTS

6.1 Right to Assign. The Investor Limited Partner shall have the right to assign or transfer its Interest. The General Partner may require as a condition to any assignment of a Limited Partner Interest that the assignor (i) assume all costs incurred by the Partnership in connection therewith and (ii) furnish it with an opinion of counsel satisfactory to counsel to the Partnership that such sale, transfer, exchange or other disposition complies with applicable Federal and state securities laws. Any assignment in contravention of any of the provisions of this Section 6.1 shall be void and ineffectual and shall not bind, or be recognized by, the Partnership. Neither the General Partner nor the Partnership shall have any liability or obligation with respect to recapture of the Low-Income Housing Tax Credit caused by such assignment or transfer.

6.2 Substitute Limited Partners. No Limited Partner shall have the right to substitute an assignee as a Limited Partner in its

place. The General Partner, however, may in its exclusive discretion permit any such assignee to become a Substitute Limited Partner and any such permission by the General Partner shall be binding and conclusive without the consent or approval of any other Person. Upon the admission of a Substitute Limited Partner, the books and records of the Partnership shall be amended to reflect the name and address of such Substitute Limited Partner and to eliminate the name and address of its assignor. Each Substitute Limited Partner shall, as a condition of receiving any interest in the Partnership, execute such instrument or instruments as shall be required by the General Partner to signify its agreement to be bound by all the provisions of this Agreement.

6.3 Assignees

(a) In the event of the death or incapacity of any Limited Partner who is a natural person, his legal representatives shall have such rights as are afforded them by the Uniform Act. The death of a Limited Partner shall not dissolve the Partnership.

(b) An assignee of a Limited Partner who does not become a Substitute Limited Partner in accordance with Section 6.2 shall, if such assignment is in compliance with the terms of this Agreement, have the right to receive the same share of Profits, Losses, Tax Credits and distributions of the Partnership to which the assigning Limited Partner would have been entitled if no such assignment had been made by such Limited Partner but, except as otherwise required under the Uniform Act, shall have no other rights granted to the Limited Partners under this Agreement.

(c) Any Limited Partner who shall assign all its Interest shall cease to be a Limited Partner of the Partnership, and shall no longer have any rights or privileges or obligations of a Limited Partner except that, unless and until the assignee of such Limited Partner is admitted to the Partnership as a Substitute Limited Partner in accordance with Section 6.2, said assigning Limited Partner shall retain the statutory rights and be subject to the statutory obligations of an assignor limited partner under the Uniform Act as well as the obligation to make the Capital Contributions attributable to the Interest in question, if any portion thereof remains unpaid.

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

(e) An assignee of a Limited Partner Interest who does not become a Substitute Limited Partner as provided in Section 6.2 and who desires to make a further assignment of its Limited Partner Interest shall be subject to the provisions of this Article VI to the same extent and in the same manner as any Limited Partner desiring to make an assignment of its Interest.

ARTICLE VII

DISSOLUTION

7.1 Events of Dissolution. The Partnership shall continue during the term set forth in Section 1.5, 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 of the assets of the Partnership;
- (b) The election by the General Partner, with the approval of the Investor Limited Partner or the election by the Investor Limited Partner to dissolve the Partnership;
- (c) The removal of, or the occurrence of another Event of Withdrawal with respect to, a General Partner provided, however, the Partnership shall not be dissolved or required to be wound up upon an Event of Withdrawal of a General Partner if (i) at the time of such Event of Withdrawal there is at least one remaining General Partner and that General Partner carries on the business of the Partnership, or (ii) within ninety (90) days after such Event of Withdrawal all the remaining Partners agree in writing to continue the business of the Partnership and to the appointment, effective as of the date of such Event of Withdrawal, of one or more additional General Partners; or
- (d) The judicial dissolution of the Partnership.

7.2 Distributions on Dissolution. Upon dissolution of the Partnership, the General Partner (or if there is no General Partner, then any liquidating trustee designated by the Special Limited Partner) shall file such certificates, if any, as may be required by the Uniform Act and shall proceed to effect an orderly liquidation of the Partnership. A reasonable time shall be allowed for the orderly liquidation of the assets of the Partnership and the discharge of liabilities to creditors. The proceeds of such liquidation, after payment of the expenses of liquidation, shall be applied and distributed in the following order of priority:

- (a) To the payment of all debts and liabilities of the Partnership;

- (b) To fund reserves which the General Partner (or liquidating trustee) deems reasonably necessary for any contingent or third party liabilities or obligations of the Partnership arising out of or in connection with the Partnership's business;
- (c) Then, in accordance with Section 4.2.3 as liquidation distributions.

