

103 N. MERIDIAN STREET, TOWER LEVEL
TALLAHASSEE, FL 32301
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A06010

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ACCT. #FCA-14

CONTACT: CINDY HICKS

DATE: 5/5/00

4/8

REF. #: 0/63-11781

CORP. NAME: Sugar Hill, LTD

MJH

- | | | |
|--|--|--|
| <input type="checkbox"/> ARTICLES OF INCORPORATION | <input checked="" type="checkbox"/> ARTICLES OF AMENDMENT | <input type="checkbox"/> ARTICLES OF DISSOLUTION |
| <input type="checkbox"/> ANNUAL REPORT | <input checked="" type="checkbox"/> TRADEMARK/SERVICE MARK | <input type="checkbox"/> FICTITIOUS NAME |
| <input type="checkbox"/> FOREIGN QUALIFICATION | <input type="checkbox"/> LIMITED PARTNERSHIP | <input type="checkbox"/> LIMITED LIABILITY |
| <input type="checkbox"/> REINSTATEMENT | <input type="checkbox"/> MERGER | <input type="checkbox"/> WITHDRAWAL |
| <input type="checkbox"/> CERTIFICATE OF CANCELLATION | <input type="checkbox"/> UCC-1 | <input type="checkbox"/> UCC-3 |
| <input type="checkbox"/> OTHER: _____ | | |

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STATE FEES PREPAID WITH CHECK# 7669 FOR \$ 52.50

AUTHORIZATION FOR ACCOUNT IF TO BE DEBITED:

700003240427--2
-05/05/00--01028--011
*****52.50 *****52.50

COST LIMIT: \$ _____

PLEASE RETURN:

- | | |
|--|---|
| <input type="checkbox"/> CERTIFIED COPY | <input type="checkbox"/> CERTIFICATE OF GOOD STANDING |
| <input type="checkbox"/> CERTIFICATE OF STATUS | |

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Examiner's Initials _____



FLORIDA DEPARTMENT OF STATE
Katherine Harris
Secretary of State

PLEASE GIVE ORIGINAL SUBMISSION
DATE AS FILE DATE.

PLEASE GIVE ORIGINAL SUBMISSION
DATE AS FILE DATE.

May 8, 2000

CCRS

SUBJECT: SUGAR HILL, LTD.
Ref. Number: A06010

We have received your document for SUGAR HILL, LTD. and your check(s) totaling \$52.50. However, the enclosed document has not been filed and is being returned for the following correction(s):

The document must contain the principal office and the mailing address of the entity.

Please return your document, along with a copy of this letter, within 60 days or your filing will be considered abandoned.

If you have any questions concerning the filing of your document, please call (850) 487-6917.

Gretchen Harvey
Document Specialist Supervisor

Letter Number: 800A00025363

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FLORIDA DEPARTMENT OF STATE
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Secretary of State

May 9, 2000

CINDY HICKS
CORPORATE & CRIMINAL RESEARCH
TALLAHASSEE, FL

SUBJECT: SUGAR HILL, LTD.
Ref. Number: A06010

PLEASE GIVE ORIGINAL SUBMISSION
DATE AS FILE DATE.

We have received your document for SUGAR HILL, LTD. and your check(s) totaling \$52.50. However, the enclosed document has not been filed and is being returned for the following correction(s):

We are sorry to have to return this document a second time, but a search of our records has revealed that one of the new general partners -- GREATER BOSTON DEVELOPMENT, INC. -- does not have an active filing in Florida.

Please note that it was once qualified here under document #839872. (Please see attached.) If it has been transacting business in Florida since its 1988 administrative dissolution, it will have to file a REINSTATEMENT FORM and pay a total of \$2,195.00 in penalty fees.

If it actually stopped transacting business in Florida in 1988, then it could file a new FOREIGN CORPORATION QUALIFICATION. The fee for this would be \$70.00.

Please return your document, along with a copy of this letter, within 60 days or your filing will be considered abandoned.

If you have any questions concerning the filing of your document, please call (850) 487-6914.

Buck Kohr
Corporate Specialist

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**SECOND AMENDED AND RESTATED
CERTIFICATE OF LIMITED PARTNERSHIP OF
SUGAR HILL, LTD.**

Pursuant to the provisions of Section 620.109, *Florida Statutes*, this Florida limited partnership, whose certificate was filed with the Florida Department of State on October 6, 1977, as amended by that certain First Amendment to, and Restatement of, Certificate of Limited Partnership, filed with the Florida Department of State on July 7, 1978 (collectively, the "Original Certificate"), adopts the following certificate of amendment to its certificate of limited partnership.

FIRST: This certificate of amendment is being filed in connection with the withdrawal of Escambia Construction Company as the Managing General Partner of the partnership and the admission of Sugar Hill One, Inc. as the new and sole Managing General Partner of the Partnership, as set forth in the First Amendment to Sugar Hill, Ltd. Amended and Restated Agreement of Limited Partnership dated effective as of January 1, 2000, a copy of which is attached as Exhibit "A" hereto.

SECOND: The Original Certificate is hereby amended and restated in its entirety as follows:

1. ***Name of Partnership.*** The name of the Partnership is **SUGAR HILL, LTD.**

2. ***Address of Recordkeeping Office; Agent for Service of Process.*** The records to be kept pursuant to *Florida Statute* Section 620.106 shall be located at 516 Lakeview Road, Unit 8, Clearwater, Florida 33756-3302, and the name of the Partnership's agent for service of process at said address is **Thomas F. Flynn.**

3. ***Names and Business Addresses of the General Partners.*** The names and addresses of the General Partners are as follows:

(a) ***Managing General Partner:***

Sugar Hill One, Inc. ✓
516 Lakeview Road
Unit 8
Clearwater, Florida 33756-3302

9990000-79745

(b) ***Associate General Partner:***

Boston Capital Partners, Inc. ✓
One Boston Place
Boston, Massachusetts

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4. **Mailing Address for the Limited Partnership.** The mailing address for the Limited Partnership shall be located at 516 Lakeview Road, Unit 8, Clearwater, Florida 33756-3302. This address shall also be the principal address of the Limited Partnership.

5. **Term.** The Partnership shall continue in full force and effect until December 31, 2028, unless sooner terminated in accordance with the Limited Partnership Agreement for Sugar Hill, Ltd.

THIRD: This certificate of amendment shall be effective at the time of filing with the Florida Department of State.

DATED effective as of the 1st day of January, 2000.

MANAGING GENERAL PARTNER:

SUGAR HILL ONE, INC.

By: Thomas F. Flynn
Thomas F. Flynn, President

ASSOCIATE GENERAL PARTNER:

Boston Capital Partners, Inc.

By: Bonnie-Kate Fox
Name: Bonnie-Kate Fox
Title: Attorney in fact for John P. Manning

ACCEPTANCE BY REGISTERED AGENT

Having been named Registered Agent and designated to accept service of process for the within Limited Partnership, at the place designated herein, I hereby agree to act in this capacity, and I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties.

Thomas F. Flynn
Thomas F. Flynn

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FIRST AMENDMENT TO

SUGAR HILL, LTD.

AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

THIS FIRST AMENDMENT TO AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT ("Amendment"), made and entered into effective as of the 1st day of January, 2000, by and among **ESCAMBIA CONSTRUCTION COMPANY, INC.**, a Florida corporation, as withdrawing managing general partner (the "Withdrawing Managing General Partner") and as the special limited partner (the "Special Limited Partner"), **Boston Capital Partners, Inc.**, a Massachusetts corporation (the "Associate General Partner"), **SIDNEY FELDMAN** (the "Class A Limited Partner"), **C&M INVESTMENT COMPANY** (the "Class B Limited Partner"), and **SUGAR HILL ONE, INC.**, a Florida corporation, as the new substitute managing general partner (the "Substitute Managing General Partner"), is entered into in connection with that certain Purchase and Sale Agreement for General Partner Interests between **FLYNN DEVELOPMENT CORPORATION** and **ESCAMBIA CONSTRUCTION COMPANY, INC.**, dated as of the 19th day of July, 1999.

WITNESSETH:

WHEREAS, Sugar Hill, Ltd. (the "Partnership") was formed as a Florida limited partnership pursuant to a Limited Partnership Agreement dated October 3, 1977 which was filed with the Secretary of State of the State of Florida on October 6, 1977 (the "Original Agreement"); and

WHEREAS, the Sugar Hill, Ltd. Amended and Restated Limited Partnership Agreement (the "Partnership Agreement"), which restated the terms of the Original Agreement, was executed as of July 1, 1978, and is attached as Exhibit "1" to this Agreement; and

WHEREAS, a First Amendment to, and Restatement of, Certificate of Limited Partnership was filed with the Secretary of State of the State of Florida on July 7, 1978; and

WHEREAS, the Withdrawing Managing General Partner is transferring its entire interest as the Managing General Partner in the Partnership to the Substitute Managing General Partner, along with a one percent (1%) interest in the profits, losses and distributions from the Partnership, and the Withdrawing Managing General Partner is converting the remainder of its interest in the Partnership into the Special Limited Partner's interest in the Partnership, all as of the effective date herewith; and

WHEREAS, the parties hereto wish to enter into this Amendment for the purposes of setting forth each party's consent to all of the following: (i) having Escambia Construction Company, Inc. withdraw as Managing General Partner; (ii) having Sugar Hill One, Inc. admitted as the new and sole Managing General Partner; (iii) having Escambia Construction Company, Inc. admitted as Special Limited Partner; (iv) reapportioning the ownership interests in the Partnership as hereinafter set forth; and (v) amending the Partnership Agreement as set forth below.

EXHIBIT "A"

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(All references to sections below shall be to the Partnership Agreement):

NOW, THEREFORE, IT IS HEREBY AGREED and the Partnership Agreement is hereby amended and superseded as follows:

(1) Article 1, Defined Terms, shall be amended as follows:

(a) The definition of "Managing General Partner" shall be replaced with the following:

"Managing General Partner' means Sugar Hill One, Inc. (as the successor to Escambia Construction Company), its successors and assigns."

(b) The definition of "Special Limited Partner" shall be added as follows:

"Special Limited Partner' means Escambia Construction Company, Inc., its successors or assigns."

(c) The definition of "Uniform Act" shall be replaced with the following:

"Uniform Act' means the Revised Uniform Limited Partnership Act as adopted by the State."

(2) Section 2.2 shall be amended as follows:

(a) Section 2.2 shall be renamed "Name, Office and Resident Agent".

(b) The second sentence of Section 2.2 shall be replaced it with the following:

"The principal office of the Partnership shall be 516 Lakeview Road, Unit 8, Clearwater, FL 33756-3302."

(c) The following sentence shall be added to the end of Section 2.2:

"The resident agent in the State for the Partnership for service of process is as follows:

Thomas F. Flynn 516 Lakeview Road, Unit 8 Clearwater Florida, 33756-3302."

(3) Section 4.1 shall be amended by deleting the first sentence and replacing it as follows:

"The Managing General Partner is Sugar Hill One, Inc. and the Associate General Partner is

(4) Section 5.3 shall be deleted from the Partnership Agreement.

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- (5) Section 6.4 shall be amended by adding the following sentence to the end thereof:

“All Partners hereby agree that the Managing General Partner shall serve as the Tax Matters Partner for the Partnership.”

- (6) Sections 6.11 and 6.13 shall be deleted from the Partnership Agreement.

- (7) Section 7.5 shall be deleted from the Partnership Agreement.

- (8) Section 9.1 shall be deleted from the Partnership Agreement.

- (9) Section 10.1A shall be deleted and replaced as follows:

“All profits, losses and tax credits incurred or accrued on or after the effective date of the Amendment, other than those arising from a Capital Transaction, shall be allocated 69% to the Class A Limited Partners, 0.5% to the Class B Limited Partner, 0.5% to the Associate General Partner, 29% to the Special Limited Partner and 1% to the Managing General Partner.”

- (10) Section 10.1B., as it relates to profits, shall be amended by deleting the second paragraph and replacing it as follows:

“Second, the balance, if any, of such profits, 50% to the Class A Limited Partners, 5% to the Class B Limited Partner, 5% to the Associate General Partner, 39% to the Special Limited Partner and 1% to the Managing General Partner.”

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- (11) Section 10.1B., as it relates to losses, shall be amended by deleting the second paragraph and replacing it as follows:

“Second, the balance, if any, of such losses, 50% to the Class A Limited Partners, 5% to the Class B Limited Partner, 5% to the Associate General Partner, 39% to the Special Limited Partner and 1% to the Managing General Partner.”

