

FIRST AMENDMENT TO  
AMENDED AND RESTATED AGREEMENT  
AND CERTIFICATE OF LIMITED PARTNERSHIP  
OF  
L.W. ASSOCIATES - EAGLE III L.P.,  
A Rhode Island Limited Partnership

58095

This FIRST AMENDMENT TO AMENDED AND RESTATED AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP OF L.W. ASSOCIATES - EAGLE III L.P., a Rhode Island Limited Partnership, is made as of April 1, 1991 by and between PROPERTY ADVISORY GROUP, INC., a Rhode Island corporation (the "General Partner") and SUNAMERICA ASSET MANAGEMENT CORPORATION, a Delaware corporation (the "Limited Partner").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Amended and Restated Agreement and Certificate of Limited Partnership of L.W. Associates - Eagle III, L.P., a Rhode Island limited partnership, dated as of October 31, 1990 (the "Agreement") as follows:

1. Section 9(a) of the Agreement is hereby amended to add the following sentence to the end of paragraph:

"Any reduction in the payment of the Management Fee as a result of a Tax Credit Shortfall shall be subject to the approval of HUD. In the event HUD fails to give its approval to a reduction in the payment of the Management Fee as a result of a Tax Credit Shortfall, the General Partner shall be obligated to loan to the Partnership the amount of the reduction in the Management Fee for which approval was not obtained from HUD."

2. Section 9(b) of the Agreement is hereby amended to add the following sentence to the end of the paragraph as follows:

"Notwithstanding any of the foregoing, the Incentive Management Fee is at all times controlled by, and inferior to, that certain Regulatory Agreement, originally dated December 1, 1971 and subsequently amended as of November 26, 1975 and recorded January 28, 1976 at the Town Clerk of Lincoln, Rhode Island executed by and between the United States of America acting through the Department of Housing and Urban Development and this partnership with respect to surplus cash and unauthorized distribution definitional and procedural restrictive covenants contained therein."

3. Section 23(m) of the Agreement is hereby amended to read in its entirety as follows:

"(m) Compliance with HUD Requirements. The Partnership and each Partner (General and Limited) agrees to be bound to the same extent as the original executing party (except as to obligations for payments) by the terms of the "HUD Mortgage" (defined below), the "HUD Note" (defined below), and the "HUD Regulatory Agreement" (defined below) (the HUD Mortgage, HUD Note and HUD Regulatory Agreement are referred to together as the "HUD Documents") and any other documents that may have been executed in connection with the HUD-insured mortgage loan on the Property. Any incoming General Partner shall, as a condition of receiving an interest in the Partnership, agree to be bound by the terms of the HUD Documents to the same extent and on the same terms as the other Partners. Upon any dissolution, no title or right to possession and control of the Partnership Property financed under such HUD Mortgage, and no right to collect the rents therefrom, shall pass to any person who is not bound by the HUD Regulatory Agreement in a manner satisfactory to the Secretary of Housing and Urban Development. The HUD Mortgage means the mortgage deed on the Property granted by Eagle Apartments, Phase III, a general partnership to the Industrial National Bank of Rhode Island dated December 1, 1971 and recorded at Town of Lincoln Clerk's Office at Book 113, page 443. The HUD Note means a mortgage note in the amount of \$595,300, dated December 1, 1971 payable by Eagle Apartments, Phase III, a general partnership, to Industrial National Bank of Rhode Island and recorded at Town of Lincoln Clerk's Office at Book 113, page 443. The HUD Regulatory Agreement means the agreement with respect to the property between Edward J. Marteka and Normand H. Allaire as co-partners and members of Eagle Apartments, Phase III, a general partnership and HUD, originally dated December 1, 1971 and subsequently amended as of November 26, 1975 and recorded January 28, 1976 at the Town Clerk of Lincoln, Rhode Island.

All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Agreement.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date and year first above written.

GENERAL PARTNER

LIMITED PARTNER

PROPERTY ADVISORY GROUP,  
a Rhode Island Corporation

SUNAMERICA ASSET MANAGEMENT  
CORPORATION,  
a Delaware corporation

BY: *Robert C. [Signature]*

*Michael [Signature]*

TITLE: *Vice President*

TITLE: *Authorized Agent*

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SECRETARY OF STATE  
901 MARKET STREET, 9TH FLOOR  
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AMENDED AND RESTATED  
AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP  
OF  
L.W. ASSOCIATES - EAGLE III L.P.  
a Rhode Island limited partnership

THIS AMENDED AND RESTATED AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP (this "Agreement") is made on ~~October 31, 1990~~ <sup>December 31, 1990</sup>, by and between Property Advisory Group, Inc., a Rhode Island corporation (the "General Partner"), and SunAmerica Asset Management Corporation, a Delaware corporation (the "Limited Partner"), with reference to the following facts:

A. The General Partner and Robert R. Gaudreau, an individual ("Gaudreau"), entered into an Agreement and Certificate of Limited Partnership dated October 19, 1989 (the "Original Agreement").

B. The Original Agreement was amended by a First Amendment to Agreement and Certificate of Limited Partnership dated December 20, 1989 (the "First Amendment").

C. Gaudreau desires to withdraw as a limited partner of the Partnership (as hereafter defined) upon execution of this Agreement.

D. The parties hereto desire to admit the Limited Partner as a limited partner of the Partnership and to amend and restate the Original Agreement, as amended by the First Amendment and Second Amendment, on the terms and conditions stated herein.

NOW, THEREFORE, the parties hereto do hereby agree as follows:

1. FORMATION OF LIMITED PARTNERSHIP AND WITHDRAWAL OF ORIGINAL LIMITED PARTNER. The General Partner and Limited Partner hereby form the Partnership as a limited partnership pursuant to the provisions of Chapter 13 of Title 7 of the General Laws of Rhode Island, as amended. Gaudreau hereby withdraws as a limited partner of the Partnership and shall receive a return of his original capital contribution in the amount of One Hundred Dollars (\$100).

2. NAME AND PLACE OF BUSINESS. The business of the Partnership shall be conducted under the name of L.W. Associates - Eagle III L.P., a Rhode Island limited partnership (hereinafter the "Partnership"); provided, however, that the General Partner may, in its absolute and sole discretion, change the name of the Partnership at any time and from time to time, except that in no event shall the name of the Partnership include

the name or initials of any Limited Partner or any name or initials which are substantially similar thereto. The principal office of the Partnership shall be 95 Sockanosset Crossroad, Suite 307, Cranston, Rhode Island 02920, unless changed by the General Partner by giving written notice to the Limited Partner not less than ten (10) days preceding any such change.

3. PURPOSES. The principal purpose of the Partnership is to hold, improve, maintain, operate and lease the Property and to engage in any and all general business activities related or incidental thereto. The Partnership may also engage in such other activities as may be reasonably incident or appropriate to the foregoing, including without limitation the acquisition of any property, real or personal, in fee or by lease, the holding, maintaining, improving, operating, financing, developing, selling, transferring, conveying, leasing, mortgaging, exchanging or otherwise disposing of real or personal property, together with any and all other rights as may be necessary or appropriate for the operation of the business of the Partnership.

4. TERM OF PARTNERSHIP; RECORDINGS; AGENT FOR SERVICE OF PROCESS.

(a) Term. The Partnership commenced as of November 2, 1989 and shall continue until December 31, 2035, unless sooner terminated as herein provided or by operation of law.