7.3 Records and Liability. Each of the Partners shall be furnished with a statement prepared by the General Partner (or liquidating trustee) which shall set forth the assets and liabilities of the Partnership as of the date of dissolution and of complete liquidation. Except to the extent attributable to bad faith acts, negligence, misconduct, or the breach of any warranty or covenant set forth herein, the General Partner (or liquidating trustee) shall not be personally liable for any distributions to the Limited Partners, or any portion thereof including a return of any invested capital, all such distributions to be made solely from Partnership assets.

ARTICLE VIII

WITHDRAWAL OF A GENERAL PARTNER; SUCCESSOR GENERAL PARTNER

8.1 Withdrawal.

(a) The General Partner may not retire or withdraw from the Partnership or transfer its Interest without the approval of the Special Limited Partner, such approval not to be unreasonably withheld, but its status as General Partner shall cease upon an Event of Withdrawal. The General Partner shall be deemed to have withdrawn from the Partnership in violation of this Section if (i) the General Partner sells, assigns, pledges or encumbers its Interest (or an ownership interest in the General Partner is assigned or transferred) without the approval of the Special Limited Partner or (ii) the General Partner fails to meet at any time the Designated Net Worth Standard.

(b) Upon an Event of Withdrawal with respect to a General Partner which is not permitted under Section 8.1(a), or upon the removal of a General Partner with cause, the Interest of such General Partner shall immediately and automatically terminate on the effective date of such Event of Withdrawal and such General Partner (the "Withdrawing General Partner") shall have no further right to participate in the management or operation of the Partnership's business or to receive any future allocations of profits and losses, any distributions from the Partnership or any other funds or assets of the Partnership, nor shall it be entitled to receive or to be

paid by the Partnership any further payments of fees (including fees which have been earned but are unpaid) or to be repaid any outstanding advances or loans made by it to the Partnership. From and after the effective date of such Event of Withdrawal, the rights of the Withdrawing General Partner to receive or to be paid such allocations, distributions, funds, assets, fees or repayments shall be reallocated to the other General Partner or General Partners, or if there is no other general partner of the Partnership at that time, to the Special Limited Partner. Notwithstanding such Event of Withdrawal and loss of any right to receive such allocations, distributions, funds, assets, fees and repayments, the Withdrawing General Partner shall remain liable to the Partnership and the other Partners for all obligations theretofore incurred by it under this Agreement, including those which may arise upon such Event of Withdrawal. Notwithstanding anything herein to the contrary, the Partnership and any remaining Partners shall have all other rights and remedies against the Withdrawing General Partner as provided by law.

(c) Upon an Event of Withdrawal with respect to a General Partner which is permitted under Section 8.1(a), or upon the removal of a General Partner without cause, its Interest shall automatically become an Interest of a "Class B Limited Partner." The Class B Limited Partner shall be entitled to receive the fees payable to the Withdrawing General Partner set forth in Article V hereof (to the extent earned prior to the Event of Withdrawal), to be repaid any outstanding advances or loans made by the Withdrawing General Partner to the Partnership, to be paid an amount equal to the present value of the Management Agreement (if the Class B Limited Partner or an affiliate thereof is the then Management Agent) and to share in the profits and losses and distributions at the same times and in the same manner as the Withdrawing General Partner would have otherwise received as a General Partner, but shall not be entitled to participate in the management or operation of the Partnership's business, or to vote or act on any matter on which a Limited Partner hereunder is otherwise entitled to vote or act, and shall not have any further obligations as a General Partner. The Partnership and any remaining Partners shall have all the rights and remedies against the Withdrawing General Partner (if any) as provided by law and the Partnership shall be entitled to offset against the amounts to be paid, repaid or distributed to the Withdrawing General Partner any damages suffered by breach of or default under this Agreement. The Investor Limited Partner or any successor General Partner proposed by it shall have the option, but not the obligation, to acquire the Interest of the Class B Limited Partner upon payment of the fair market value of such Interest (taking into account the present value of the Management Agreement, if the Class B Limited Partner or an affiliate thereof is the then Management Agent), reduced by any offset as described above, as determined by agreement of the Class B Limited Partner and the Partnership, or, if they cannot agree, by submission of the matter for arbitration in the