- (12) Section 10.2 A. shall be amended by revising the allocations found therein to:

“69% to the Class A Limited Partners, 0.5% to the Class B Limited Partner, 0.5% to the Associate General Partner, 29% to the Special Limited Partner and 1% to the Managing General Partner.”

- (13) Section 10.2 B. (6) shall be deleted and replaced with the following:

“Sixth, the balance, 50% to the Class A Limited Partners, 5% to the Class B Limited Partner, 5% to the Associate General Partner,

39% to the Special Limited Partner and 1% to the Managing General Partner.”

(14) Article XI shall be amended as follows:

(a) The first paragraph of Article XI shall be deleted and replaced as follows:

“Notwithstanding anything to the contrary contained in this Article or elsewhere in this Amendment or in the Partnership Agreement, the Managing General Partner shall have the right to appoint the Management Agent for the Project, subject to the consent of the Associate General Partner. The Partnership may engage Flynn Management Corporation (which is an Affiliate of the Managing General Partner) to act as the Management Agent for the Project, and the Associate General Partner hereby consents to such engagement. In consideration of its management services, the Management Agent shall receive a “Contract Management Fee” of a reasonable and competitive amount payable from time to time by the Partnership to the Management Agent in accordance with a management contract approved by FmHA, or when the Project is not subject to FmHA regulation, in accordance with a reasonable and competitive fee agreement.”

follows:

(b) The second paragraph of Article XI shall be deleted and replaced as

“If at any time after the Completion Date the Project shall be subject to a substantial building code violation which shall not have been cured within six months after notice from the applicable governmental agency or department, then the Associate General Partner, subject to FmHA approval if required, may forthwith terminate the management agreement with the Management Agent and appoint a new Management Agent.”

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(15) All capitalized terms used herein and not defined shall have the meaning given to them in the Partnership Agreement.

(16) In all other respects the Partnership Agreement is hereby ratified and confirmed by the undersigned parties. By executing this Amendment below, all the undersigned parties do give their consents and approvals to all matters contained herein and in the Partnership Agreement and the Amendment for which consent and approval is required under the terms of the Partnership Agreement.

(17) By signing this Amendment, all parties below hereby consent to the withdrawal of Escambia Construction Company, Inc. as the Managing General Partner, and the admission of Sugar Hill One, Inc. as the new sole Managing General Partner of the Partnership.

IN WITNESS WHEREOF, the parties have subscribed and sworn to this agreement as of the date first written above.

SUBSTITUTE MANAGING GENERAL PARTNER:

SUGAR HILL ONE, INC.,
a Florida corporation

ATTEST:

Nancy R. Poling
Print Name: NANCY R. POLING

By: Thomas F. Flynn
Thomas F. Flynn, President

WITHDRAWING MANAGING GENERAL PARTNER:

ESCAMBIA CONSTRUCTION
COMPANY, INC., a Florida corporation

ATTEST:

Joni Maddrey
Print Name: Joni Maddrey

By: Michael A. Blanton
Michael A. Blanton, President

ASSOCIATE GENERAL PARTNER:

Boston Capital Partners, Inc.,
a Massachusetts corporation

ATTEST:

Patricia E. Hill
Print Name: Patricia E. Hill

By: Bonnie-Kate Fox
Name: Bonnie-Kate Fox
Title: Attorney in fact for John P. Manning

CLASS A LIMITED PARTNER:

SIDNEY FELDMAN
SIDNEY FELDMAN

Susan M. Meyer
Susan M. Meyer
As to Mr. Feldman

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CLASS B LIMITED PARTNER:

C&M INVESTMENT COMPANY,
a Massachusetts general partnership

ATTEST:

Patricia E Hill
Print Name: Patricia E Hill

By: Bonnie Kate Fox
Name: Bonnie Kate Fox,
Title: Attorney in fact for
John P. Manning

SPECIAL LIMITED PARTNER:

ESCAMBIA CONSTRUCTION
COMPANY, INC. a Florida corporation

ATTEST:

Joni Maddrey
Print Name: Joni Maddrey

By: Michael A. Blanton
Michael A. Blanton, President

STATE OF FLORIDA
COUNTY OF PINELLAS

On this 28 day of March, 2000, before me, the undersigned, a Notary Public of said state, duly commissioned and sworn, personally appeared before me **Thomas F. Flynn**, as President of Sugar Hill One, Inc., who is personally known to me to be the individual executing delivery of the foregoing instrument and acknowledged to me that he executed and delivered the same as President of Sugar Hill One, Inc. as Substitute Managing General Partner of the Partnership and for the purposes therein contained.

IN WITNESS WHEREOF, I HEREUNTO set my hand and affixed my seal on the date and year first written above.

Carol Hildebrandt
NOTARY PUBLIC
Print Name: Carol Hildebrandt
Commission No. _____
My Commission Expires: _____



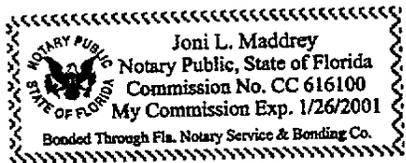
Carol Hildebrandt
My Commission CC596337
Expires January 31 2001

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STATE OF FLORIDA
COUNTY OF Escambia

On this 27 day of MAR, 2000, before me, the undersigned, a Notary Public of said state, duly commissioned and sworn, personally appeared before me **Michael A. Blanton**, as President of Escambia Construction Company, Inc., a Florida corporation, who is personally known to me ~~or produced~~ _____ ~~as identification~~, who executed and delivered the foregoing instrument and he acknowledged to me that he executed and delivered the same as President of the Withdrawing Managing General Partner and the Special Limited Partner of the Partnership and for purposes contained herein.

IN WITNESS HEREOF, I HEREUNTO set my hand and affixed my seal on the date and year first written above.



Joni L. Maddrey
NOTARY PUBLIC.
Print Name: Joni L. Maddrey
Commission No. _____
My Commission Expires: _____

Commonwealth of Massachusetts
STATE OF _____
COUNTY OF Suffolk

On this 18th day of April, 2000, before me, the undersigned, a Notary Public of said state, duly commissioned and sworn, personally appeared before me Bonnie Kate Fox, as attorney in fact for sole to marriage of Boston Capital Partners, Inc. a Massachusetts corporation, who is personally known to me ~~or produced~~ _____ ~~as identification~~, who executed and delivered the foregoing instrument and acknowledged to me that she executed and delivered the same as representative of the Associate General Partner of the Partnership and for purposes contained herein.

IN WITNESS HEREOF, I HEREUNTO set my hand and affixed my seal on the date and year first written above.

Patricia E. Hill
NOTARY PUBLIC
Print Name: Patricia E. Hill
Commission No. _____
My Commission Expires: _____

Commission Expires November 10, 2001

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STATE OF Michigan
COUNTY OF Oakland

On this 4th day of April, 2000, before me, the undersigned, a Notary Public of said state, duly commissioned and sworn, personally appeared before me **Sidney Feldman**, the Class A Limited Partner, who is personally known to me or produced _____ as identification, who executed and delivered the foregoing instrument and he acknowledged to me that he executed and delivered the same as the Class A Limited Partner and for purposes contained herein.

IN WITNESS HEREOF, I HEREUNTO set my hand and affixed my seal on the date and year first written above.

Susan M. Meyer
NOTARY PUBLIC
Print Name: Susan M. Meyer
Commission No. _____
My Commission Expires: 3/18/02

Commonwealth of Massachusetts
STATE OF _____
COUNTY OF Suffolk

On this 18th day of April, 2000, before me, the undersigned, a Notary Public of said state, duly commissioned and sworn, personally appeared before me Bonnie Gale for attorney-in-fact for P. M. Anderson as general partner of C&M Investment Company, a Massachusetts general partnership, as the Class B Limited Partner, who is personally known to me or produced _____ as identification, who executed and delivered the foregoing instrument and she acknowledged to me that she executed and delivered the same as representative of the Class B Limited Partner of the Partnership and for purposes contained herein.

IN WITNESS HEREOF, I HEREUNTO set my hand and affixed my seal on the date and year first written above.

Patricia E. Hill
NOTARY PUBLIC
Print Name: Patricia E. Hill
Commission No. _____
My Commission Expires: _____

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Commission Expires November 1, _____

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SUGAR HILL, LTD.
AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT

Dated as of July 1, 1978

EXHIBIT "1"

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SUGAR HILL, LTD.

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SUGAR HILL, LTD.
AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
Preliminary Statement

SUGAR HILL, LTD. (the "Partnership") was formed as a Florida limited partnership pursuant to a Limited Partnership Agreement dated October 6, 1977 by and between Escambia Construction Company, Inc. as General Partner and Michael A. Blanton as (original) Limited Partner, and a Certificate of Limited Partnership with respect thereto was filed on January 9, 1978 with the Secretary of the State of Florida.

The purposes of this amendment to, and restatement of, said Agreement are (i) to enable the Partnership to admit Class A Limited Partners, (ii) to admit C & M Investment Company as a Class B Limited Partner, (iii) to admit Greater Boston Development, Inc. as a Associate General Partner, (iv) to provide for the withdrawal of Michael A. Blanton as (original) Limited Partner, and (v) to set out more fully the rights, obligations and duties of the General Partner and the Limited Partners.

Now, therefore, it is hereby agreed the Partnership Agreement of Sugar Hill, Ltd. as presently in effect is amended and restated in its entirety as follows:

ARTICLE I

Defined Terms

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

"Accountants" means Brown and Fitzpatrick or such other of independent certified public accountants as may be engaged by the Managing General Partner with the consent of the Associate General Partner.

"Admission Date" means the first day of the calendar month during which Class A Limited Partners are first admitted to the Partnership in accordance with Section 4.3 hereof.

"Affiliate" means as to any named Partner or Partners (or as to every Partner if none are specifically named) (i) any such Partner or member of his Immediate Family; (ii) the legal representative, successor or assignee of, or any trustee of a trust for the benefit of, any such Partner or member of his Immediate Family; (iii) any Entity of which a majority of the voting interests is owned by any one or more of the Persons referred to in the preceding clauses (i) and (ii); (iv) any

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officer, director, trustee, employee, stockholder (10% or more) or partner of any Person referred to in the preceding clauses (i), (ii) and (iii); and (v) any Person directly or indirectly controlling, or under direct or indirect common control with, any Person referred to in any of the preceding clauses.

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

"Associate General Partner" means Greater Boston Development, Inc. its successors and assigns.

"Base Management Fee" means the amount so designated in Article XI which is payable to the Management Agent as partial compensation for its Project management services.

"Building Loan Agreement" means the Building Loan Agreement dated February 23, 1978 between the Partnership and the Construction Lender.

"Capital Contribution" means the total value of cash and other consideration contributed and agreed to be contributed to the Partnership by each Partner as shown in Schedule A. Any reference in this Agreement to the Capital Contribution of a then Partner shall include a Capital Contribution previously made by any prior Partner for such partnership interest of such then Partner.

"Capital Transaction" means any transaction the proceeds of which are not includable in determining Cash Flow including, without implied limitation, the sale or other disposition of all or substantially all of the assets of the Partnership and any refinancing of the Mortgage, but excluding the payment of Capital Contributions by the Partners.

"Cash Flow" means the profits or losses of the Partnership from and after the Initial Cash Flow Distribution Date (as such profits and losses are determined in accordance with Section 10.1.E), but subject to any applicable FmHA requirements, and further subject to the following:

(a) Depreciation of building, improvements and personal property and amortization of any financing fee shall not be considered as a deduction.

(b) Mortgage amortization shall be considered as a deduction.

(c) A reasonable reserve shall be deducted to provide for working capital needs, funds for improvements or replacements or for any other contingencies of the Partnership.

(d) Any amounts paid for capital expenditures shall be considered as a deduction, unless paid from any replacement

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reserve for capital expenditures or unless funds therefor have been provided through insurance.

(e) The proceeds of any Mortgage refinancing, any sale, exchange, eminent domain taking, damage or destruction (whether insured or uninsured), or other disposition, of all or any part of the Project (other than the proceeds of any business or rental interruption insurance) shall not be included in Cash Flow.

(f) Any rent supplement payments shall be included as income in Cash Flow.

(g) The fees set forth in Section 6.13 hereof, the Base Management Fee referred to in Article XI and any fee payable in connection with any transaction referred to in clause (e) above, shall not be considered as a deduction.