(b) Certificate of Limited Partnership; Agent for Service of Process. Upon execution of this Agreement, the General Partner shall cause an Amended and Restated Certificate of Limited Partnership ("Certificate") of the Partnership to be filed with the Office of the Secretary of State of Rhode Island, as required by applicable law. The name of the agent for service of process of the Partnership designated on the Certificate is John B. Bentz. The agent for service of process of the Partnership may be changed from time to time by the General Partner in its sole and absolute discretion, subject to applicable law.

5. DEFINITIONS. When used in this Agreement, the following terms shall have the meanings set forth below:

(a) Actual Credits. "Actual Credits" shall mean, with respect to any Fiscal Year of the Partnership, the total amount of Tax Credits with respect to the Project actually reported and claimed by the Partnership on its federal and state information returns for that Fiscal Year.

(b) Bankruptcy. Bankruptcy shall mean any of the following:

(1) The filing of an assignment for the benefit of creditors;

(2) The filing of a voluntary petition in bankruptcy, insolvency, reorganization or liquidation, or any other petition under any section or chapter of the Bankruptcy Code or any similar state, federal, or foreign law;

(3) The filing of any involuntary petition or any other petition against a Partner under any section or chapter of the Bankruptcy Code or any similar state, federal or foreign law which is not dismissed within ninety (90) days after such filing;

(4) The appointment by any court of a receiver, custodian, trustee or similar official to take possession of all or any portion of the assets of a Partner; or

(5) The attachment, execution or judicial seizure, whether by enforcement of money judgment, writ or warrant of attachment or any other process, of all or substantially all of the assets of a Partner which is not released within sixty (60) days after such action.

(c) Bankruptcy Code. "Bankruptcy Code" shall mean the federal Bankruptcy Code, as amended, and any successor statutes.

(d) Capital Account. "Capital Account" shall mean each Partner's initial Capital Contribution. In addition, each Partner's Capital Account shall be:

(1) Increased by:

(i) The amount of any additional Capital Contributions by such Partner, including the amount of Partnership liabilities assumed by such Partner or secured by any Partnership property distributed by the Partnership to such Partner (other than liabilities described in paragraph 5(d)(2)(ii) hereof);

(ii) The fair market value of any property contributed by such Partner to the Partnership (net of liabilities secured by such property which are considered to be assumed or taken "subject to" by the Partnership); and

(iii) Items of book income and gain which are allocated to such Partner; and

(2) Decreased by:

(i) The amount of cash distributed to such Partner by the Partnership, including the amount of liabilities of such Partner assumed by the Partnership or secured by any property contributed by such Partner to the Partnership other than liabilities described in paragraph 5(d)(1)(ii) hereof;

(ii) The fair market value of any property distributed by the Partnership to such Partner (net of liabilities secured by such property which are considered to be assumed or taken "subject to" by such Partner);

(iii) Items of expense described in Section 705(a)(2)(B) of the Code allocated to such Partner; and

(iv) Items of book loss and deduction which are allocated to such Partner.

The foregoing provisions are intended to comply with Sections 1.704-1(b) and 1.704-1T(b) of the Regulations and shall be applied and interpreted accordingly. The Capital Accounts shall be adjusted in order to reflect allocations of depreciation, amortization, and gain and loss as computed for book purposes. Upon the transfer of any Partner's interest in the Partnership, the Capital Account of the transferor Partner shall carry over to the transferee Partner.

(e) Capital Contribution. "Capital Contribution" shall mean any money or property, or a promissory note or other binding obligation to contribute money or property, or to render services as permitted by law, which a Partner contributes to the Partnership as capital in that Partner's capacity as a Partner pursuant to an agreement between the Partners, including an agreement as to value.

(f) Capital Event. "Capital Event" shall mean a sale, refinance, exchange, transfer, assignment of other disposition (including a condemnation or foreclosure) of all or any portion of the Property.

(g) Cash From Capital Event. "Cash From Capital Event" shall mean the net proceeds of a Capital Event after (i) payment of all expenses associated with the Capital Event, and (ii) an allowance for Cash Reserves.

(h) Cash From Operations. "Cash From Operations" shall mean for any period such portion of the cash in the Partnership's bank accounts that, in the reasonable exercise of discretion by the General Partner, is available for distribution to the Partners after a reasonable provision has been made for Cash

Reserves. Cash From Operations shall not include Cash From Capital Events.

(i) Cash Reserves. "Cash Reserves" shall mean such amounts as may be reasonably estimated by the General Partner for payment of costs, expenses and liabilities incident to the business of the Partnership and for which the cash to make such payments will not, in the sole opinion of the General Partner, be expected to be available to the Partnership at or about the time such payments are required to be made, and which therefore, in the sole opinion of the General Partner, require that cash be set aside periodically to make such payments.

(j) Code. "Code" shall mean the Internal Revenue Code of 1986, as amended.

(k) Fiscal Year of the Partnership. "Fiscal Year of the Partnership" shall mean the fiscal year adopted pursuant to paragraph 14(d) hereof.

(l) Gain From Capital Event. "Gain From Capital Event" shall mean the gain resulting from a Capital Event determined in accordance with the principles of paragraph 5(r) hereof.

(m) General Partner. "General Partner" shall mean Property Advisory Group, Inc., a Rhode Island corporation.

(n) HUD. "HUD" means the U.S. Department of Housing and the Urban Development, acting through any authorized representative.

(o) Limited Partner. "Limited Partner" shall mean SunAmerica Asset Management Corporation, a Delaware corporation, or any other person or entity who has been admitted to the Partnership as either a Limited Partner in accordance with this Agreement or an assignee of a Partnership interest in the Partnership who has become a Limited Partner pursuant to applicable law.

(p) Management Agent. "Management Agent" means the management and rental agent for the Property as determined by the General Partner.

(q) Management Fee. "Management Fee" means the maximum fee approved by HUD for the management of the Property by the Management Agent.

(r) Net Profits and Net Losses. "Net Profits" and "Net Losses" shall mean the net profits or net losses, respectively, of the Partnership as determined on the basis of the



accounting method selected by the General Partner in accordance with paragraph 14(a) hereof, at the close of the Fiscal Year of the Partnership by the Partnership's accountants in accordance with federal income tax principles, and as set forth on the information return filed by the Partnership for federal income tax purposes. Net Profits and Net Losses shall not include Nonrecourse Deductions, Partner Nonrecourse Deductions or Gain From Capital Event.

(s) Nonrecourse Deductions. "Nonrecourse Deductions" shall mean the Partnership deductions that are characterized as "nonrecourse deductions" under Section 1.704-1T(b)(4)(iv)(a) of the Regulations.

(t) Operating Deficit. "Operating Deficit" means for any period, the amount by which the cash revenue of the Partnership from rental payments made by tenants of the Project and all cash from all other sources, including any reserves that are currently available to pay Partnership operating expenses for a particular period of time, is exceeded by the sum of all of the operating expenses of the Partnership including all required debt service payments and maintenance of required reserves.

(u) Operating Deficit Loans. "Operating Deficit Loans" shall mean the loans made by the General Partner to the Partnership pursuant to paragraph 10(h) of this Agreement.

(v) Partner. "Partner" shall mean a General Partner or a Limited Partner. The term "Partners" shall refer collectively to the General Partner and to the Limited Partner.

(w) Partner Nonrecourse Deductions. "Partner Nonrecourse Deductions" shall mean the Partnership deductions that are characterized as "partner nonrecourse deductions" under Section 1.704-1T(b)(4)(iv)(h)(2) and (3) of the Regulations.