manner provided under the rules of the American Arbitration Association then in effect. The expense of such arbitration shall be borne equally by the Class B Limited Partner and the Partnership, except that each party shall bear the costs of its legal counsel. Such fair market value shall be represented by an unsecured promissory note, payable by the Partnership or the Investor Limited Partner or the successor General Partner in five equal annual installments, with interest at Designated Prime Rate plus one percent (1%) per annum, the first such installment to be paid on the first anniversary of the date of determination of such value as aforesaid.

8.2 Interest of Successor General Partner.

If a successor General Partner does not own a 1% interest in all material items of profits and losses and distributions of the Partnership, the Investor Limited Partner shall transfer a portion of his Interest to the successor General Partner in an amount sufficient to give the successor General Partner such 1% interest and the successor General Partner shall pay to the Investor Limited Partner as the purchase price for his Interest, an amount equal to the fair market value of such interest as agreed upon by the successor General Partner and the Investor Limited Partner.

ARTICLE IX

BOOKS AND RECORDS, ACCOUNTING, TAX ELECTIONS, ETC

9.1 Books and Records.

(a) The General Partner shall keep or cause to be kept a complete and accurate set of books and supporting documentation of transactions with respect to the conduct of the Partnership's business, including such books and records which are required under the Uniform Act or by any governmental agency having jurisdiction over the Property or the Partnership. The books of the Partnership shall at all times be maintained at the principal office of the Partnership. Each of the Partners and their duly authorized representatives shall have the right to examine and copy the books of the Partnership and all other records and information concerning the operation of the Property at reasonable times after adequate notice to the General Partner. A list of the names and addresses of all the Partners shall be maintained as part of the books and records of the Partnership and shall be mailed to any Partner upon request.

(b) The books of the Partnership shall be examined in accordance with generally accepted auditing standards annually as of the end of each fiscal year of the Partnership by the Accountants. The General Partner shall determine and prepare a balance sheet as of the end of each such year and statements of income, Partners'

equity and changes in financial position for such year. Said balance sheet and statements shall be accompanied by the opinion of the Accountants that said balance sheet and statements have been prepared in accordance with generally accepted accounting principles applied consistently with prior periods identifying any matters to which the Accountants take exception and stating, to the extent practicable, the effect of each such exception on such financial statements. As a note to such financial statements, the General Partner shall prepare (or shall cause to have prepared) a schedule of all loans to the Partnership, setting forth the section of this Agreement under which such debt was incurred and the purpose for which such loan was applied by the Partnership and such schedule will be reviewed by the Accountants. Such schedule shall demonstrate that loans have been made, used, carried on the books of the Partnership (and repaid, if applicable) in accordance with the provisions of this Agreement. Said balance sheet and financial statements shall also be accompanied by a report containing (i) a statement of Cash Available for Distribution and Partnership Reserves for such year (which may be unaudited) and (ii) a report of the significant activities of the Partnership during the year. Such report shall set forth distributions to the Investor Limited Partner for the period covered thereby and shall separately identify distributions from: (a) Cash Flow from operations during the period, (b) Cash Flow from operations during a prior period which had been held as Partnership Reserves, (c) Sale or Refinancing Proceeds and (d) Partnership Reserves from the Capital Contribution made by the Investor Limited Partner. The General Partner shall, within 60 days after the end of each fiscal year, send a copy of such balance sheet, financial statements and report to each Person who was a Partner at any time during such fiscal year.