"Class A Limited Partners" means any of those Persons who are listed in Schedule A as Class A Limited Partners, including Substitute Class A Limited Partners, at the time of reference thereto, in their capacities as such.

"Class B Limited Partner" means C & M Investment Company, its successors and assigns. The term "Class B Limited Partner" shall also include, but subject to the provisions of the last sentence of Section 7.4, any holder of a Partnership interest designated as a Class B Limited Partner pursuant to Sections 4.6.B or 7.4.

"Class Contribution" means the aggregate Capital Contributions of all the members of a particular class of Partners including the General Partner(s), the Class A Limited Partners or the Class B Limited Partner(s).

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

"Commitments" means and includes the commitment of the Construction Lender to make the Construction Mortgage Loan, the commitment of the Permanent Lender to provide the Permanent Mortgage loan upon completion of construction, the commitment of FmHA to provide interest credit subsidies for the Project pursuant to Section 515 of the Housing Act of 1949 and any and all documents and other instruments executed in connection with any of the foregoing.

"Completion Date" means the date upon which FmHA issues a certificate of occupancy with respect to all units of the Project.

"Consent of the Limited Partners" means the prior written consent or approval of Limited Partners whose Capital Contributions represent at least 60% of the aggregate of the Class A Limited Partner Class Contribution and the Class B Limited Partner Class Contribution.

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"Construction Contract" means the construction contract dated February 14, 1978 between the Partnership and Escambia Construction Company, Inc.

"Construction Lender" means Miami National Bank or its assignee(s).

"Contract Management Fee" means the amount so designated in Article XI which is payable to the Management Agent as partial compensation for its Project management services.

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

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

"FmHA" means the Farmers Home Administration of the United States Department of Agriculture.

"FmHA Loan Agreements" means the FmHA Loan Agreements dated August 8, 1977 from the Partnership to FmHA in connection with the Mortgage.

"General Partner" means any Person designated as a General Partner in Schedule A or any Person who becomes a General Partner as provided herein, in his capacity as such.

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

"Initial Breakeven Point" means the first time at which, as set forth in a written report by the Accountants, based upon four (4) consecutive calendar months of operation commencing not earlier than the month after the month in which Permanent Mortgage Commencement occurs, the rental income of the Partnership actually received on a cash basis (excluding pre-paid rent) shall have exceeded all expenses (including, without implied limitation, Mortgage amortization) of the Partnership on an accrual basis, but excluding depreciation, required payments to reserve accounts, and payments to the Partners (other than the Contract Management Fee).

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"Initial Cash Flow Distribution Date" means the first day of the month next following the date from which FmHA permits Cash Flow to be determined for purposes of permitting any distribution to the Partners.

"Initial 90% Occupancy Date" means the first date upon which 46 apartment units of the Project have been leased under executed FmHA approved leases to qualified tenants.

"Investor Service Fee" means the fee that shall be paid to the Special Limited Partner or to its Affiliate pursuant to Section 12.9 for providing reporting services to the Class A Limited Partners.

"Lenders" means the Construction Lender and Permanent Lender.

"Limited Partner" or "Limited Partners" means any or all those Persons designated in Schedule A as Class A Limited Partners or Class B Limited Partners or any Person who becomes a Substitute Class A or Class B as provided herein, in each such Person's capacity as a Limited Partner of the Partnership.

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

"Management Fee" means the total of the amounts referred in Article XI as the Base Management Fee and the Contract Management Fee.

"Managing General Partner" means Escambia Construction Co Inc. its successors and assigns.

"Mortgage" means the mortgage indebtedness of the Partnership to the Lenders; where the context admits "Mortgage" shall mean and include the promissory note evidencing said indebtedness, the mortgage deed securing the promissory note, and all other documentation related thereto.

"Negative Basis" means, as to a Partner and a point in time, the amount, if any, by which (1) the sum of the aggregate losses and distributions allocated prior to such point in time to such Partner exceeds (2) the sum of the aggregate profits allocated prior to such point in time to such Partner plus such Partner's paid-in Capital Contribution.

"Partner" means any General Partner or Limited Partner.

"Partnership" means Sugar Hill, Ltd.

"Permanent Lender" means FmHA or its assignee.

"Permanent Mortgage Commencement" means the first date on which all of the following have occurred: (i) the Completion Date, (ii) the principal amount and date of maturity of the

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permanent Mortgage have been finally determined, and (iii) amortization of the permanent Mortgage has commenced.

"Person" means any individual or Entity.

"Positive Basis" means, as to a Partner and a point in time, the amount, if any, by which (1) the sum of the aggregate profits allocated prior to such point in time to such Partner and such Partner's paid-in Capital Contribution exceeds (2) the sum of the aggregate losses and distributions allocated prior to such point in time to such Partner.

"Project" or "Property" means the real property, consisting of approximately eight (8) acres located in Pensacola, Florida as more fully described in the Mortgage, together with all buildings and other improvements on or to be constructed or made upon such property pursuant to the Project Documents.

"Project Documents" means and includes the Mortgage, FmHA Loan Agreements, Building Loan Agreement, the Commitments, the Construction Contract, and all other instruments delivered to (or required by) the Construction Lender or FmHA in connection with their commitments to the Partnership, and all other documents relating to the Project and by which the Partnership is bound.

"Residual Receipts Notes" means the non-interest bearing promissory notes of the Partnership issued pursuant to Section 6.11 or Article IX hereof and not secured by any liens or other charges upon the property of the Partnership, which notes shall be payable only as expressly permitted in this Agreement.

"Retirement" (including the verb form "Retire" and the adjective form "Retiring") means as to a General Partner, the occurrence of death, adjudication of insanity or incompetence, Event of Bankruptcy, dissolution, liquidation, or voluntary or involuntary withdrawal or retirement from the Partnership for any reason, including whenever a General Partner may no longer continue as a General Partner by law or pursuant to any terms of this Agreement.

"State" means the State of Florida.

"Subordinated Loan" means a loan made by the General Partner to the Partnership pursuant to Section 6.12 and which is repayable without interest and only as provided in Article X. The form and provisions of all Subordinated Loans shall conform to FmHA rules and regulations.

"Substitute Limited Partner" means any Person who is admitted to the Partnership as a Limited Partner under the provisions of Section 8.3, or acquires the interest of a Limited Partner pursuant to the provisions of Section 5.2 or 5.3.

"Uniform Act" means the Uniform Limited Partnership Act as adopted by the State.

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"Working Capital Loan" shall refer to a loan of the Managing General Partner to the Partnership pursuant to the terms of Section 9.1.

ARTICLE II

Continuation of Partnership; Name; Purpose; Term and Dissolution

Section 2.1 Continuation

The parties hereto agree to continue the limited partnership known as Sugar Hill, Ltd., formed pursuant to the provisions of the Uniform Act.

Section 2.2 Name and Office

The Partnership shall be conducted under the name and style of Sugar Hill, Ltd. The principal office of the Partnership shall be Post Office Box 3256, Pensacola, Florida. The Managing General Partner may at any time change the location of such principal office and shall give due notice of any such change to the Limited Partners.

Section 2.3 Purpose

The purpose of the Partnership is to acquire, hold, invest in, construct, develop, improve, maintain, operate, lease, and otherwise deal with the Project. The Partnership and the General Partners shall operate the Project in accordance with any applicable FmHA regulations, and shall use their best efforts to generate Cash Flow for distribution to the Partners at the maximum realizable level in view of applicable FmHA regulations. The Partnership shall not engage in any other business or activity.

Section 2.4 Term and Dissolution

The Partnership shall continue in full force and effect until 2028, except that the Partnership shall be dissolved and its assets liquidated 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, or

B. Any event as a result of which no General Partner remains, if the Partnership is not reconstituted pursuant to Section 7.3 hereof, or

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

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Upon dissolution of the Partnership, the General Partners (or their trustees, receivers or successors) shall cause the cancellation of the Partnership's Certificate of Limited Partnership, liquidate the Partnership assets and apply and distribute the proceeds thereof in accordance with Section 10.3. Notwithstanding the foregoing, if during liquidation the General Partners shall determine that an immediate sale of part or all of the Partnership's assets would cause undue loss to the Partners, the General Partners may, in order to avoid such loss, either defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy the Partnership debts and obligations (except Residual Receipts Notes, Working Capital Loans and Subordinated Loans) or distribute the assets to the Partners in kind.

ARTICLE III

Mortgage,

Refinancing and Disposition of Property

A. The Partnership shall borrow, subject to the terms of this Agreement, whatever amounts may be authorized by FmHA for the acquisition, development and construction of the Project and to meet the expenses of operating the Project until the Initial Cash Flow Distribution Date and shall secure the same by the Mortgage. The Mortgage shall provide that neither the Partnership nor any Partner shall have any personal liability for the payment of all or any part of the Mortgage, except as may be expressly permitted pursuant to Section 6.8 hereof.

The Managing General Partner is specifically authorized to execute such documents as it deems necessary in connection with the acquisition, development and financing of the Property, including without limiting the generality hereof the Mortgage and the Project Documents and other documents required by FmHA in connection with the Mortgage.

B. The Partnership may decrease, increase or refinance the Mortgage and may make any required transfer or conveyance of Partnership assets for security or mortgage purposes, provided, however, any such decrease, increase or refinancing of the Mortgage to the Permanent Lender may be made only with the Consent of the Limited Partners.

C. The Partnership may sell, lease, exchange or otherwise transfer or convey all or substantially all the assets of the Partnership with the Consent of the Limited Partners. Notwithstanding the foregoing, no such Consent shall be required for the leasing of apartments to tenants in the normal course of operations or the leasing of all or substantially all the apartments to a public housing authority at rents satisfactory to FmHA as expressed in writing.

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ARTICLE IV

Partners; Capital

Section 4.1 General Partners

The Managing General Partner as of the date of this Agreement is Escambia Construction Company, Inc. and the Associate General Partner is Greater Boston Development, Inc. The General Partners shall be bound by the Project Documents, and no additional General Partner shall be admitted to the Partnership who does not first agree to be bound by the Agreement (and assume the obligations of a General Partner hereunder) and by the Project Documents to the same extent and on the same terms as the other General Partners.

Section 4.2 Original Limited Partner, and Class B Limited Partner

A. The original Limited Partner is Michael A. Blanton. The said original Limited Partner shall be automatically withdrawn and his Capital Contribution repaid from the Partnership as soon as the Class A Limited Partners are admitted under Section 4.3 hereof.

B. The Class B Limited Partner is C & M Investment Company

Section 4.3 Class A Limited Partners

The General Partners may admit to the Partnership Class A Limited Partners who agree to contribute up to a total of \$135,000 to the capital of the Partnership, and thereafter may admit additional Class A Limited Partners only with the Consent of the Limited Partners. Each Class A Limited Partner hereunder, and any incoming (or Substitute) Class A Limited Partner shall, as a condition of receiving any interest in the Partnership, agree to be bound by the terms and provisions of the Project Documents and the Agreement to the same extent and on the same terms as the other Class A Limited Partners. A Class A Limited Partner may become a party hereto by signing a counterpart of the Agreement in such manner as the General Partners shall determine, and by so signing such Class A Limited Partner shall be deemed to have adopted and to have agreed to be bound by all the provisions of the Agreement, provided, however, that no such counterpart shall be binding until it has been signed by one of the General Partners.

Section 4.4 Capital

The Capital Contribution of each Partner shall be as set forth on Schedule A. The original capital account of each Partner shall be the amount theretofore contributed by him in respect of his Capital Contribution. No interest shall be paid on the Capital Contribution of any Partner. 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

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Contribution, except as may be specifically provided in this Agreement.

Section 4.5 Liability of Limited Partners

No Limited Partner shall be liable for any debts, liabilities, contracts or obligations of the Partnership. A Limited Partner shall only be liable to pay his Capital Contribution as and when the same is due hereunder, except as otherwise provided in the Uniform Act.