(x) Partnership Minimum Gain. "Partnership Minimum Gain" shall have the meaning set forth in Section 1.704-1T(b)(4)(iv)(c) of the Regulations.

(y) Project. "Project" shall mean the thirty-two (32) unit residential apartment project and ancillary structures for low and moderate income residents, known as Eagle Apartments Phase III, located on the Property.

(z) Projected Credits. "Projected Credits" shall mean, with respect to any Fiscal Year of the Partnership, the applicable portion of Tax Credits allocated to the Project by the Rhode Island Housing and Mortgage Finance Corporation.

(aa) Property. "Property" shall mean the parcels of property and improvements described more fully on Exhibit "A" hereto.

(ab) Regulations. "Regulations" shall mean the Income Tax Regulations promulgated under the Code, including Temporary and Proposed Regulations, as such Regulations may be amended from time to time, including corresponding provisions of succeeding Regulations.

(ac) Tax Credits. "Tax Credits" shall mean low income housing credits under Section 42 of the Code and comparable provisions of state law, if any, reserved and awarded by the Rhode Island Housing and Mortgage Finance Corporation or other agency of whatever name or designation having the authority to award such credits in the State of Rhode Island.

(ad) Transfer. "Transfer" shall mean any encumbrance, gift, assignment, sale or other transfer of all or any portion of an interest in the Partnership.

#### 6. PARTNERSHIP CAPITAL CONTRIBUTIONS AND LOANS.

(a) Capital Contribution of the General Partner. The General Partner has made an initial Capital Contribution of One Hundred Dollars (\$100).

(b) Capital Contribution of the Limited Partner.

(1) The Limited Partner shall make an initial Capital Contribution to the Partnership of cash in the amount of Four Hundred Thousand Dollars (\$400,000) upon the occurrence of all of the following:

(i) Receipt by the Limited Partner of an opinion of Edwards & Angell stating the following:

(1) The Partnership has received an allocation of low income housing tax credit authority for the Project, equal in amount to the aggregate Projected Credits as further described in paragraph 22(f) of this Agreement, from the Rhode Island Housing and Mortgage Finance Corporation, which is the appropriate state credit authority for the jurisdiction in which the Project is located;

(2) There has been a period of at least ten (10) years between the date of acquisition of the Project by the Partnership and the later of (a) the date the Project was last placed in service; and (b) the date of the most recent nonqualified substantial improvement of the Project;

(3) the Project was not previously placed in service by the Partnership or by any person who was a related person with respect to the Partnership as of the time previously placed in service;

(4) Based upon an analysis of legal authority, the acquisition of the Project by the Partnership constitutes an acquisition by purchase within the meaning of Section 179(d)(2) of the Code;

(5) Based upon the representations of the General Partner at paragraph 22 of this Agreement and assuming continued compliance with the tenant income and rent restrictions, the Project constitutes a "qualified Low Income building" within the meaning of Section 42(c)(2) of the Code, in connection with which capital expenditures paid by the Partnership with respect to its acquisition are includable in computing "eligible basis" within the meaning of Section 42(d) of the Code, and the Project will be eligible for the low income housing tax credit;

(ii) Receipt and approval by the Limited Partner and its counsel of documents relating to any loans to the Partnership;

(iii) Receipt and approval by the Limited Partner of a schedule of source and use of Partnership Capital;

(iv) Receipt by the Limited Partner of the approval by its Rhode Island counsel of this Agreement; and

(v) Receipt by the Partnership of HUD's preliminary approval of the transfer of physical assets deemed to occur pursuant to the Capital Contributions by the Limited Partner.

(2) The Limited Partner shall make another Capital Contribution to the Partnership of cash in the amount of Seventy-Five Thousand Dollars (\$75,000), upon the occurrence of all of the following:

(i) The rehabilitation process of the Project shall be completed and no lien on the Project or Property shall exist with respect to payments due in connection with such process; and

(ii) Receipt by the Partnership of HUD's final approval of the transfer of physical assets deemed to occur pursuant to the Capital Contribution by the Limited Partner.

(c) Interest on Contributions. No interest shall be paid by the Partnership on any Capital Contribution made by any Partner to the Partnership.

(d) Use of Capital Contributions. The cash portion of the Capital Contributions of each Partner shall be deposited in a checking, savings and/or money market or similar account, to be established and maintained in the name of the Partnership, or invested in government securities or certificates of deposit issued by any bank. Thereafter, such amounts shall be utilized for the conduct of the Partnership's business pursuant to the terms of this Agreement.

(e) Limited Liability of Limited Partner. Except as may otherwise be provided in this Agreement, or under applicable law, no Limited Partner shall be bound by, or personally liable for, the expenses, liabilities or obligations of the Partnership. No Limited Partner shall be required to make any Capital Contributions other than the Capital Contributions required to be made by such Limited Partner pursuant to this paragraph 6.

(f) Return of Capital. Except as otherwise provided in this Agreement, no Partner shall have the right to withdraw or reduce such Partner's Capital Contribution or to receive any distribution. Except as otherwise provided in this Agreement, no Partner shall have the right to demand or receive property other than cash in return for such Partner's Capital Contributions, or have priority over any other Partner, either as to the return of Capital Contributions or as to Net Profits, Net Losses or distributions.

(g) Loans By a Partner. Loans by a Partner to the Partnership shall not be considered Capital Contributions for purposes of this Agreement, increase such Partner's Capital Account or entitle such Partner to any greater share of the Net Profits, Net Losses or distributions of the Partnership than such Partner is otherwise entitled to under this Agreement.

(h) Tax Credit Shortfall. If, for any Fiscal Year of the Partnership, the Actual Credits are less than the Projected Credits available for such Fiscal Year by more than ten percent (10%), then the Partnership (or the General Partner, if necessary) shall promptly repay to the Limited Partner a portion of its Capital Contribution in an amount equal to the shortfall for such Fiscal Year multiplied by fifty percent (50%).

## 7. ALLOCATIONS.

(a) Allocation of Net Profits and Net Losses. Subject to paragraph 9(b) hereof, Net Losses and Net Profits for each Fiscal Year of the Partnership shall be allocated one percent (1%) to the General Partner and ninety-nine percent (99%) to the Limited Partner.

(b) Gain From Capital Event. Gain From Capital Event for each Fiscal Year of the Partnership shall be allocated as follows:

(1) First, to the Partners in the ratio of and in an amount equal to the aggregate Net Losses previously allocated to the Partners (less Gain From Capital Event previously allocated pursuant to this paragraph 7(b)(1));

(2) Second, to the Limited Partner an amount equal to thirty-five percent (35%) of the aggregate Capital Contributions of the Limited Partner (less Gain From Capital Event previously allocated pursuant to this paragraph 7(b)(2)); and

(3) Thereafter, fifty percent (50%) to the General Partner and fifty percent (50%) to the Limited Partner.

(c) Nonrecourse Deductions. Nonrecourse Deductions for each Fiscal Year of the Partnership shall be allocated in accordance with the percentages set forth in paragraph 7(a) hereof.

(d) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for each Fiscal Year shall be allocated among the Partners as required in Section 1.704-1T(b)(4)(iv)(h)(2) of the Regulations.

(e) Tax Credits. Except as may otherwise be required by law, Tax Credits shall be allocated one percent (1%) to the General Partner and ninety-nine percent (99%) to the Limited Partner.