The Accountants also shall review and sign the Federal and state income tax returns of the Partnership. The General Partner shall complete the books of the Partnership in such time as will allow the Accountants to complete such tax returns within 45 days after the end of such fiscal year. The General Partner shall cause such tax returns to be filed within such time periods and shall immediately upon the filing thereof send to the Investor Limited Partner a copy of Form K-1. If the General Partner fails to complete such tax returns and to transmit such Form K-1 to the Investor Limited Partner within 45 days after the end of such fiscal year, fails to transmit the annual balance sheet, financial statements and report to the Investor Limited Partner within the time period set forth above or fails to transmit any of the reports required by Section 9.1(e) within the time period set forth therein, the General Partner shall pay damages in the sum of \$150 per day for the first seven (7) days after the date when due and \$250 per day thereafter (plus interest at the Designated Prime Rate) computed from the date until received by the Investor Limited Partner. Such damages shall be paid forthwith by the General Partner and failure to so pay shall constitute a default of the General Partner under Section 5.3(c)

hereof. In addition, if the General Partner fails to so pay such damages, the General Partner and its Affiliates shall forthwith cease to be entitled to the payment of any fees and the distribution of any Cash Available For Distribution to which they may otherwise be entitled hereunder, and the Investor Limited Partner shall be entitled to deduct such amount from the payment of any Installment of its Capital Contribution. Such payments and distributions shall be restored and allowed only upon the payment of such damages in full and any amount of such damages not so paid shall be deducted against such payments and distributions otherwise due to the General Partner or its Affiliates.

The reports and estimates described above shall clearly indicate the methods under which they were prepared and shall be made at the expense of the Partnership.

(c) If the General Partner fails to complete such tax returns and submit such Forms K-1 on a timely basis, the Investor Limited Partner may select a firm of accountants who shall prepare such returns and Forms K-1. The General Partner shall immediately furnish all necessary documentation and other information so as to prepare such tax returns and such Forms K-1 to such accountants. Such firm of accountants shall be paid of the expense of the Partnership, provided that such payments to the accountants will be deemed to be additional damages required to be paid by the General Partner in accordance with Section 9.1(b).

(d) An annual pro forma operating budget shall be prepared by the General Partner and furnished to the Special Limited Partner within 15 days prior to the beginning of each calendar year. In addition, the General Partner shall prepare and furnish to the Investor Limited Partner an estimate of the profits and losses of the Partnership for Federal tax purposes for the current fiscal year not later than September 30 of each year.

(e) Within 20 days following the end of each quarter of each fiscal year, the General Partner shall send to each Person who was a Partner at any time during such quarter one or more reports which, taken together, provide the following information (which need not be audited): (i) a balance sheet as of the end of such quarter; (ii) a statement of income for such quarter; (iii) a statement of Cash Available For Distribution and Partnership Reserves as of the end of such quarter; (iv) a statement describing the amount of all fees, distributions or other compensation paid by the Partnership for the quarter to the General Partner or Affiliates of the General Partner; and (v) a report of the significant activities of the Partnership during the quarter.

(f) The General Partner may from time to time change the Accountants for the Partnership to another firm of certified independent accountants; provided, however, that unless (i) the

proposed new Accountants are a firm of nationally recognized standing and (ii) prior to any such change the General Partner shall have delivered to the Special Limited Partner a certificate to the effect that such change has not been brought about as a result of any dispute over Partnership accounting practices and procedures, such change in Accountants shall require the consent of the Special Limited Partner, which consent shall not be unreasonably withheld or delayed.

(h) The General Partner shall provide the Investor Limited Partner with copies of each draw request for construction or development costs as such requests are made under the Construction Loan Documents.

(i) By the 15th day of each month prior to the Stabilization Date, the General Partners shall provide the Investor Limited Partner with a brief written summary of the status of the construction, development, lease-up and operations of the Property during the prior month.

(j) The General Partner shall also from time to time submit to the Investor Limited Partner such other reports and information regarding the operations of the Partnership as may be required by the Investor Limited Partner to satisfy its partners or governmental authorities, including reports in the form previously submitted to the General Partner in connection with the admission of the Investor Limited Partner.

9.2 Bank Accounts.

The General Partner shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Partnership, whether or not in its immediate possession or control. All accounts of the Partnership shall be maintained in financial institutions selected by the General Partner, with the approval of the Special Limited Partner, such approval not to be unreasonably withheld. Withdrawals shall be made only in the regular course of Partnership business on such signature(s) as the General Partner may determine. All deposits and other funds not needed in the operation of the business shall be deposited in interest-bearing accounts or invested in United States Government or municipal obligations maturing within one year, or as otherwise approved by the Special Limited Partner. The funds of the Partnership shall not be commingled with the funds of any other Person and such funds, together with any interest earned thereon, shall be held solely for the benefit of the Partnership.