Section 4.6 Special Rights of Limited Partners

A. Subject to the provisions set forth in this Section 4.6, the Limited Partners by a vote of the majority in interest of the Limited Partners shall have the right:

- (i) to remove the General Partner(s);
- (ii) to amend this Agreement, in any particular other than the extension of the term of the Partnership;
- (iii) to dissolve the Partnership;
- (iv) to continue the business of the Partnership with substitute General Partner(s); and
- (v) to approve or disapprove the sale of all or substantially all of the assets of the Partnership;

provided, however, that no removal of a General Partner or amendment of the Agreement shall affect the vested rights (including, without limitation, the right to receive any fees, allocable share of Cash Flow or other distributions, or profits and losses hereunder) or increase any of the obligations of any General Partner, without his consent, and that no amendment shall increase the liability of any Limited Partner or in any way alter his allocable share of Cash Flow or other distributions or profits and losses hereunder without his prior written consent. The exercise of any rights provided for in subparagraphs (i) through (v) of this paragraph shall each be subject to (a) a prior determination by a court of competent jurisdiction in an action brought by or on behalf of the Limited Partners that neither the grant nor exercise of the rights afforded by the provisions sought to be exercised under the circumstances then in question will be deemed taking part in the control of the business so as to result in the loss of any Limited Partner's limited liability and (b) a ruling by the Internal Revenue Service that such rights will not result in the Partnership not being considered a partnership for Federal income tax purposes.

B. Any General Partner removed pursuant to this Section 4.6 shall, upon such removal, become a Class B Limited Partner with the same interest in the Partnership which he held prior to such

removal but subject to the provisions of the last sentence of Section 7.4. The Limited Partners or any successor General Partner proposed by them shall have the option, but not the obligation, of acquiring the Partnership interest of any removed General Partner upon payment of the agreed or fair market value of such interest. Any dispute as to such value shall be submitted to a committee composed of three qualified real estate appraisers, one chosen by the removed General Partner, one chosen by the successor General Partner or the Limited Partners, as the case may be, and the third chosen by the two so chosen. The proceedings of such committee shall conform to the rules of the American Arbitration Association, as far as appropriate, and its decision shall be promptly rendered and shall be final and binding. The Partnership may offset against any payments to a General Partner so removed, any damages suffered by the Partnership as a result of any material breach of the obligations of such General Partner hereunder. A General Partner so removed will not be liable for any obligations of the Partnership after the effective date of his removal.

Section 4.7 Meetings

Meetings of the Partnership may be called by any of the General Partners or by Limited Partners holding more than 10% of the then outstanding Limited Partner interests, for any matter for which the Partners may vote as set forth in this Agreement. Upon receipt of a written request stating the purposes of the meeting, the General Partner shall within 10 days schedule a meeting for a convenient time not less than 15 nor more than 60 days after receipt of said request and give the Partners written notice of the meeting and the purpose thereof. All meetings shall be held in the State.

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ARTICLE V

Capital Contributions of Class A Limited Partners

Section 5.1 Payments

Class A Limited Partner Capital Contributions shall be paid in cash in installments as follows:

- (1) \$43,000 per Unit (the "First Installment") shall be payable at the time of admission of the Class A Limited Partner to the Partnership;
- (2) \$37,000 per Unit (the "Second Installment") shall be payable on the later of (i) January 15, 1979 or (ii) the Completion Date;
- (3) \$55,000 per Unit (the "Third Installment") shall be payable on the latest of (i) February 15, 1980, or (ii) on the Initial 90% Occupancy Date; or (iii) the thirtieth day after achievement of the Initial Breakeven Point;

provided, however, that the Managing General Partner shall give the Class A Limited Partners not less than 21 days written notice of the due date of each Installment subsequent to the First Installment.

The obligation of the Class A Limited Partners to pay each Installment of Capital Contribution is conditioned upon delivery by the Managing General Partner of a written certificate (the "Certificate") stating that (i) all the conditions to such Installment have been satisfied, (ii) all representations and warranties of the Managing General Partner contained in of this Agreement (including without limitation Section 6.6 hereof) are true and correct, and (iii) as to the Managing General Partner or any of its Affiliates, no default has occurred and is continuing under the Agreement or the Project Documents. The Certificate for the First Installment shall be delivered to the Associate General Partner on the date of admission of the Class A Limited Partners, and Certificates for each subsequent Installment shall be dated and delivered to the Class A Limited Partners not less than ten (10) days nor more than thirty (30) days prior to the due date for such Installment.

If, as of the date when any Installment subsequent to the First Installment would otherwise be due, any statement required to be made in the Managing General Partner's Certificate cannot be truthfully made, the Managing General Partner shall notify the Class A Limited Partners of the reason why such statement would be untrue if made, and the Class A Limited Partners shall not be required to pay such Installment; provided, however, that if such statement shall subsequently become true and correct, and the Managing General Partner shall not otherwise be in default hereunder, then the Class A Limited Partners shall pay such Installment to the Partnership thirty (30) days after delivery by the Managing General Partner of its Certificate together with an explanation of the manner in which each previously untrue statement had become true, provided further however, any Installment payment made after such cure shall be reduced by the amount of one dollar for each dollar of Cash Flow and by fifty cents for each dollar of Federal income tax benefit irrevocably lost by the Limited Partner because the statements required to be made in the Certificate were not true.

Section 5.2 Defaults

In the event any Class A Limited Partner (the "Defaulting Limited Partner") fails to pay any Installment of his Capital Contribution when due, he shall be deemed to be in default hereunder.

Upon the occurrence of such default, the Managing General Partner shall give notice of such default to all Partners ("Default Notice") specifying the nature of the default and the aggregate amount of Capital Contributions theretofore contributed by the Defaulting Limited Partner. The nondefaulting Limited Partners shall have the option to purchase, for a price herein-

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after specified, the Defaulting Limited Partner's entire interest as a Class A Limited Partner including all profits, losses and distributions attributable to such interest which have not been previously distributed or allocated in a tax return filed by the Partnership. Such option may be exercised by a Limited Partner (the "Purchasing Limited Partner") by giving to the Partnership, within fifteen (15) days of the mailing of the Default Notice, notice of his desire to purchase all or part of the Defaulting Limited Partner's interest as a Class A Limited Partner (the "Purchase Notice") specifying the percentage which the Purchasing Limited Partner desires to purchase.

In the event the total of the percentages of the Defaulting Limited Partner's interest which the Purchasing Limited Partners desire to purchase is equal to or less than 100%, each Purchasing Limited Partner shall be allowed to purchase the percentage specified in his Purchase Notice. The General Partners may then purchase any part of such interest which is not so purchased by Purchasing Limited Partners.

In the event the total of the percentages of the Defaulting Limited Partner's interest which Purchasing Limited Partners desire to purchase is greater than 100%, and they are unable to agree as to the apportionment thereof, each shall be entitled to purchase in proportion to his Capital Contribution. Each Purchasing Limited Partner and/or any purchasing General Partner shall become a Substitute Class A Limited Partner to the extent of the interest which he purchases hereunder.

The purchase price to be paid to the Defaulting Limited Partner pursuant to this Section 5.2 shall be an amount equal to 90% of the paid-in Capital Contribution of the Defaulting Limited Partner less the sum of (i) total amount of cash distributions, if any, theretofore made to the Defaulting Limited Partner under Article X of this Agreement, (ii) all reasonable expenses incurred by the Partnership or the purchaser of the interest in question in connection with such purchase, and (iii) an amount equal to 50% of the net losses attributable to or previously allocated to such Defaulting Limited Partner. Each purchaser shall (i) pay to the Partnership his pro rata share of the Installment as to which the default occurred and (ii) assume his pro rata share of all other obligations of the defaulting Limited Partner, if any, to the Partnership.

The obligations of the Defaulting Limited Partner to the Partnership hereunder shall not be extinguished by the transfer of his interest, but only by, and to the extent of, the Capital Contributions made in his place by the purchaser of his interest. If the option to purchase the Defaulting Limited Partner's interest is not exercised within the time provided, unless and until such default shall be cured, any distributions pursuant to Article X hereof in respect of the interest of the Defaulting Limited Partner shall be applied first to interest on the defaulted amount at the maximum legal rate and then to the defaulted amount, and the profits and losses in respect thereof

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shall be allocated to the General Partners. Exercise of the options provided by this Section 5.2 shall be suspended during any period in which exercise hereof would cause a termination of the Partnership for tax purposes.

Whether or not this option is exercised, the Defaulting Limited Partner shall have no right to receive such profits, losses, and distributions, but any successor to his interest shall receive the benefits of the same.

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

Section 5.3 Repurchase Obligation

A. Failure to Complete. If (i) there shall be a construction stoppage on the Project which shall continue for a period of one year, or (ii) Permanent Mortgage Commencement shall not have occurred before December 31, 1979 (or prior to any later date fixed with the Consent of the Limited Partners and FmHA), or (iii) prior to Permanent Mortgage Commencement, (a) a mortgagee shall commence foreclosure proceedings under any Mortgage, or (b) any one of the Commitments has been terminated and each one of such Commitments has not been reinstated or replaced within 60 days with terms equally favorable or more favorable to the Limited Partners or terms approved by Consent of the Limited Partners, or (c) the Construction Lender shall irrevocably refuse to make any further advances under the Mortgage and such decision is not reversed or the Construction Lender replaced within sixty (60) days, or (d) FmHA shall have terminated, withdrawn or reduced its commitment to provide interest credit subsidies to the Partnership and such assistance is not reinstated or replaced by a similar commitment within one hundred twenty (120) days, then the General Partner shall offer to purchase the Partnership interests of all Limited Partners as follows. The Managing General Partner shall, within fifteen (15) days of the occurrence of such event, send to each Limited Partner notice of such event and of its obligation to purchase the interest of any Limited Partner hereunder. Any Limited Partner desiring to sell his interest to the Managing General Partner shall send notice thereof to the Partnership within thirty (30) days after the mailing date of the Managing General Partner's notice. The Managing General Partner shall within thirty (30) days thereafter purchase such Limited Partner's interest for a cash purchase price equal to such Limited Partner's paid-in Capital Contribution (without interest) less the aggregate amount of cash distributions, if any, paid to such Limited Partner pursuant to this Agreement. Upon the receipt of such payment, the Managing General Partner shall become Substitute Limited Partners with respect to such Limited Partner's interest acquired

hereunder, the interest of such Limited Partner shall terminate and such Limited Partner shall have no further obligation to the Partnership.

B. FmHA Disapproval. If, (i) FmHA shall disapprove any Limited Partner or (ii) the Partnership shall fail to secure any required FmHA approval of any Limited Partner within 120 days of his admission to the Partnership, then the Limited Partner shall, effective as of such time (or such other time as may be specified by the FmHA in its disapproval), cease to be a Limited Partner, and the Managing General Partner shall purchase his interest in the Partnership for a cash price equal to the amount of his paid-in Capital Contribution, less the aggregate amount of cash distributions theretofore received by such Limited Partner pursuant to this Agreement. Upon such purchase, the Managing General Partner shall become a Substitute Limited Partner with respect to such Limited Partner's interest acquired hereunder, and such Limited Partner shall have no further liability to the Partnership. Payment of such purchase price shall be made within ten (10) days of the effective date of the termination of the disapproved Limited Partner's interest.

Section 5.4 Limitation on Purchases by Corporate General Partner

Notwithstanding any other provisions of this Agreement, no corporate General Partner hereunder or Affiliate thereof shall acquire a Limited Partner interest if such acquisition would, in the opinion of tax counsel to the Partnership, jeopardize the status of the Partnership as a partnership under the Code. In those cases where a corporate General Partner is obligated to purchase a Limited Partner's interest hereunder, it shall arrange for such purchase to be made by another Person, but said General Partner shall remain liable for the purchase price of such interest. In those cases where an option is granted to a corporate General Partner hereunder, it may designate another Person to be optionee.

ARTICLE VI

Rights, Powers and Duties of the Managing General Partner

Section 6.1 Authorized Acts

Subject to all other provisions of this Agreement including (but not limited to) Article III, the Managing General Partner for, in the name and on behalf of the Partnership is hereby authorized to do the following in furtherance of the purposes of the Partnership:

(1) To acquire by purchase, lease or otherwise any real or personal property.

(2) To construct, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease any real estate and any personal property.

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(3) To borrow money and issue evidences of indebtedness and to secure the same by mortgage, pledge or other lien on the Project or any other assets of the Partnership.

(4) To prepay in whole or in part, refinance or modify the Mortgage or any other mortgages affecting the Project and in connection therewith to execute any modifications of the Mortgage or any such other mortgages on the Project.

(5) To employ a management company, including an Affiliated Person, to manage the Project, and to pay reasonable compensation for such services.

(6) To execute a note and mortgage in order to secure a loan from a Lender, to execute all Project Documents required by such Lender in connection with the Mortgage and the acquisition, construction, development, improvement, maintenance and operation of the Project, or otherwise required by such Lender in connection with the Project.