(f) Qualified Income Offset. Except as provided in paragraph 7(g) hereof, in the event any Limited Partner unexpectedly receives an adjustment, allocation or distribution described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Regulations, items of income and gain shall be specially allocated to each such Limited Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, any deficit in said Limited Partner's Capital Account as quickly as possible. For purposes of this paragraph 7(f), the Limited Partner's Capital Account, as of the end of the relevant fiscal year, shall take into account the adjustments described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations, any amount of any deficit Capital Account balance which the Limited Partner is obligated to restore and any amount of any deficit Capital Account balance which the Limited Partner is deemed obligated to restore pursuant to the penultimate sentences of Sections 1.704-1T(b)(4)(iv)(f) and (h)(5) of the Regulations, respectively.

(g) Minimum Gain Chargeback. In the event that there is a net decrease in the Partnership Minimum Gain during a Fiscal Year of the Partnership, each Partner shall be allocated

items of income and gain in accordance with Section 1.704-1T(b)(4)(iv)(e) of the Regulations and its requirements for a "minimum gain chargeback." In the event that there is a net decrease in minimum gain attributable to debt associated with Partner Nonrecourse Deductions during a Fiscal Year of the Partnership, income and gain shall be allocated to the Partners in accordance with Section 1.704-1T(b)(4)(iv)(h) of the Regulations.

(h) Allocations of Book Items. All items of book income, gain, loss and deduction shall be allocated among the Partners in the same percentage that Net Profits, Net Losses and Gain From Capital Events are allocated for the same Fiscal Year of the Partnership.

## 8. DISTRIBUTIONS.

(a) Distributions of Cash From Operations. After payment of the fee set forth in paragraph 9 hereof, Cash From Operations for each Fiscal Year of the Partnership shall be distributed one percent (1%) to the General Partner and ninety-nine percent (99%) to the Limited Partner.

(b) Distributions of Cash From Capital Event. Cash From Capital Event (other than in dissolution of the Partnership) for each Fiscal Year of the Partnership shall be distributed as follows:

(1) First, to the Limited Partner an amount equal to the difference between (A) the sum of (i) the aggregate Capital Contributions of the Limited Partner and (ii) thirty-five percent (35%) of the aggregate Capital Contributions of the Limited Partner, and (B) amounts previously distributed to the Limited Partner pursuant to this paragraph 8(b)(1); and

(2) Thereafter, fifty percent (50%) to the General Partner and fifty percent (50%) to the Limited Partner.

(c) To Whom Distributions Are Made. Unless named in this Agreement or unless admitted as a Substitute Limited Partner as provided herein, no person or entity shall be considered a Partner in the Partnership. All transfers of interests by the Limited Partners shall be subject to paragraph 11 hereof, and, until admitted as a substitute Limited Partner hereunder, no assignee shall have any right as a Limited Partner herein, including, but not limited to, the right to acquire any information on account of the transactions of the Partnership, or to inspect the Partnership books, whether or not such assignee is otherwise entitled to distributions as assignee. Any payment by the Partnership to the person shown on the Partnership records as a Limited Partner, or to such Limited Partner's legal representatives, or to a named assignee of the right to receive distributions, shall acquit the Partnership and the General Partner of all liability to any other person who may be interested in such payment by reason of an assignment by a Limited Partner or for any other reason.

9. COMPENSATION OF GENERAL PARTNER.

(a) Management Fee. As the initial Management Agent of the Partnership, the General Partner shall receive the Management Fee. The payment of the Management Fee by the Partnership shall be subordinated to all amounts owed to the Limited Partner as a result of a Tax Credit Shortfall pursuant to paragraph 6(h).

(b) Incentive Management Fee. The General Partner shall receive an incentive management fee (the "Incentive Management Fee") equal to fifty percent (50%) of Cash From Operations for its management services rendered to the Partnership. The Incentive Management Fee payable to the General Partner pursuant to this paragraph 9 shall be considered a payment pursuant to Section 707(c) of the Code. In the event the Internal Revenue Service (or any other governmental taxing authority) determines that the Incentive Management Fee does not constitute a payment pursuant to Section 707(c) of the Code (or any corresponding state statute), then, before any Net Income is allocated to the Partners pursuant to paragraph 7(a) hereof, Net Income shall be allocated first to the General Partner in an amount equal to the Incentive Management Fee for each Fiscal Year for which the Incentive Management Fee is not considered a payment under Section 707(c) of the Code.

(c) Development Fee. The General Partner shall receive an amount equal to One Hundred Twenty Nine Thousand Three Hundred Seven Dollars (\$129,307) as a development fee.

(d) Reimbursable Expenses. The General Partner may be reimbursed or may charge the Partnership for reasonable expenses incurred by the General Partner on behalf of the Partnership. The General Partner will endeavor to have the Partnership expenses billed directly to the Partnership whenever feasible.

10. POWERS AND DUTIES OF THE PARTNERS.

(a) Powers of the General Partner. The General Partner shall devote such time to the Partnership as shall be necessary to conduct the Partnership's business and to operate and manage the Property and any improvements thereon in an efficient manner. Subject to the provisions of this Agreement, the General Partner shall be solely responsible for the management of the Partnership's business and shall have all rights and powers generally conferred by law or necessary, advisable or consistent in connection therewith, or in connection with accomplishing the purposes of the Partnership as set forth in paragraph 3 of this Agreement. Notwithstanding the foregoing, the General Partner may appoint, employ, contract or otherwise deal with any person for the transaction of the business of the Partnership, which person may, under supervision of the General Partner, perform any acts or services for the Partnership as the General Partner may approve.

(b) Certain Limitations. Notwithstanding any other provision of this Agreement to the contrary, the General Partner shall not have the authority to do any of the following without the written consent of the Limited Partner:

(1) Confess a judgment against the Partnership in excess of Five Thousand Dollars (\$5,000.00);

(2) Admit any person as a General Partner or a Limited Partner, or withdraw as General Partner;

(3) Do any act in contravention of this Agreement;

(4) Execute or deliver any assignment for the benefit of the creditors of the Partnership;

(5) Transfer or hypothecate the General Partner's interest as the General Partner in the Partnership, including its interest in Partnership allocations of distributions, except as otherwise provided in this Agreement;

(6) Dissolve the Partnership;

(7) Sell, exchange, mortgage, encumber, pledge or otherwise transfer all or substantially all of the Property (other than leasing of the Property in the ordinary course of business);

(8) Change the nature of the business of the Partnership;

(9) Engage in transactions in which the General Partner has an actual or potential conflict of interest with the Limited Partner or the Partnership; and

(10) Enter into any contract or agreement with an affiliate of the General Partner.

(c) Independent Activities of Partners. Except as provided elsewhere herein, any of the Partners, General or Limited, may engage in or possess an interest in other business ventures of every nature and description, independently or with others, including, but not limited to, the ownership, financing, leasing, operation, management, syndication, brokerage, and development of real property; and neither the Partnership nor the other Partners shall have, and each Partner and the Partnership hereby expressly waives, relinquishes and renounces any such right by virtue of this Agreement in and to such independent ventures or to the income or profits derived therefrom.

(d) Tax Matters Partner. The General Partner shall be the designated Tax Matters Partner of the Partnership, as that term is defined in the Code.