9.3 Fiscal and Tax Year.

The fiscal and tax year of the Partnership shall be the calendar year.

9.4 Accrual Basis.

The books of the Partnership shall be kept on the accrual basis.

9.5 Tax Matters Partner.

(a) The Tax Matters Partner ("TMP") for the Partnership shall be the General Partner serving in such capacity from time to time.

(b) The TMP shall employ experienced tax counsel, approved by the Special Limited Partner, to represent the Partnership in connection with any audit or investigation of the Partnership by the Service, and in connection with all subsequent administrative and judicial proceedings arising out of such audit. Except as provided in Section 9.5(d), the fees and expenses of such counsel shall be a Partnership expense and shall be paid by the Partnership.

(c) The TMP shall keep the Partners informed of all administrative and judicial proceedings, as required by Section 6623(g) of the Code, and shall furnish to each Partner who so requests in writing, a copy of each notice or other communication received by the TMP from the Service (except such notices or communications as are sent directly to such requesting Partner by the Service). Except as provided in Section 9.5(d), all third party costs and expenses incurred by the TMP in serving as the TMP shall be Partnership expenses and shall be paid by the Partnership.

(d) In the event that a claim is made by the Service (a "Claim") upon audit which, if successful, would result in an adjustment to the Capital Contribution of the Investor Limited Partner or the payment of any Credit Recovery Amount pursuant to Section 3.2, the TMP shall, within thirty (30) days after receiving notice of such Claim, notify the Investor Limited Partner of the Claim (such notice being referred to as a "Claim Notice") and request that the Investor Limited Partner notify the Partnership of its intention either to contest such Claim or to accept the same. If the Investor Limited Partner elects to contest such Claim, the TMP shall take such action in contesting such Claim on behalf of the Partnership and the Investor Limited Partner as it reasonably deems necessary. In such event, all third party costs and expenses incurred by the TMP in connection with such matter shall be borne by the Partnership. The failure of the Investor Limited Partner, within thirty (30) days after the date of the Claim Notice, to notify the Partnership of its intention to contest such Claim shall be deemed to be a decision to accept the same.

In the event that the Investor Limited Partner elects to accept such Claim, the General Partner may nevertheless contest the Claim by appropriate proceedings, provided, however, that if, following

the contesting of such Claim by the General Partner, all or a portion of the Claim is sustained in a Final Determination, then, in addition to the adjustments referred to in Section 3.2, the General Partner shall pay to the Investor Limited Partner an amount equal to the interest (and any associated penalties) assessed against the Investor Limited Partner for the period commencing on the date of the Claim Notice and ending on the date of the Final Determination on the underpayment of tax determined in such Final Determination.

If, following a decision by the General Partner to contest a Claim, more than 50% of the deficiency amount specified in the Claim is sustained in a Final Determination, the costs and expenses of contesting the Claim shall be borne solely by the General Partner. If such Final Determination results in less than 50% of the deficiency amount specified in the Claim being upheld, the costs and expenses of contesting the Claim shall be borne by the Partnership.

(e) The TMP shall not have the authority, unless such action has been approved by the Consent of the Investor Limited Partner, to do all or any of the following:

(i) to enter into a settlement agreement with the Service which purports to bind partners other than the TMP,

(ii) to file a petition as contemplated in Section 6226(a) or 6228 of the Code,

(iii) to intervene in any action as contemplated in Section 6226(b) of the Code,

(iv) to file any request contemplated in Section 6227(b) of the Code, or

(v) to enter into an agreement extending the period of limitations as contemplated in Section 6229(b)(1)(B) of the Code.

(f) The relationship of the TMP to the Investor Limited Partner is that of a fiduciary, and the TMP has a fiduciary obligation to perform its duties in such manner as will serve the best interests of the Partnership and the Investor Limited Partner.

9.6 Federal Income Tax Elections.

Subject to Section 9.7, all elections required or permitted to be made by the Partnership under the Code shall be made by the General Partner, with the approval of the Special Limited Partner.