(7) To execute contracts with the FmHA, and/or the State or any subdivisions or agencies thereof to make apartments available for publicly-subsidized rent supplement programs.

(8) To execute leases of some or all of the apartment units of the Project to a public housing authority and/or to a non-profit corporation, cooperative or other non-profit Entity.

(9) To enter into any kind of activity and to perform and carry out contracts of any kind which may be lawfully carried on or performed by a partnership under the laws of the State.

Section 6.2 Restrictions on Authority

Notwithstanding the provisions of Section 6.1 or of any other section of this Agreement, the General Partners shall have no authority to perform any act in violation of applicable law and FmHA regulations, or any agreement between the Partnership and FmHA. Neither shall the General Partners have any authority to do any of the following acts without the Consent of the Limited Partners (which Consent, for the purposes of this Section 6.2 only, must include the approval of the Associate General Partner):

(1) To borrow in excess of \$10,000 in the aggregate at any one time outstanding on the general credit of the Partnership, except borrowings (i) evidenced by Residual Receipts Notes or (ii) constituting Subordinated Loans or Working Capital Loans payable to the General Partners as specifically permitted hereunder.

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(2) To borrow from the Partnership or commingle Partnership funds with funds of any other Person.

(3) Following completion of the construction of the Project, to construct any new capital improvements on the Project at a cost in excess of \$10,000 in a single Partnership fiscal year, exclusive of (a) replacements and remodeling in the ordinary course of business and (b) construction to replace losses which is paid for from insurance proceeds.

Without the prior written consent of all Limited Partners, the General Partners shall not have the authority:

(1) Following completion of construction of the Project, to construct any new capital improvements, or to replace any existing capital improvements, which construction or replacement would substantially alter the character or use of the Project.

(2) To acquire any real property in addition to the Project.

(3) To do any act required to be approved or ratified by all Limited Partners under the Uniform Act.

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Section 6.3 Personal Services

No General Partner shall receive any salary except as provided in Section 6.13 or Article XI. Any Partner may engage independently or with others in other business ventures of every nature and description including the ownership, operation, management, syndication and development of real estate; neither the Partnership nor any Partners shall have any rights in and to such independent ventures or the income or profits derived therefrom.

Section 6.4 Business Management and Control

The Managing General Partner shall manage the day to day business 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 participate in or have any control over the Partnership business or have any authority or right to act for or bind the Partnership, except as required by law. The Managing General Partner may, with the consent of the Associate General Partner, employ such brokers, agents or attorneys (including Affiliates) as the Managing General Partner may deem necessary or advisable.

Section 6.5 Duties and Obligations

A. The Managing General Partner shall promptly take all action which may be necessary or appropriate for the development of the Project and the proper maintenance and operation of the Project in accordance with the provisions of this Agreement, the

Project Documents and applicable laws and regulations. The General Partners shall devote to the Partnership such time as may be necessary for the proper performance of their duties.

B. The Managing General Partner shall use its best efforts to maintain Cash Flow at a level which will permit payment to the Partners of distributions of the maximum amounts permissible under the FmHA Loan Agreements and regulations, and, if necessary, to obtain approvals and implementation of appropriate adjustments in the rent schedule of the Project.

C. The Managing General Partner shall obtain and keep in force during the term of the Partnership fire and extended coverage, workmen's compensation and public liability insurance in favor of the Partnership in such companies and in such amounts as shall be satisfactory to FmHA.

Section 6.6 Representations and Warranties

The Managing General Partner hereby represents and warrants to each of the Partners that, as of the date hereof, the following are true and will be true on the due date for each installment of the Capital Contributions of the Class A Limited Partners:

(1) The Partnership is a duly organized limited partnership validly existing under the laws of the State and has complied with all filing requirements necessary for the protection of the Limited Partners.

(2) Construction on the Project is being completed (and as of the Completion Date will have been completed) in conformity with all agreements hereunder and the Project Documents.

(3) All payments and expenses required to be made or incurred in order to complete construction in conformity with the Project Documents and in order to satisfy all requirements under the Project Documents and/or which form the basis for determining the principal sum of the Mortgage, including, without implied limitation, interest during construction and any escrow payments will be paid or provided for utilizing only (a) the funds available from the Mortgage, (b) the Capital Contributions, (c) the net rental income, if any, earned by the Project prior to the Initial Cash Flow Distribution Date, (d) funds furnished by the Managing General Partner pursuant to Section 6.11 and (e) the Working Capital Loan.

(4) No event, occurrence or proceeding is pending or threatened which would (a) adversely affect the Partnership or its properties, or (b) adversely affect the ability of the Managing General Partner or any of its Affiliates to perform their respective obligations hereunder or under any other agreement with respect to the Project or (c) prevent

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the completion of construction in conformity with the Project Documents, other than legal proceedings which have been bonded against in such manner as to stay the effect of the proceedings. This subparagraph shall be deemed to include without limitation the following: (x) legal actions or proceedings before any court, commission, administrative body or other governmental authority having jurisdiction over the zoning applicable to the Project (y) labor disputes and (z) acts of any governmental authority.

(5) No material default (or event which, with the giving of notice or the passage of time or both, would constitute a default) has occurred and is continuing under any of the Project Documents, and the same are in full force and effect.

(6) No Partner has any personal liability with respect to the Mortgage that the Managing General Partner and/or its "Affiliates" are personally liable to the Construction Lender.

(7) There is no violation by the Partnership or the General Partners of any zoning, environmental or similar regulation applicable to the Project; all necessary building and other applicable permits have been obtained to permit the construction of the Project; and the Partnership has complied with all applicable municipal and other laws, ordinances and regulations relating to such construction and use of the Project.

(8) The Partnership owns the fee simple interest in the Project, subject to no material liens, charges or encumbrances other than those which are both permitted by the Project Documents and are noted or excepted in the title policy for the Project.

(9) As of the due date of the First Installment, no part of the Project is occupied or ready for occupancy.

(10) The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken pertaining to the Partnership or the Project by each Affiliate which is a corporation have been or will be duly authorized by all necessary corporate or other action and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under, the charter or by-laws of such Affiliate or any agreement by which such Affiliate or any of its properties is bound, nor constitute a violation of any law, administrative regulation or court decree.

(11) The land portion of the Project was not, on or after June 30, 1976, occupied by a certified historic structure (as defined in Section 191(d)(1) of the Code).

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(12) No Event of Bankruptcy has occurred with respect to any General Partner.

Section 6.7 Warranty of the Associate General Partner

The Associate General Partner hereby represents and warrants to each Partner that, as of the date hereof, the following is true and will be true on the due date of any installment of the Capital Contributions of the Class A Limited Partners:

The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken pertaining to the Partnership or the Project by the Special Limited Partner and each of its Affiliates which is a corporation have been or will be duly authorized by all necessary corporate or other action and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under, the charter or by-laws of the Special Limited Partner or such Affiliate or any agreement by which they or any of their properties is bound, constitute a violation on any law, administrative regulation or court decree.

Section 6.8 Liability on the Mortgage

The General Partners shall not at any time become personally liable for the payment of any portion of the Mortgage, and shall not permit any other Partner to become personally liable for the payment of any portion of the Mortgage, except the Managing General Partner and/or its "Affiliates" may be personally liable on the mortgage to the Construction Lender.

Section 6.9 Indemnification of the General Partners

Each General Partner shall be entitled to indemnity from the Partnership for any act performed within the scope of the authority conferred by this Agreement, providing such General Partner acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Partnership and its Partners, and such General Partner had no reasonable grounds to believe that his conduct was negligent or unlawful. However, no indemnification shall be made in respect to any matter as to which such General Partner shall have been adjudged to be liable for negligence or misconduct in the performance of its duty to the Partnership unless (and only to the extent that) the court in which such action was brought determines that despite the adjudication of liability, but in view of all circumstances, such General Partner is fairly and reasonably entitled to indemnity. Any indemnity under this Section shall be provided out of and to the extent of Partnership assets only, and no Limited Partner shall have any personal liability on account thereof.

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Section 6.10 Indemnification of Limited Partners

The General Partners will indemnify promptly and hold harmless the Partnership and the Limited Partners from and against any and all losses, damages and liabilities which the Partnership and the Limited Partners may incur by reason of the (a) past, present or future actions or omissions of the General Partners or any of its Affiliates, or (b) any liabilities to which either the Partnership or the Project is subject; provided, however, that the foregoing indemnification shall not apply to (i) the Mortgage or (ii) necessary contractual obligations normally incurred pursuant to the Project Documents or in connection with the operation of the Project.

Notwithstanding the foregoing, no General Partner shall be liable to any Limited Partner for any act performed by him within the scope of the authority conferred on him by this Agreement, except for (i) acts of malfeasance or negligence, (ii) breach of fiduciary duty or (iii) damages arising from any misrepresentations or breach of warranty.

Section 6.11 Obligation to Complete Construction and Fund Operating Deficits

The Managing General Partner shall use its best efforts to cause the Project to be constructed in accordance with the Project Documents. In the event the proceeds of the Mortgage, the Capital Contributions and the available net rental income of the Project generated prior to the Initial Cash Flow Distribution Date to the extent that it is permitted to be used for such purposes by FmHA) are insufficient to complete construction of the Project in accordance with the Project Documents and to (i) meet all development and other fees and expenses, including escrow payments, required to complete construction of the Project (other than the deposit referred to in Section 9.1) and (ii) pay all costs and expenses incident to the ownership and operation of the Project accrued through the Initial Cash Flow Distribution Date, the Managing General Partner shall lend to the Partnership all funds necessary to pay the foregoing. Any such advances shall bear no interest and may be repaid from future proceeds of the Mortgage to the extent permitted by the Project Documents. To the extent that such loans are not so repaid, the Partnership shall issue Residual Receipts Notes therefor which shall be repayable only as provided in Article X.

Nothing in this Agreement shall modify the obligation of Escambia Construction Company, Inc. to complete the Project for the price provided for in its Construction Contract with the Partnership.

Section 6.12 Operating Deficits

The Managing General Partner may (but shall not be obligated to) advance funds to the Partnership to meet deficits in operating

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income accrued after the Initial Cash Flow Distribution Date. Any such advance shall be a non-interest bearing Subordinated Loan repayable in accordance with the provisions of Article X.

Section 6.13 Certain Payments to the General Partners

A. The Partnership shall pay a salary to the Managing General Partner for its services from the Admission Date through December 31, 1980, in connection with the administration of Partnership affairs, coordination of communications between Partners and initial rent-up and management of the Project as follows:

<u>Fiscal Year</u>	
1978	\$10,000'
1979	11,000'
1980	22,000'
TOTAL	\$43,000

All salaries for the fiscal years 1978, 1979, and 1980 shall be payable after the occurrence of the events set forth in Sections 5.1 (1), (2) and (3) hereof, respectively.

B. In consideration of the undertaking by the Managing General Partner of the repurchase obligation contained in Section 5.3 hereof the Partnership shall pay to the Managing General Partner fees of \$3,350' in 1978, \$1,675' in 1979 and \$1,675' in 1980.

C. The Partnership shall reimburse the Managing General Partner for the costs incurred, and to be incurred, by them in organizing the Partnership as follows:

<u>Fiscal Year</u>	
1978	\$ 5,350'
1979	5,750'
1980	6,900'
TOTAL	\$18,000'

D. The Partnership shall pay to the Managing General Partner in consideration of its undertaking of personal liability on the Mortgage to the Construction Lender fees of \$3,350' in 1978, \$1,675' in 1979 and \$1,675' in 1980.

E. As a development fee and for its services in supervising to completion the construction of the Project, the Partnership shall pay the Managing General Partner a total fee of \$12,700'

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payable only from the Capital Contributions of the Limited Partners as follows:

(i) \$12,700 upon the occurrence of the events set forth in Section 5.1(3) hereof.

The Managing General Partner shall pay to the Associate General Partner a fee of \$30,000 for its assistance in developing the Project and to reimburse the Associate General Partner for certain legal and accounting fees it incurred on behalf of the Partnership.

F. All payments provided under paragraphs A, B, C, D and E of this Section 6.13 shall be payable without regard to the income of the Partnership.

Section 6.14 Delegation of General Partner Authority

If there shall be more than one General Partner serving hereunder, each General Partner may from time to time, by an instrument in writing delegate all or any of his powers or duties hereunder to another General Partner or Partners.