(e) Execution of Documents. Except as otherwise specifically provided by this Agreement, or as otherwise authorized by the General Partner, each check, contract, deed, lease, promissory note, deed of trust, escrow instruction, bond, release or any other documents of any nature whatsoever, in any way pertaining to this Partnership or on behalf of the Partnership, shall be signed by the General Partner.

(f) Indemnification. The General Partner shall not be liable, responsible or accountable in damages or otherwise to the Partnership or to the Limited Partner for any acts performed within the scope of the authority conferred on such General Partner by this Agreement, except for such General Partner's negligence, willful misconduct or breach of fiduciary duty in carrying out such General Partner's obligations hereunder. The General Partner shall be fully protected and indemnified by the Partnership against all liabilities and losses suffered by virtue of its status as General Partner (including amounts paid in respect of judgments, fines or in settlement of litigation and expenses reasonably incurred in connection with any pending or threatened litigation or proceeding) with respect to any action or omission determined by a court of law to have been taken or suffered in good faith in the reasonable belief that such action or omission was in, or not opposed to, the best interests of the Partnership except in the case of the General Partner's negligence, willful misconduct or breach of fiduciary duty. No indemnification will be permitted for securities law liabilities or for action by, or in the right of, the Partnership, unless or until the General Partner prevails on the merits.

(g) Meetings and Voting Rights of Limited Partner.

(1) Meetings. The Limited Partner, upon written notice to the General Partner, may call a meeting of the Partners within ten (10) days of any such notice. The Limited Partner may call a meeting of the Partners for any lawful purpose. The Limited Partner or its designated agent may vote on any matter which the Limited Partner is entitled to vote pursuant to the terms of this Agreement.

(2) Amendment of Agreement. The Limited Partner shall have the right to vote to amend this Agreement in accordance with the provisions of paragraph 17 hereof.

(3) Election of New General Partner and Election to Continue Business. Where there is no remaining General Partner, the Limited Partner shall have the right to make an election to continue the business of the Partnership and to elect a new General Partner as provided in paragraph 12(a)(3) hereof.

(4) Removal of General Partner. The Limited Partner shall have the right to vote to remove the General Partner as provided in Section 13 hereof.

(5) Other Matters. The Limited Partner may vote on any other matter specified in paragraph 10(b) hereof or as otherwise provided in this Agreement.

(h) Operating Deficit Guaranty. In the event an Operating Deficit exists at any time during the first five (5) years of operation of the Partnership, the General Partner shall provide such funds to the Partnership as shall be necessary to pay such Operating Deficit(s) in the form of a loan to the Partnership (the "Operating Deficit Loan"). The General Partner shall not be obligated to provide Operating Deficit Loans in excess of an outstanding principal balance of Sixty Five Thousand Dollars (\$65,000). The Operating Deficit Loan shall be interest free and shall be repaid at the time of any of the events described in paragraph 12(a) as provided in paragraph 12(c)(2).

#### 11. RESTRICTIONS ON TRANSFER.

(a) Transfer by General Partner. The General Partner may not Transfer his interest as a General Partner in the Partnership without the prior written consent of the Limited Partner which consent shall not be arbitrarily withheld. Notwithstanding the foregoing, the General Partner may transfer its interest to an entity controlled by Gaudreau.

(b) Transfer by Limited Partner. The Limited Partner may Transfer all or any part of his interest in the Partnership subject to the remaining provisions of this paragraph 11. The Limited Partner shall notify the General Partner of any transferee of the Limited Partner's interest within ten (10) days of the Transfer. The transferee shall promptly execute this Agreement in order to become a substituted Limited Partner.

(c) Rights of Assignee. An assignee who does not become a substituted Limited Partner has no right to require any information or account of the Partnership transactions, to inspect the Partnership books, or to vote on any of the matters as to which a Limited Partner would be entitled to vote pursuant to this Agreement. A mere assignee shall be entitled only to receive the allocations of Net Profits, Net Losses and other items and share of cash distributions to which his transferor would otherwise be entitled.

(d) Division of Allocations and Distributions. If any Partnership interest, or part thereof, is transferred during any accounting period in compliance with the provisions of this paragraph 11, Net Profits, Net Losses, each item thereof and all other items attributable to such interest for such period shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the period in accordance with Section 706(d) of the Code, using any convention permitted by law selected by the General Partner.

All distributions on or before the date of such Transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Neither the Partnership nor any General Partner shall incur any liability for making allocations and distributions in accordance with the provisions of this paragraph 11(d), whether or not any General Partner or the Partnership has knowledge of any Transfer of ownership of any interest.

(e) Agreement Applies to Transferred Interest.

Each Partner agrees that notwithstanding the provisions for the Transfer of any interest contained herein, the interest, when and if transferred, shall remain subject to all of the terms and conditions of this Agreement.

(f) Heirs, Devisees and Legatees. The heirs, devisees and legatees of a deceased Limited Partner shall have the rights of a transferee of a living Limited Partner, subject to administration of such deceased Limited Partner's estate, and may become substituted Limited Partners in lieu of the deceased Limited Partner upon compliance with all of the conditions of this Agreement required for such substitution.

(g) No Dissolution. If a Limited Partner Transfers all or any part of his interest without complying with the provisions of this Agreement, such action shall not cause or constitute a dissolution of the Partnership.

(h) HUD Approval. The transfer of any Partnership interest pursuant to this paragraph 11 shall be subject to HUD approval in accordance with outstanding HUD regulations and procedures.

12. DISSOLUTION AND WINDING UP OF THE PARTNERSHIP.

(a) Dissolution of Partnership. The Partnership shall be dissolved upon the happening of any of the following events:

(1) The vote or written consent of the Limited Partner together with the written consent of the General Partner;

(2) The date of receipt in cash by the Partnership of the entire proceeds from a sale or other disposition by the Partnership of all, or substantially all, the Partnership's property, provided that if such a sale is made for consideration payable in whole or part over a period of time, such date shall be the date upon which all payments therefor shall have been received;

(3) The Bankruptcy, dissolution, removal or withdrawal in accordance with this Agreement of the last General Partner, unless, within sixty (60) days after the occurrence of any such event, the Limited Partner elects to continue the busi-

ness of the Partnership and the Limited Partner appoints a successor General Partner. A new or amended Certificate of Limited Partnership shall be filed in the manner required by law;

(4) Expiration of the term of the Partnership as set forth in paragraph 4(a) hereof; or

(5) A judicial decree of dissolution is entered under Section 7-13-45 of the Rhode Island Uniform Limited Partnership Act.

(b) Continuation of Partnership. If a successor General Partner is elected to continue the business of the Partnership pursuant to paragraph 12(a) hereof, the business of the Partnership shall continue in a reconstituted form as a successor limited partnership upon the same terms and conditions as set forth in this Agreement; and each Limited Partner hereby agrees to such continuation and/or reconstitution if a successor General Partner is elected as provided in paragraph 12(a) hereof. In connection therewith, the successor General Partner shall assume the obligations of the predecessor General Partner and shall indemnify the predecessor General Partner and hold it harmless from and against any and all loss, damage, liability and expense, including costs and reasonable attorneys' fees, to which the predecessor General Partner may be put or which it may incur by reason of or in connection with any of the debts, obligations or liabilities of the Partnership theretofore or thereafter made, incurred or created by any loss, damage, liability or expense resulting from the willful or negligent act or omission of the successor General Partner.