9.7 Special Basis Adjustments.

In the event of a transfer of all or any part of the Interest of any Partner for a consideration in excess of the adjusted basis for such Interest for Federal income tax purposes, the General Partner shall elect, with the approval of the Special Limited Partner, pursuant to Section 754 of the Code to adjust the basis of the Partnership property. Any adjustments made pursuant to said Section 754 shall affect only the successor in interest to the transferring Partner. Each Partner will furnish the Partnership all information necessary to give effect to such election.

ARTICLE X

MISCELLANEOUS

10.1 Notices. Notices to the Partnership shall be sent to the principal office of the Partnership and to the General Partner by certified mail, return receipt requested. Notice to a Partner shall be sent to his address as set forth in the records of the Partnership. Any Partner may require notices to be sent to a different address by giving notice to the Partnership in accordance with this Section 10.1. Any notice or other communication required or permitted hereunder to a Partner shall be in writing, and shall be deemed to have been given if and when delivered personally, given by prepaid telegram, sent by first class, certified or registered mail, postage prepaid, or sent by a nationally recognized private courier service, charges prepaid, to such Partner at such address.

10.2 Amendments. Except as provided in Section 3.4, this Agreement may only be amended or modified by the General Partner with the approval of the Investor Limited Partner, which may be withheld for any reason or no reason.

10.3 Entire Agreement. This Agreement constitutes the entire agreement among the parties and supersedes any prior agreement or understanding among them with respect to the subject matter hereof.

10.4 Headings. All article and section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any article or section.

10.5 Separability Provision. If the operation of any provision of this Agreement would contravene the provisions of the Uniform Act, or would result in the imposition of general liability on the Limited Partner, such provision shall be void and ineffectual. If any provision of this Agreement or the application of such provision to any Person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision to Person or circumstance other than those as to which it is held invalid, shall not be affected thereby.

10.6 Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the Person or Persons may require.

10.7 Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto, their successors, heirs, legatees, devisees, assigns, legal representatives, executors and administrators, except as otherwise provided herein.

10.8 Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement, binding on all the parties hereto. Any counterpart of this Agreement which has attached to it separate signature pages which together contain the signatures of all Partners or is executed by an attorney-in-fact on behalf of any Partners not signing such counterpart, shall for all purposes be deemed a fully executed instrument.

10.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

10.10 Time of Admission. Each person who become a Limited Partner on or before the last day of a month (or who is reflected in the records of the Partnership as an assignee of the Interest of a Limited Partner during such period) shall be deemed to have been admitted to the Partnership (or reflected in such records as an assignee) as of the first day of such month for all purposes of this Agreement, including Article IV.

IN WITNESS WHEREOF, the undersigned, intending to be bound hereby, have duly executed this Agreement of Limited Partnership as of the date first written above.

GENERAL PARTNER:

LIMITED PARTNER:

PROPERTY ADVISORY GROUP, INC.,
a Rhode Island Corporation

1990 FEDERAL TAX CREDIT PARTNERS, L.P.,
a Delaware limited partnership

By: *[Signature]*
Its PRESIDENT

By: AI Housing, Inc.,
general partner

By: *[Signature]*
Its President

By: Billings Management Company,
general partner

By: *[Signature]*
Its President

WITHDRAWING
LIMITED PARTNERS:



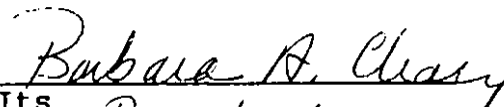
JOHN B. BENTZ



ROBERT R. GAUDREAU

SPECIAL LIMITED PARTNER:

COMMUNITY INVESTMENTS, INC.,
a Massachusetts corporation

By: 

Its President

EXHIBIT A

GENERAL PARTNER

CAPITAL CONTRIBUTION

Property Advisory Group, Inc.
95 Sockanosset Crossroad
Suite 307
Cranston, RI 02920

\$480,836

INVESTOR LIMITED PARTNER

1990 Federal Tax Credit
Partners, L.P.
c/o AI Housing, Inc.
129 South Street
Boston, MA 02111

\$798,407

SPECIAL LIMITED PARTNER

Community Investments, Inc.
129 South Street
Boston, MA 02111

\$10

BIAL/AI/AC8

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SECRETARY OF STATE
OCT 16 2 58 PM '91

Rec'd & Filed OCT 16 1991
AMT 67470