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

- (1) As to who are the General Partners or Limited Partners hereunder;
- (2) As to the existence or nonexistence of any fact which constitutes a condition precedent to acts by the General Partners or in any other manner germane to the affairs of this Partnership,
- (3) As to who is authorized to execute and deliver any instrument or document of the Partnership,
- (4) As to the authenticity of any copy of this Agreement and amendments thereto, or
- (5) As to any act or failure to act by the Partnership or as to any other matter whatsoever involving the Partnership or any Partner.

ARTICLE VII

Retirement of a General Partner; New General Partners

Section 7.1 Retirement

No General Partner shall Retire from the Partnership (other than by reason of death or adjudication of incompetence or insanity) or sell, assign or encumber his Partnership interest without the Consent of the Limited Partners. In the event of any Retirement by a General Partner in violation of this Section 7.1, such General Partner, in addition to being subject to any and all other remedies pursued by the Partners, shall forfeit to the remaining General Partners or, if there are none, to the Limited Partners his entire interest in the Partnership and all unpaid fees from the Partnership, and shall remain liable for all his obligations under this Agreement. Such transfer shall occur automatically upon such Retirement without further action by such Retiring General Partner.

Section 7.2 Obligation to Continue

Upon the Retirement of a General Partner, the remaining General Partner(s) shall have the right and obligation to continue the business of the Partnership employing its assets and name, all as contemplated by the Uniform Act. Within thirty (30) days after they obtain knowledge of the Retirement of a General Partner, the remaining General Partner(s) shall notify the Limited Partners of such Retirement.

Section 7.3 Retirement of All General Partners

If, following the Retirement of a General Partner, there is no remaining General Partner, the Limited Partners may elect to reconstitute the Partnership and continue the business of the Partnership for the balance of the term specified in Section 2.4 by selecting a successor General Partner. If the Limited Partners elect to reconstitute the Partnership pursuant to this Section 7.3, and admit the designated successor General Partner, the relationship among the then Partners shall be governed by this Agreement.

Section 7.4 Interest of General Partner after Permitted Retirement

In the event of the Retirement of a General Partner not in violation of Section 7.1, the Retiring General Partner hereby covenants and agrees to transfer to the remaining General Partner(s) or to a successor General Partner selected in accordance with Section 7.3, as the case may be, such portion of the Retiring General Partner's interest as such remaining or successor General Partner(s) may designate, such transfer to be made in consideration of the payment by the transferee of the fair market value of such interest as determined by a committee of three qualified real

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estate appraisers, one selected by the Retiring General Partner, one selected by the transferee, and a third selected by the other two. The portion of the Retiring General Partner's interest designated to be transferred in accordance with the provisions of this Section 7.4 shall be sufficient to ensure the continued treatment of the Partnership as a partnership under the Code, and for the purposes of Article X hereof, shall be deemed to be effective as of the date of Retirement, but the Partnership shall not make any distributions to the designated transferee until the transfer has been made. Any holder of any portion of the interest of a Retiring General Partner which is not designated to be transferred to the remaining or successor General Partner(s) pursuant to the provisions of this Section 7.4 shall become a Class B Limited Partner but (i) with the same share of the profits and losses, Cash Flow and other distributions to which such interest was entitled when held as a General Partner interest and shall not be considered to be a Class B Limited Partner for the purpose of sharing the benefits allocated to the Class B Limited Partner(s) under Article X or exercising any rights expressly granted only to the Class B Limited Partner(s) hereunder, and (ii) shall not participate in the votes or Consents of the Limited Partners hereunder.

Section 7.5 Admission of Individuals as Managing General Partner Under Certain Circumstances

In the event the Managing General Partner at any time fails to meet the net worth tests set forth in Revenue Procedure 71-11, Raymond Blanton and/or Michael Blanton shall become additional General Partners upon signing this Agreement with the Consent of the Limited Partners and, if required, the approval of FmHA. Such additional General Partners shall receive from the Managing General Partner for \$1.00 (or such other consideration as they may agree) a portion of its interest in the Partnership which, in the opinion of counsel for the Partnership, is sufficient to assure the tax status of the Partnership.

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ARTICLE VIII

Transferability of Limited Partner Interests

Section 8.1 Consent of General Partners Required for Assignment

Except by operation of law (including the laws of descent and distribution), a Limited Partner may not assign all or any part of his interest in the Partnership without the written consent of the General Partners, the giving or withholding of which is exclusively within their discretion.

A Limited Partner may, by written instrument, designate any one or more of his Immediate Family to become the assignee or assignees of his interest immediately upon his death. Any such designation must be filed with the General Partners during such

Limited Partner's lifetime. Such designation may be revoked at any time or a new designation made and filed with the General Partners. If a designation is accepted by the General Partners, which acceptance is exclusively within their discretion, such acceptance shall constitute its permission for such transfer to take place upon the death of the designating Limited Partner. In the absence of such acceptance, such designation shall be void. If a designee is accepted by the General Partners and is living at the time of the assignor's death and such designation is valid under applicable law, the designee shall become an assignee of such Limited Partner (with the same rights as would any inter vivos assignee) immediately upon the assignor's death, without any action on the part of the legal representatives of the assignor Limited Partner; and the estate of such deceased Limited Partner shall have no interest whatsoever in the Partnership. Notwithstanding any other provisions of this Section 8.1, the Partnership need not recognize such designated assignee or assignees until (i) duly notified in writing of the death of the assignor Limited Partner and (ii) furnished with an opinion of counsel acceptable to the General Partners to the effect that such designation is valid under the applicable laws of descent and distribution.

Section 8.2 Restrictions

A. No sale or exchange of any Limited Partnership interest may be made if such sale or exchange would violate Section 1301.

B. In no event shall all or any part of a Limited Partnership interest be assigned or transferred to a minor (other than to a member of a Limited Partner's Immediate Family by reason of death) or to an incompetent.

C. The General Partners may, in addition to any other requirement they may impose, require as a condition of sale, transfer, exchange or other disposition of any interest in the Partnership, that the transferor (i) assume all costs incurred by the Partnership in connection therewith and (ii) furnish them 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.

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

Section 8.3 Substitute Limited Partner

No Limited Partner shall have the right to substitute an assignee as a Limited Partner in his place. The General Partners may, however, in their sole discretion, permit an assignee to become Substitute Limited Partner without the consent or approval of any Limited Partners. The consent of the General Partners to

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an assignment of a Limited Partner interest under Section 8.1 shall not, in and of itself, constitute permission under this Section 8.3.

Each Substitute Limited Partner shall execute such instrument or instruments as shall be required by the General Partners to signify his agreement to be bound by all the provisions of this Agreement and shall pay the Partnership's reasonable legal fees and filing costs in connection with his substitution as a Limited Partner.

Section 8.4 Assignees

Upon the decease or incapacity of any Limited Partner who has not filed a valid designation under Section 8.1, his legal representative shall have the same status as an assignee of the Limited Partner. The death of a Limited Partner shall not dissolve the Partnership.

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

Any Limited Partner who shall assign all his interest in the Partnership shall cease to be a Limited Partner of the Partnership and shall no longer have any rights or privileges of a Limited Partner.

In the event of any assignment of a Limited Partner interest, there shall be filed with the Partnership an executed and acknowledged assignment and the written acceptance by the assignee of all the terms and provisions of this Agreement; if such assignment and acceptance are not so filed, the Partnership need not recognize such assignment for any purpose.

Every assignee of a Limited Partner interest who desires to make a further assignment of his interest shall be subject to all the provisions of this Article VIII to the same extent and in the same manner as a Limited Partner.

ARTICLE IX

Working Capital Loan; Borrowings

Section 9.1 Working Capital Loan

In the event that FmHA shall require the Partnership to deposit the sum of \$21,070 in the General Fund Account pursuant to paragraph six of the FmHA Loan Agreements and the Partnership lacks sufficient funds available for such purpose, the Managing General Partner shall lend to the Partnership whatever amount the Partnership requires for such purpose and the amount which shall

be or has been loaned by the Managing General Partner under such circumstances shall constitute the "Working Capital Loan." The Working Capital Loan shall not bear interest and shall be repaid (i) to the extent permitted by FmHA, out of Partnership funds available prior to the Initial Cash Flow Distribution Date and not required for other Partnership purposes, (ii) out of any funds which FmHA designates as a return to the Partnership of such deposit to the General Fund Account, or (iii) as set forth in Article X.

Section 9.2 Borrowings

All Partnership borrowings shall be subject to the terms of this Agreement including, but not limited to, the restrictions of Section 6.2. To the extent borrowings are permitted, they may be made from any source, including Partners and Affiliates. If any Partner shall lend any monies to the Partnership, the amount of any such loan shall not be an increase of his Capital Contribution or increase his share of the profits, losses or distributions of the Partnership.

ARTICLE X

Profits and Losses; Distributions; Capital Accounts

Section 10.1 Profits, Losses and Tax Credits

A. All profits, losses and tax credits incurred or accrued on or after the Admission Date, other than those arising from a Capital Transaction shall be allocated 69% to the Class A Limited Partners, .5% to the Class B Limited Partner, .5% to the Associate General Partner and 30% to the Managing General Partner.

B. All profits and losses arising after the Admission Date from a Capital Transaction shall be shared by the Partners as follows:

As to profits:

First, to each Partner, an amount of profits equal to the amount of his Negative Basis; provided, however, that, if less than the entire amount of the distributable cash and/or property arising from the transaction in question shall have been distributed to the Partners as of the date of the allocation, then, in determining the Negative Basis of each Partner, there shall be charged to his capital account an amount equal to his proportionate share of the anticipated distribution.

Second, the balance, if any, of such profits, 50% to the Class A Limited Partners, 5% to the Class B Limited Partner, 5% to the Associate General Partner and 40% to the Managing General Partner.

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As to losses:

First, to each Partner, an amount of losses equal to the amount of his Positive Basis; provided, however, that if less than the entire amount of the distributable cash and/or property arising from the transaction in question shall have been distributed to the Partners as of the date of the allocation, then, in determining the Positive Basis of each Partner, there shall be charged to his capital account an amount equal to his proportionate share of the anticipated distribution.

Second, the balance, if any, of such losses, 50% to the Class A Limited Partners, 5% to the Class B Limited Partner, 5% to the Associate General Partner and 40% to the Managing General Partner.

C. All profits and losses shared by the Class A Limited Partners shall be shared by each Class A Limited Partner in the ratio of his paid-in Capital Contribution to the paid-in Class A Limited Partner Class Contribution.

D. All profits and losses shared by the Partners shall be credited or charged, as the case may be, to their capital accounts.

E. The terms "profits" and "losses" as used in this Agreement shall mean taxable income and losses as determined in accordance with the accounting methods followed by the Partnership for Federal income tax purposes exclusive of any adjustments made pursuant to Section 12.6.

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Section 10.2 Cash Distributions Prior to Dissolution

A. Cash Flow

Cash Flow for each fiscal year or portion thereof after the Initial Cash Flow Distribution Date shall be used first to repay Subordinated Loans and the balance thereof, if any, shall be distributed annually, within seventy-five (75) days after the end of the fiscal year in question, as follows: 69% to the Class A Limited Partners, .5% to the Class B Limited Partner, .5% to the Associate General Partner and 30% to the Managing General Partner; provided, however, that during such time as FmHA regulations are applicable to the Project, the total amount of Cash Flow which may be so distributed to the Partners in respect to any fiscal year shall not exceed such amounts as FmHA regulations permit to be distributed. To the extent that there is available for distribution in respect of any fiscal year Cash Flow in excess of the maximum cumulative amount permitted to be distributed under FmHA regulations, such excess may, with the written permission of FmHA, be used to pay Residual Receipts Notes.

B. Distributions of other than Cash Flow

Prior to dissolution, if the General Partner shall determine from time to time that cash is available for distribution from a Capital Transaction such cash shall be applied or distributed as follows:

(1) First, to discharge the debts and obligations of the Partnership other than those referred to below in this Section 10.2.B;

(2) Second, to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partners and the Accountants;

(3) Third, to the repayment of outstanding Subordinated Loans;

(4) Fourth, to repay all Partners, Limited and General, their paid-in Capital Contribution minus any prior distributions made to them under this Section 10.2.B. but never less than zero. Such repayment shall be allocated to each Partner in accordance with each Partner's pro-rata share of the total Capital Contributions of all Limited and General Partners;

(5) Fifth, to the repayment of the Working Capital Loan, if any, and all Residual Receipts Notes;

(6) Sixth, the balance 50% to the Class A Limited Partners, 5% to the Class B Limited Partner, 5% to the Associate General Partner and 40% to the Managing General Partner.