(c) Winding Up of the Partnership. Upon dissolution of the Partnership, the General Partner shall wind up the affairs and liquidate the assets of the Partnership in accordance with the provisions of this paragraph 12(c). Net Profits, Net Losses, Gain From Capital Events, Nonrecourse Deductions and Partner Nonrecourse Deductions of the Partnership shall be allocated until the liquidation is completed in the same ratio as such items were allocated prior thereto. The proceeds from liquidation of the Partnership when and as received by the Partnership shall be utilized, paid and distributed in the following order:

(1) First, to pay expenses of liquidation and the debts of the Partnership to third parties, including debts to the Partners other than for distributions under Sections 7-13-31 and 7-13-34 of the Rhode Island Uniform Limited Partnership Agreement;

(2) Next, to the establishment of any Cash Reserve which the General Partner may, in its sole discretion, deem reasonably necessary to meet contingent or unforeseen liabilities of the Partnership; and

(3) Thereafter, to the Partners, in accordance with the positive capital account balances of the Partners, as determined by taking into account all Capital Account adjustments required by this Agreement.

(d) Right To Receive Property. The Limited Partner shall have no right to demand or receive property other than cash in return for its Capital Contribution to the Partnership, and the Limited Partner agrees to and shall look solely to the assets of the Partnership for the return of such Limited Partner's Capital Contributions. If the assets of the Partnership remaining after discharge of the debts and liabilities of the Partnership are insufficient to return the then unreimbursed Capital Contributions of the Limited Partner, such Limited Partner shall not have, and hereby waives, any recourse against the General Partner. The winding-up of the affairs of the Partnership and the Distribution of its assets shall be conducted exclusively by the General Partner, who is hereby authorized to do any and all acts and things authorized by law for such purposes at the expense of the Partnership. If there is no General Partner, the winding-up of the affairs of the Partnership shall be conducted as otherwise provided by law. Any Partner may purchase assets of the Partnership in a winding-up sale, provided that either (i) the sale is conducted by a bona fide public auction adequately advertised or (ii) for a purchase price not less than independently appraised liquidation value.

(e) Deficit Restoration. In the event the Partnership is "liquidated" within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations, if the General Partner's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations), the General Partner shall make a Capital Contribution in the amount of such deficit in compliance with Section 1.704-1(b)(2)(ii)(b)(3) of the Regulations to the extent of the aggregate distributions made to the General Partner pursuant to paragraph 8(b)(2) hereof.

13. WITHDRAWAL, ADDITION AND REMOVAL OF THE GENERAL PARTNER.

13.1 Withdrawal of The General Partner. The withdrawal of the General Partner shall require the consent of the Limited Partner.

13.2 Addition of a General Partner. The addition of a new General Partner shall require the consent of the Limited Partner which consent shall not be arbitrarily withheld.

13.3 Removal of the General Partner. The General Partner may be removed and cease to be a General Partner of the Partnership only upon the following events:

(a) Upon the affirmative vote of the Limited Partner to remove the General Partner, specifying one of the following causes:

(1) a material breach of fiduciary duty of the General Partner;

(2) a material breach of this Agreement by the General Partner; or

(3) any act by the General Partner which has a material adverse affect on the Partnership or the Limited Partner.

(b) Upon the commencement of dissolution proceedings of such General Partner; or

(c) Upon the occurrence of a Bankruptcy of the General Partner.

13.4 Notice of Removal. Written notice of the removal of the General Partner shall be given by the Limited Partner to the General Partner. Such notice shall set forth the date on which the removal is to become effective, which date shall not be less than thirty (30) days after such notice is delivered. Notice of removal shall not become effective if the General Partner has cured the cause of removal within such 30-day period.

13.5 Effect of Removal Upon General Partner's Interest. If upon removal of a General Partner either (i) another General Partner exists or (ii) a new General Partner is elected within sixty (60) days by the Limited Partners pursuant to paragraph 12(a)(3) hereof, the removed General Partner shall become a limited partner, with a limited partner's interest in the Partnership economically equivalent to its General Partner's interest in allocations and distributions in the Partnership. The former General Partner shall not be entitled to the reimbursement of expenses or other compensation set forth in paragraph 9 except to the extent already earned, incurred or expended. The former General Partner shall remain obligated for the Operating Deficit Guaranty under paragraph 10(h). The former General Partner's new limited partner interest shall be a non-voting interest hereunder. Any interest in Partnership allocations or distributions provided to the new General Partner elected by the Limited Partner to replace the removed General Partner, shall be payable from, and thereby reduce, the removed General Partner's new limited partner interest in allocations and distributions.

#### 14. BOOKS AND RECORDS.

(a) Books of Account. The General Partner shall, at the Partnership's sole cost and expense, keep adequate books of account of the Partnership wherein shall be recorded and reflected, with a method of accounting determined by the General Partners, all of the Capital Contributions and all of the income, expenses and transactions of the Partnership and a list of the names and addresses, and interests held by the Partners in alphabetical order.

(b) Accounting and Reports. The General Partner shall, at the Partnership's sole cost and expense, cause income tax returns for the Partnership to be prepared and filed with the appropriate authorities and shall furnish to the Limited Partners, within ninety (90) days after the close of each Fiscal Year of the Partnership, such financial information with respect to each Fiscal Year of the Partnership as shall be reportable for federal and state income tax purposes.

(c) Banking. All funds of the Partnership shall be deposited in a separate bank account or accounts as shall be determined by the General Partner. All withdrawals therefrom shall be made upon checks signed by the General Partner.

(d) Fiscal Year. The Partnership shall adopt, as its fiscal year for income tax purposes, the fiscal year of the Limited Partner.

15. ADJUSTMENT OF BASIS ELECTION. At the request of the Limited Partner, the General Partner shall file an election, in accordance with Section 754 of the Code and applicable Treasury Regulations, to cause the basis of the Partnership's property to be adjusted for Federal income tax purposes, as provided in Sections 734, 743 and 754 of the Code.

16. WAIVER OF ACTION FOR PARTITION. Each of the Partners hereby irrevocably waives, during the term of the Partnership, any right such Partner may have to maintain any action for partition with respect to any property of the Partnership, including without limitation, the Property.

17. AMENDMENTS. Amendments to this Agreement may be made only if approved by the General Partner and the Limited Partner. In addition, as long as the Secretary of Housing and Urban Development, or his successors or assigns, is the insurer or holder of the mortgage on the Property, no amendment to this Agreement which results in any of the following shall be of force or effect without the prior written consent of HUD: (a) any amendment which modifies the duration of the Agreement; (b) any amendment which results in the requirement that a HUD prior participation certification be obtained for any additional party; and (c) any amendment which in any way impacts or affects the HUD mortgage or HUD Regulatory Agreement.

18. EQUITABLE RELIEF. It is agreed that the rights granted to the parties hereunder are of a special and unique kind and character and that, if there is a breach by any party of any material provision of this Agreement, the other parties would not have an adequate remedy at law. It is expressly agreed, therefore, that the rights of the parties hereunder may be enforced by equitable relief as is provided under the laws of the State of Rhode Island.