C. All distributions to the Class A Limited Partners shall be shared by each Class A Limited Partner in the ratio of his Capital Contribution to the Class A Limited Partner Class Contribution.

Section 10.3 Distributions Upon Dissolution

Upon dissolution, the assets of the Partnership (or the proceeds of sales or other dispositions in liquidation of the Partnership assets), shall be distributed to the Partners or applied, as the case may be, in the priority set forth in Section 10.2.B. All distributions to the Class A Limited Partners under this Section 10.3 shall be shared by the Class A Limited Partners according to the provisions of Section 10.2.C hereof. If any assets of the Partnership are to be distributed in kind, such assets shall be distributed on the basis of the fair market value thereof and any Partner entitled to any interest in such assets shall receive such interest therein as a tenant-in-common with all other Partners so entitled. The fair market value of such assets shall be determined by an appraiser selected by the then president of the Real Estate Board encompassing the area where the Project is located.

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Section 10.4 Adjustment of Shares of Profits, Losses and Distributions

If and during such time as the Partnership shall have Class A Limited Partners with aggregate agreed-to Capital Contributions of less than the dollar amount set forth in Section 4.3 hereof (without taking into account any reduction thereof effected pursuant to Section 5.1), the General Partners shall, for the purposes of this Article X, be deemed to be Class A Limited Partners with a paid-in Capital Contribution equal to the excess of said dollar amount over the agreed-to Capital Contributions of the Class A Limited Partners, and shall receive additional profits, losses, credits and distributions on account thereof.

Section 10.5 Repayment of Subordinated Loans and Residual Receipt Notes

A. Subordinated Loans shall be repaid only as provided in Sections 10.2 and 10.3.

B. Residual Receipt Notes shall be repaid only (i) out of future Capital Contributions of the Class A Limited Partners at any time prior to the first anniversary of the due date for the Final Installment or (ii) as provided in Sections 10.2 or 10.3.

ARTICLE XI

Management Agent

The Managing General Partner shall have overall responsibility for managing the Project. The Partnership may engage M & J Company, (which is an Affiliate of the Managing General Partner) to act as the Management Agent for the Project. In consideration of its management services, the Management Agent shall receive (i) lease-up fees of \$7,650 for 1978, \$7,650 for 1979, and (ii) the Management Fee consisting of a "Base Management Fee" of \$6,000 payable as follows: \$2,600 in 1979 and \$3,400 in 1980; plus a "Contract Management Fee" of those amounts payable from time to time by the Partnership to the Management Agent on an annual basis for management services in accordance with a management contract approved by FmHA, or when the Project is not subject to FmHA regulation, in accordance with a reasonable and competitive fee arrangement.

If (i) at any time after the Completion Date the Project shall be subject to a substantial building code violation which shall not have been cured within six months after notice from the applicable governmental agency or department, or (ii) the Partnership shall not have distributed to the Partners Cash Flow of at least \$1,500 during each of any two consecutive years after the year in which the Initial Cash Flow Distribution Date occurs, then the Associate General Partner, subject to FmHA approval if required, may forthwith terminate the management agreement with the Management Agent and appoint a new Management Agent.

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The Managing General Partner shall have the duty to manage the Project during any period when there is no Management Agent. The Partnership shall not enter into any management arrangement unless such arrangement is terminable upon the occurrence of the events described in this Article XI.

ARTICLE XII

Books and Records, Accounting, Tax Elections, Etc.

Section 12.1 Books and Records

The books and records of the Partnership shall be maintained at the principal office of the Partnership and shall be available for examination there by any Partner, or his duly authorized representatives, at any and all reasonable times. The Partnership may maintain such books and records and may provide such financial or other statements, including those required from time to time by FmHA or any other governmental agency, as the Managing General Partner in its exclusive discretion deem advisable.

Section 12.2 Bank Accounts

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

Section 12.3 Accountants

The Accountants shall prepare, for execution by the Managing General Partner, all tax returns of the Partnership and shall audit and certify all annual financial reports to the Partners in accordance with generally accepted accounting principles.

Section 12.4 Certain Expenses

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

Section 12.5 Depreciation and Elections

With respect to all depreciable assets the Partnership shall elect to use, so far as permitted by the provisions of the Code,

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accelerated depreciation methods. However, on the advice of the Accountants the Partnership may change to another method of depreciation if such other method is, in the opinion of the Accountants, most advantageous to the Limited Partners.

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

Section 12.6 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 Partnership shall elect, pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) to adjust the basis of the Partnership property; provided, however, that in the event of the death of a Partner, such adjustment shall be made only if the General Partner determines such election to be advantageous to the successor in interest to the deceased Partner. Notwithstanding anything contained in Article X hereof, 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.

Section 12.7 Fiscal Year

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

Section 12.8 Information to Partners

A. Within seventy-five (75) days after the end of each fiscal year, the Managing General Partner shall deliver to all persons who were Partners at any time during the fiscal year all necessary tax information and within one hundred twenty (120) days after the end of each fiscal year (i) a financial report of the Partnership for the prior fiscal year including a balance sheet, a profit and loss statement, a statement of Partners' equity, and a statement of changes in financial position, all prepared in accordance with generally accepted accounting principles and certified by the Accountants; (ii) a certification by the Managing General Partner that (a) all Mortgage payments and taxes and insurance payments with respect to the Project are current as of the date of the year-end report, (b) there is no default under the Project Documents, the management agreement with the Management Agent or this Agreement, or if there be any default, a description thereof, and (c) there is no building, health or fire code violation or similar violation of a governmental law, ordinance or regulation against the Project or,

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if there be any violation, a description thereof; (iii) that information specified in Section 12.8.C below; (iv) a descriptive statement of all transactions during the fiscal year between the Partnership and any Affiliate, including the nature of the transaction and the payments involved (including accrued cash or other payments); (v) a Cash Flow statement; and (vi) a table comparing the projections previously provided with the actual results for the fiscal year. With respect to any distribution to a Limited Partner, the descriptive statement called for in item (iv) above 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 reserves, (c) proceeds from disposition of property and investments, (d) lease payments on net leases with builders and sellers, (e) reserves from the gross proceeds of the offering originally obtained from the Limited Partners, (f) borrowed monies, (g) loans or contributions from the Limited Partners, and (h) transactions outside of the ordinary course of business with a description thereof. Upon the written request of any Limited Partner for further information with respect to any matter covered in items (i), (ii), (iii) or (iv) above, the Managing General Partner shall furnish such information within thirty (30) days of receipt of such request.

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B. On or before each January 31 and July 31 prior to the Completion Date the Managing General Partner shall send to all Partners a report of the construction activity for the preceding semi-annual period giving (i) the percentage of completion, (ii) the anticipated completion date, (iii) a report as to cost overruns, if any, and (iv) the then current rental status, all with the purpose of reasonably informing the Partners of construction and rental progress.

C. After the Completion Date, the Managing General Partner shall send to all Partners on or before July 31 in each year, a report which shall state (i) the then occupancy level of the Project, (ii) if there are any operating deficits or anticipated operating deficits, the manner in which such deficits will be funded and (iii) such other matters as shall be material to the operation of the Partnership.

D. Prior to November 1 of each year, the Managing General Partner shall send to all Partners an estimate of each Partner's share of the profits or losses of the Partnership for Federal income tax purposes for the current fiscal year.

E. Within 15 days after the end of any calendar quarter during which

- (i) there is material default by the Partnership under the Project Documents or in payment of any mortgage, taxes, interest or other obligation on secured or unsecured debt,

- (ii) any reserve has been reduced or terminated by application of funds therein for purposes materially different from those for which such reserve was established,
- (iii) the General Partner has received any notice of a material fact which may substantially affect further distributions, or
- (iv) any Partner has pledged or collateralized his interest in the Partnership,

the Managing General Partner shall send all Partners a detailed report of such event.

F. The Managing General Partner shall within 60 days after the end of the first six month period following the Admission Date send to each of the Limited Partners a balance sheet, income statement and cash flow statement covering such six-month period each of which may be unaudited.

Section 12.9 Investor Service Fee

The Partnership shall pay to the Associate General Partner or to its designated Affiliate, as an Investor Service Fee for providing reporting services to the Class A Limited Partners the following amount: Commencing in 1978 and continuing thereafter the sum of \$1,000 annually, provided that such fee shall be paid only to the extent the Partnership has Cash Flow (before deduction of such Fee) for each such year. If in respect of any year subsequent to 1978 the Cash Flow of the Partnership (before deduction of such Fee) is insufficient to pay such Fee in the full amount of \$1,000, the Class A Limited Partners shall pay the deficiency, severally in accordance with their respective Class A Limited Partner interests, to the Associate General Partner upon demand. Failure of a Class A Limited Partner to pay his share of such deficiency shall not constitute a default under Section 5.2 of this Agreement.

ARTICLE XIII

General Provisions

Section 13.1 Restrictions by Reason of Section 708 of the Code

Notwithstanding any other provisions of this Agreement, no sale or exchange of any Partner's interest in the Partnership may be made if the interest sought to be sold or exchanged, when added to the total of all other interests in the Partnership sold or exchanged within the period of twelve consecutive months prior to the proposed date of sale or exchange, could, in the opinion of tax counsel to the Partnership, result in the termination of the Partnership under Section 708 of the Code, but this Section 13.1 shall have no application to the repurchase of a Limited

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Partner's interest under Section 5.3. Any sale, exchange or other transfer in contravention of any of the provisions of this Section 13.1. shall be void ab initio and ineffectual, and shall not bind or be recognized by the Partnership.

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

Each Limited Partner (including a Substitute or additional Limited Partner) hereby irrevocably appoints, and empowers to act alone, each Managing General Partner (and the President, Vice President, Treasurer and Secretary of any Managing General Partner which is a corporation) his attorney-in-fact to amend Schedule A and to execute, acknowledge and swear to all instruments and file all documents requisite to carrying out the intention and purpose of this Agreement, including without limitation business certificates, Certificates of Limited Partnership and amendments thereto and documents required by FmHA.

The Associate General Partner hereby irrevocably appoints and empowers to act alone, each Managing General Partner (and the President, Vice President, Treasurer and Secretary of any Managing General Partner which is a corporation) its attorney-in-fact to amend Schedule A and to execute, acknowledge and swear to and file all business certificates, Certificates of Limited Partnership and amendments thereto.

The foregoing powers of attorney are coupled with an interest in that each Partner will be relying upon the power of each General Partner (and the officers of each corporate General Partner) to act as contemplated by this Agreement in making such filings and taking other actions on behalf of the Partners. The foregoing powers of attorney shall survive the assignment by any Partner of the whole or any part of his interest hereunder.

Section 13.3 Amendments to Schedule A and Certificate of Limited Partnership

Within 120 days after the end of any fiscal year in which the Limited Partners shall have received any distributions under Article X hereof, the Managing General Partner shall file as it deems appropriate an amendment to the Certificate of Limited Partnership reducing by the amount of his allocable share of such distribution the amount of Capital Contribution of each Limited Partner as stated in the last previous amendment to the Certificate of Limited Partnership. However, Schedule A shall not be amended on account of any such distribution.

Upon any change in the composition of the Partnership, Schedule A and the Certificate of Limited Partnership shall be amended by the Partners to reflect the then current composition of the Partnership.

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Section 13.4 Notices

Any notice called for under this Agreement shall be in writing and shall be deemed adequately given if sent by registered or certified mail, postage prepaid, to the party for whom such notice is intended at his last address of record on the Partnership books.

Section 13.5 Word Meanings

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

Section 13.6 Binding Effect

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

Section 13.7 Applicable Law

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

Section 13.8 Counterparts

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

Section 13.9 Financing Regulations

So long as the Project Documents are in effect, (a) each of the provisions of this Agreement shall be subject to, and the Managing General Partner covenant to act in accordance with, the Project Documents, (b) the Project Documents, as amended or supplemented, shall govern the rights and obligations of the Partners, their heirs, executors, administrators, successors and assigns to the extent expressly provided therein, (c) upon any dissolution of the Partnership or any transfer of the Project, no title or right to the possession and control of the Project and no right to collect the rent therefrom shall pass to any Person who is not, or does not become, bound by the Project Documents and other FmHA documents in a manner satisfactory to FmHA, (d) no amendment of the Project Documents specified above shall become effective without the prior written consent of FmHA, and (e) the affairs of the Partnership shall be subject to FmHA regulation

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and no action shall be taken which would require the consent or approval of the FmHA unless the same is first obtained.