19. NOTICES. Any and all notices, demands or other communications required or desired to be given hereunder by any party shall be in writing and shall be validly given or made to another party only if served either personally or if deposited in the United States first class mail, certified or registered, postage prepaid. If such notice, demand or other communication is served personally, service shall be conclusively deemed made at the time of such personal service. If such notice, demand or other communication is given by mail, such shall be conclusively deemed given seventy two (72) hours after the deposit thereof in the United States mail addressed to the party to whom such notice, demand or other communication is to be given at the following address:

Partnership or General Partner: Property Advisors Group, Inc.  
95 Sockanosset Crossroad  
Suite 307  
Cranston, Rhode Island 02920

with a copy to: Scott Nebergall, Esq.  
Edwards & Angell  
2700 Hospital Trust Tower  
Providence, Rhode Island 02903

Limited Partner: SunAmerica Asset Management Corp.  
11601 Wilshire Blvd., 12th Floor  
Los Angeles, California 90025  
Attention: Mr. Michael Fowler

with a copy to: William M. Weintraub, Esq.  
Jeffer, Mangels, Butler & Marmaro  
2121 Avenue of the Stars,  
10th Floor  
Los Angeles, California 90067

Any party hereto may change its address for the purpose of receiving notices, demands and other communications as herein provided by a written notice given in the manner aforesaid to the other party or parties hereto.

20. INDEPENDENT COUNSEL. The Limited Partner warrants and represents that such Limited Partner has been advised that such Limited Partner should be represented by counsel of such Limited Partner's own choosing in the preparation and analysis of this Agreement; that such Limited Partner is fully aware that the Partnership's counsel has not acted or purported to act on such Limited Partner's behalf; that such Limited Partner has been represented by independent counsel or has had the opportunity to be represented by independent counsel; and that such Limited Partner has read this Agreement with care and believes that such Limited Partner is fully aware of and understands the contents thereof and its legal effect.



21. ATTORNEYS' FEES. Should any party hereto institute any action or proceeding at law or in equity to enforce any provision hereof, including an action for declaratory relief or for damages by reason of an alleged breach of any provision of this Agreement, or otherwise in connection with this Agreement, or any provision hereof, the prevailing party shall be entitled to recover from the losing party or parties reasonable attorneys' fees and costs for services rendered to the prevailing party in such action or proceeding.

22. REPRESENTATIONS AND WARRANTIES OF GENERAL PARTNER. The General Partner represents and warrants the following:

(a) Title to Property. The Partnership has good and marketable title to the Property. The Property is free and clear of restrictions on or conditions to sale, assignment or transfer, and, except as provided on Exhibit "B," free and clear of mortgages, liens, pledges, charges, encumbrances, equities, claims, easements, covenants or restrictions.

(b) Litigation. There is not pending any suit, action, arbitration or legal, administrative, or other proceeding against or affecting either the Partnership or the Property.

(c) Formation. At the time of the acquisition of the Property by the Partnership was, as of the date hereof the Partnership is, and the Partnership will continue to be, a valid limited partnership, duly organized under the laws of the State of Rhode Island. At the time of the acquisition of the Property by the Partnership, the Partnership had, as of the date hereof, the Partnership has, and the Partnership shall continue to have, full power and authority to acquire, develop, rehabilitate, operate and maintain the Project in accordance with the terms of this Agreement.

(d) Low Income Housing Tax Credits. The Project has been acquired, has been operated at all times beginning with the first day of the Compliance Period (as defined in Section 42(i)(1) of the Code), and will continue to be operated, in a manner which satisfies all requirements and restrictions, including tenant income and rent restrictions, applicable to projects which qualify for Low Income housing tax credits under Section 42 of the Code and comparable provisions of state law, if any, including, without limitation, the following:

(1) At least twenty percent (20%) of the units in the Project are occupied by households with income at or below fifty percent (50%) of the area median gross income or at least forty percent (40%) of the units in the Project are occupied by households with income at or below sixty percent (60%) of the area median gross income, as required by Section 42(g)(1) of the Code;

(2) The gross rents paid by tenants of Low Income units in the Project do not exceed thirty percent (30%) of the qualifying income standard applicable to the Project (i.e. 50% or 60% of median gross income) as required by Section 42(g)(2)(A) of the Code;

(3) The Low Income units in the Project are suitable for occupancy; and

(4) The Low Income units in the Project are not used on a transient basis.

(e) Credit Allocation. The General Partner has received an allocation of low income housing tax credit authority for the Project from the Rhode Island Housing and Mortgage Finance Corporation, which is the appropriate state credit agency for the jurisdiction in which the Property is located.

(f) Amount of Projected Credits. The Projected Credits allocated to the Project for the ten-year credit period commencing December 29, 1989 are a maximum of Ninety-Four Thousand Two Hundred Thirty Nine Dollars (\$94,239) per year for federal income tax purposes. There is, and at all times shall continue to be, sufficient eligible basis (as that term is defined in Section 42(d) of the Code) to provide the full amount of Projected Credits. The Limited Partner shall be allocated Tax Credits commencing on the date of its initial capital contribution and admission to the Partnership.

(g) Status of General Partner. The General Partner is and will continue to be a valid corporation, duly organized under the laws of the State of Rhode Island, and has taken and shall continue to take all action under the laws of the state of Rhode Island and any other applicable jurisdiction that is necessary to enable the General Partner to engage in its business.

(h) Taxpayer Certifications. The General Partner has filed, and will continue to file, any and all certifications and other documents on a timely basis with the Internal Revenue Service and any other federal, state or local government agency or political subdivisions as have been and may be required to support the full amount of all Projected Credits.

### 23. MISCELLANEOUS.

(a) Applicable Law. This Agreement shall, in all respects, be governed by the laws of the State of Rhode Island applicable to agreements executed and to be wholly performed within the State of Rhode Island.

(b) Severability. Nothing contained herein shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provisions

contained herein and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail; but the provision of this Agreement which is affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law.

(c) Further Assurances. Each of the parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder to carry out the intent of the parties hereto.

(d) Successors and Assigns. All of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

(e) Number and Gender. In this Agreement, the masculine, feminine or neuter gender, and the singular or plural number, shall each be deemed to include the others whenever the context so requires.

(f) Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties with respect to its subject matter and any and all prior agreements, understandings or representations with respect to its subject matter are hereby terminated and cancelled in their entirety and are of no further force or effect.

(g) Non-Waiver. No waiver by any party hereto of any breach of this Agreement or any provision hereof shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision hereof.

(h) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(i) Full Authority. Each of the parties and signatories to this Agreement has the full right, power, legal capacity and authority to enter into and perform the party's respective obligations hereunder, and no approvals or consents of any other person are necessary in connection therewith.

(j) Captions. The captions appearing at the commencement of the paragraphs hereof are descriptive only and for convenience in reference. Should there be any conflict between any such caption and the paragraph at the head of which it appears, the paragraph and not such caption shall control and govern in the construction of this Agreement.

(k) Expenses. The Limited Partner shall pay all of such Limited Partner's own costs, legal fees, accounting fees, and any other expenses incurred or to be incurred by such Limited Partner in negotiating and preparing this Agreement and closing and carrying out the transactions contemplated by this Agreement.

(l) Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over or against any party to this Agreement.

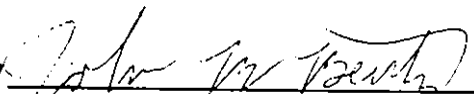
(m) Compliance with HUD Requirements. The Partnership and each Partner (General and Limited) agrees to be bound to the same extent as the original executing party (except as to obligations for payments) by the terms of the HUD mortgage and HUD Regulatory Agreement and any other documents that have been executed in connection with the HUD-insured mortgage loan on the Property. Upon any dissolution, no title or right to possession and control of the Partnership property financed under such HUD-insured mortgage loan, and no right to collect the rents therefrom, shall pass to any person who is not bound in a manner satisfactory to the Secretary of Housing and Urban Development.

(n) Conflicting Provisions. In the event of any conflict between the provisions of this Agreement and the HUD Regulatory Agreement, the HUD Regulatory Agreement provisions shall apply.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first hereinabove mentioned.

GENERAL PARTNER:

Property Advisory Group, a  
Rhode Island corporation

By:   
Name: John G. Bente  
Title: PRESIDENT

LIMITED PARTNER:

SunAmerica Asset Management  
Corporation, a Delaware  
corporation

By:   
Michael L. Fowler,  
Authorized Agent

WITHDRAWING LIMITED PARTNER:

  
Robert A. Gaudreau

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

On ~~October~~ <sup>Dec. 31</sup> \_\_, 1990, before me, the undersigned, a  
Notary Public in and for said State, personally appeared  
John B. Bentz

personally known to me;

proved to me on the basis of satisfactory evidence,

to be the person who executed the within instrument  
as \_\_\_\_\_ of the corporation that executed the within  
instrument and acknowledged to me that such corporation executed  
the same.

WITNESS my hand and official seal.

Gretchen M. Hudson  
Notary Public

My Commission Expires June 30, 1991

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

On ~~October~~ <sup>Dec. 31</sup>, 1990, before me, the undersigned, a Notary Public in and for said State, personally appeared Robert Gaudreau.

personally known to me;

proved to me on the basis of satisfactory evidence,

to be the person who executed the within instrument and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Gretchen M. Hudson  
Notary Public

My Commission Expires June 30, 1991

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

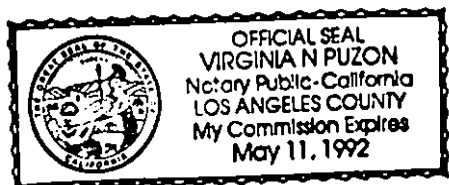
On ~~October~~ <sup>December 28</sup>, 1990, before me, the undersigned, a Notary Public in and for said State, personally appeared Michael L. Fowler and

personally known to me;

proved to me on the basis of satisfactory evidence,

to be the person who executed the within instrument as the authorized agent of the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

WITNESS my hand and official seal.



*Virginia Puzon*  
\_\_\_\_\_  
Notary Public

EXHIBIT A

A certain lot or parcel of land with all the buildings and improvements thereon situated on the northwesterly side of Spring Street, and the southeasterly side of Summer Street, in the Town of Lincoln, County of Providence, State of Rhode Island, and shown on that plan entitled "Plan of land for L.W. Associates, Eagle III L.P., Lincoln, Rhode Island, January, 1991, Revised: February 26, 1991, Scale: 1 inch equals 20 feet" by Robert C. Courmoyer & Assoc., Inc., more particularly bounded and described as follows:-

Beginning at a point on the northwesterly line of said Spring Street, said point being the most northeasterly corner of land now or formerly of RVLS Ventures, said point being the most southwesterly corner of the parcel hereby described:-

- thence: Northwesterly, along said RVLS Ventures land, ninety one and fifty seven one hundredths (91.57) feet to land now or formerly of Donat Godin:-
- thence: Northeasterly, turning an interior angle of  $90^{\circ} - 00' - 00''$  along said Godin land, fifty one and zero one hundredths (51.00) feet:-
- thence: Northwesterly, turning an interior angle of  $270^{\circ} - 00' - 00''$ , ninety one and fifty eight one hundredths (91.58) feet to the southeasterly line of said Summer Street, the last two lines bounding on said Godin land:-
- thence: Northeasterly, along the southeasterly line of said Summer Street, turning an interior angle of  $90^{\circ} - 00' - 00''$ , one hundred forty six and nine one hundredths (146.09) feet to land now or formerly of Robert S. Jenson & Thomas Bouthillette:-
- thence: Southeasterly, along said Jenson & Bouthillette land, turning an interior angle of  $86^{\circ} - 20' - 00''$ , one hundred eighty two and forty one hundredths (182.40) feet to the northwesterly line of said Spring Street:-
- thence: Southwesterly, along the northwesterly line of said Spring Street, turning an interior angle of  $101^{\circ} - 46' - 00''$ , eight and zero one hundredths (8.00) feet:-
- thence: Southwesterly, turning an interior angle of  $171^{\circ} - 54' - 00''$ , one hundred seventy seven and fifty one hundredths (177.50) feet to the point of beginning, said line forming an interior angle of  $90^{\circ} - 00' - 00''$  with the first mentioned line:-

Containing 30,347 square feet or 0.6967 acres.



A certain lot or parcel of land with all the buildings and improvements thereon situated on the southwesterly side of Railroad Street and the southeasterly side of Division Street, in the Town of Lincoln, County of Providence, State of Rhode Island, and shown on that plan entitled "Plan of land for L.W. Associates - Eagle III L.P., Lincoln, Rhode Island, January, 1991, Revised: February 26, 1991, Scale: 1 inch equals 20 feet" by Robert C. Cournoyer & Assoc., Inc., more particularly bounded and described as follows:-

Beginning at a point at the intersection of the southwesterly line of said Railroad Street and the southeasterly line of said Division Street, said point being the most northwesterly corner of the parcel hereby described:-

thence: Southeasterly, along the southwesterly line of said Railroad Street, one hundred and forty one one hundredths (100.41) feet to land now or formerly of Robert L. & Maria V. Leisieur:-

thence: Southwesterly, turning an interior angle of  $87^{\circ} - 16' - 54''$  along said Leisieur land, sixty two and fifty five one hundredths (62.55) feet:-

thence: Southeasterly, turning an interior angle of  $270^{\circ} - 00' - 00''$ , three and zero one hundredths (3.00) feet:-

thence: Southwesterly, turning an interior angle of  $90^{\circ} - 00' - 00''$ , thirty one and eighty eight one hundredths (31.88) feet to land now or formerly of Gerard J. & Noella Peloquin, the last three lines bounding on said Leisieur land:-

thence: Northwesterly, along said Peloquin land, turning an interior angle of  $89^{\circ} - 37' - 00''$ , one hundred three and eighty nine one hundredths (103.89) feet to the southeasterly line of said Division Street:-

thence: Northeasterly, along the southeasterly line of said Division Street, turning an interior angle of  $90^{\circ} - 00' - 00''$ , eighty nine and zero one hundredths (89.00) feet to the point of beginning, said line forming an interior angle of  $93^{\circ} - 06' - 06''$  with the first mentioned line:-

Containing 9,320 square feet or 0.2139 acres.

EXHIBIT B

1. \$595,300 Mortgage to Industrial National Bank, recorded in the land evidence records of the Town of Lincoln in Book 113, page 443, assigned to Federal National Mortgage Association by instrument recorded in Book 119, page 191.
2. Regulatory Agreement to U.S. Dept. of Housing and Urban Development recorded with said land evidence records in Book 113, page 448.
3. Security Agreement to Industrial National Bank recorded in said land evidence records in Book 119, page 206.
4. UCC Financing Statements to Industrial National Bank, recorded in said land evidence records in Book 118, page 381; Book 119, page 213; Book 164, page 27; Book 237, page 103.
5. Easement for sewer pipe, wall and cyclone fence recorded in said land evidence records in Book 168, page 340.

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REC'D & FILED MAY 20 1991  
HHT 59693

MAY 20 11 18 AM '91

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SECRETARY OF STATE