Any conveyance or transfer of title to all or any portion of the Project required or permitted under this Agreement shall in all respects be subject to all conditions, approvals and other requirements of FmHA rules and regulations applicable thereto.

Section 13.10 Separability of Provisions

Each provision of this Agreement shall be considered separable and (a) if for any reason any provision is determined to be invalid, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (b) if for any reason any provision would cause the Limited Partners to be bound by the obligations of the Partnership (other than the rules and regulations of FmHA) such provision or provisions shall be deemed void and of no effect.

Section 13.11 Paragraph Titles

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

Section 13.12 Amendment Procedure

This Agreement may be amended by the General Partners with the Consent of the Limited Partners except that none of the following amendments shall be adopted without the written approval of all Limited Partners:

- (1) The term of the Partnership set forth in Section 2.4 shall not be extended;
- (2) This Section 13.12 shall not be amended;
- (3) This Agreement shall not be modified or amended in such manner as to increase the amount of Capital Contributions payable by the Limited Partners or to accelerate the date for payment of any Installment of said Capital Contributions or otherwise increase the liability of the Limited Partners.

Section 13.13 Time of Admission

Each Limited Partner shall be deemed to have been admitted to the Partnership as of the first day of the month during which he is admitted for all purposes of this Agreement including Article X.

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ARTICLE XIV

OBLIGATIONS OF THE BLANTONS

Section 14.1 Guaranty of Repurchase Obligations

Raymond Blanton, Jolyne Blanton and Michael Blanton hereby jointly and severally guaranty the repurchase obligations of Escambia Construction Co., Inc. pursuant to Section 5.3 hereof and agree to perform the same promptly upon demand in the event Escambia Construction Co., Inc. fails to do so. As consideration for their guaranties in this Section 14.1, the Partnership shall make the following payments:

	<u>1978</u>	<u>1979</u>	<u>1980</u>
Raymond Blanton	\$2,217.	\$1,109.	\$1,109.
Jolyne Blanton	2,217.	1,109.	1,109.
Michael Blanton	2,216.	1,107.	1,107.
	<u>\$6,650</u>	<u>\$3,325</u>	<u>\$3,325</u>

Section 14.2 Guaranty of Recourse Mortgage

Raymond Blanton, Jolyne Blanton and Michael Blanton hereby jointly and severally guaranty payment of any recourse mortgage indebtedness now owing or hereafter incurred by the Partnership to the Construction Lender. As consideration for their guaranties in this Section 14.2 the Partnership shall make the following payments:

	<u>1978</u>	<u>1979</u>	<u>1980</u>
Raymond Blanton	\$2,217.	\$1,109.	\$1,109.
Jolyne Blanton	2,217.	1,109.	1,109.
Michael Blanton	2,216.	1,107.	1,107.
	<u>\$6,650</u>	<u>\$3,325</u>	<u>\$3,325</u>

Section 14.3 Obligation to Become a General Partner

Raymond Blanton and Michael Blanton agree that one or both of them (as may be deteremined by the Associate General Partner upon advice of counsel) will become additional General Partners under the circumstances set forth in Section 7.5 in order to protect the tax status of Partnership.

Section 14.4 Waiver of Notice, Demand, Etc.

In connection with their guarantees under this Article XIV, Raymond Blanton, Jolyne Blanton and Michael Blanton each hereby waive notice of acceptance of their guarantees and all other notices which may be required to be given to them as guarantors

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and agree that their guarantees shall not be released by any failure to notify them of any event, by any extension of time for performance or the release of any guarantor or any collateral, or by any other happening or action except an express release in writing signed by all the Limited Partners of the performance of the guaranteed obligations.

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WITNESS the execution hereof under seal as of the 7th day of July, 1978.

ASSOCIATE GENERAL PARTNER

GREATER BOSTON DEVELOPMENT, INC.

BY: Kenneth J. Michel, Executive Vice President

CLASS B LIMITED PARTNER

C & M INVESTMENT COMPANY

BY: John P. Manning

RAYMOND BLANTON, JOLYNE BLANTON and MICHAEL BLANTON hereby agree to the terms of Article XIV.

Raymond Blanton by T. Paul Noy as his attorney-in-fact
Raymond Blanton

Michael A. Blanton by T. Paul Noy as his attorney-in-fact
Michael Blanton

MANAGING GENERAL PARTNER

ESCAMBIA CONSTRUCTION CO. INC.

Escambia Construction Co, Inc by T. Paul Noy as attorney-in-fact

WITHDRAWING LIMITED PARTNER

Michael A. Blanton by T. Paul Noy as his attorney-in-fact
Michael A. Blanton

Jolyne Blanton by T. Paul Noy as her attorney-in-fact
Jolyne Blanton

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STATE OF Massachusetts
COUNTY OF Suffolk) SS

T. David Mann
attorney-in-fact for

BEFORE ME, the undersigned Notary Public in and for said County and State, personally appeared the above-named JOLYNE BLANTON, who acknowledged that she did sign the foregoing instrument with respect to Article XIV and that the same is her free act and deed.

WITNESS my hand and official seal this 7th day of July, 1978.

[Signature]
Notary Public
My Commission Expires:

My Commission Expires May 17, 1985

County of Suffolk
STATE OF Mass)
State?
COUNTY OF Mass) SS.

BEFORE ME, the undersigned Notary Public in and for said County and State personally appeared the above-named Kenneth Michel known to me to be the Executive Vice President of Greater Boston Development, Inc. who acknowledged that he did sign the foregoing instrument and that the same is the free act and deed of said corporation.

WITNESS my hand and official seal this 7th day of July, 1978.

[Signature]
Notary Public
My Commission Expires:

My Commission Expires May 17, 1985

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STATE OF Massachusetts
COUNTY OF Suffolk) SS.

BEFORE ME, the undersigned Notary Public in and for said County and State personally appeared John P. Manning to me personally known who, being duly sworn, did say that he is a partner of C & M Investment Company, a Massachusetts general partnership, with authority to execute the foregoing instrument, and the said John P. Manning acknowledged that he executed the foregoing instrument as the free act and deed of himself and of said partnership.

WITNESS my hand and official seal this 7th day of July, 1978.

[Signature]
Notary Public
My Commission Expires:

My Commission Expires May 17, 1985

State of Massachusetts

County of Suffolk

BEFORE ME, the undersigned Notary Public in and for said County and State, personally appeared the above-named T. David Mann, known to me to be the attorney-in-fact for ~~of~~ ESCAMBIA CONSTRUCTION CO., INC. who acknowledged that he did sign the foregoing instrument and that the same is his free act and deed and the free act and deed of said corporation.

WITNESS my hand and official seal this 7th day of July, 1978.

[Signature]
Notary Public
My Commission Expires: May 12, 1985

STATE OF Massachusetts)
COUNTY OF Suffolk) SS.

T. David Mann, Attorney
in fact for

BEFORE ME, the undersigned Notary Public in and for said County and State, personally appeared the above-named MICHAEL A. BLANTON, who acknowledged that he did sign the foregoing instrument, both as withdrawing limited partner and with respect to Article XIV, and that the same is his free act and deed.

WITNESS my hand and official seal this 7th day of July, 1978.

[Signature]
Notary Public
My Commission Expires:

STATE OF Massachusetts)
COUNTY OF Suffolk) SS.

T. David Mann
attorney-in-fact for

BEFORE ME, the undersigned Notary Public in and for said County and State, personally appeared the above-named RAYMOND BLANTON, who acknowledged that he did sign the foregoing instrument with respect to Article XIV and that the same is his free act and deed.

WITNESS my hand and official seal this 7th day of July, 1978.

[Signature]
Notary Public
My Commission Expires:

My Commission Expires May 17, 1985

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CLASS A LIMITED PARTNER COUNTERPART SIGNATURE PAGE

The undersigned hereby executes under seal this Counterpart of the Amended and Restated Limited Partnership Agreement dated July 1, 1978 of SUGAR HILL, LTD. and hereby adopts and agrees to be bound by all the provisions hereof and by so doing will become, upon acceptance by the General Partners, a Class A Limited Partner with a total Capital Contribution as indicated below.

In connection with my execution of this document, I make the following representations:

(1) I have thoroughly read this counterpart of the Amended and Restated Limited Partnership Agreement of SUGAR HILL, LTD. (the "Partnership").

(2) I have been furnished and have thoroughly read the Confidential Memorandum of the Partnership dated July 1, 1978, and I am satisfied that I have received information with respect to all matters which I consider material to my decision to make this investment.

(3) I fully understand the nature of the risks involved in purchasing an interest in the Partnership and am qualified by my own experience to evaluate investments of this type or have relied upon the advice of someone so qualified. I have relied upon my own knowledge of the Federal tax matters related to my investment or upon the advice as to such matters of someone appropriately qualified.

(4) I undertake that I will not sell any unit or Units acquired by me for twelve (12) months from the date of purchase thereof.

(5) I recognize my continuing liability to pay all installments of the purchase price of the Unit or Units I am purchasing and the consequences of my failure to do so including, but not limited to, the right of the other Limited Partners or the General Partners to purchase my interest in the Partnership for a price equal to (a) 90% of my paid-in Capital Contribution less (b) the sum of (i) any cash distributions actually made by the Partnership to me, (ii) any expenses incurred by the purchaser of such interest or the Partnership in connection with the assignment of my interest to such purchaser and (iii) 50% the losses previously allocated to me or attributable to my interest.

(6) I am aware of my inability readily to liquidate my investment in case of an emergency and the fact that the Unit or Units being purchased hereby may have to be held for an indefinite period of time. I understand that the Unit or Units being purchased hereby have not been registered under the Securities Act of 1933, as amended (the "Act"), and I agree not to make any sale, transfer or other disposition of any such Unit or Units unless registered under the Act or an exemption from such registration is available.

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(7) I understand that no state or governmental authority has made any finding or determination relating to the fairness for investment of the Units offered by the Partnership.

(8) I have a liquid net worth (total assets in excess of total liabilities) of at least \$500,000, exclusive of home, furnishings and automobiles, or a liquid net worth of at least \$300,000 exclusive of home, furnishings and automobiles and an annual income of at least \$250,000. My income is presently subject to Federal taxation at a rate of not less than 50% and I anticipate my future income after taking into account my investment in the Partnership will be subject to taxation at such rate. My overall commitment to investments which are not readily marketable is not disproportionate to my net worth and my investment in the Partnership will not cause my overall commitment to become excessive. I have adequate means of providing for my current needs and personal and family contingencies and have no need for liquidity in my investment in the Partnership. I have substantial experience in making investment decisions of this type, or I am relying on the advice of someone (other than Greater Boston Development, Inc.) appropriately qualified in making this type of investment.

(9) I am making my investment for my own account and not for the account of others and have no present intention of reselling any Unit or Units acquired by me.

(10) During the course of the offering of Class A Limited Partnership Interests in the Partnership, both I and my advisors have had the opportunity to ask questions of and receive answers from representatives of the Partnership or persons acting on its behalf concerning the terms and conditions of a proposed investment in the Partnership and my advisors and I have also had the opportunity to obtain additional information necessary to verify the accuracy of information previously furnished about the Partnership.

I hereby agree that my Capital Contribution shall be \$135,000 and agree to pay the same in accordance with the provisions of Section 5.1.

If more than one purchaser, indicate the form of ownership:

Joint Tenants
 Tenants-in-common

Sedney Feldman
by Stephen Robertson
Attorney in fact

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P.O. Box 157 HAZEL PARK, MICHIGAN
Address

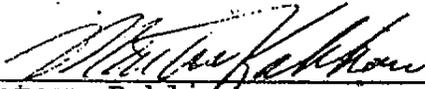
Class A Limited Partner Soc. Sec. #

Address

STATE OF Mass.)
) SS.
COUNTY OF Suffolk

BEFORE ME, the undersigned Notary Public in and for said County and State, personally appeared Stephen R. Lewinstein, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing Class A Limited Partner Counterpart Signature Page who, being duly sworn, acknowledged that he/~~they~~ signed the same as his/~~their~~ free act and deed.

WITNESS my hand and official seal this 7th day of July, 1978.



Notary Public
My Commission Expires:

My Commission Expires May 17, 1985.

ACCEPTED:
SUGAR HILL, LTD.
by its General Partner

William C. ...
J. T. ... as its
attorney-in-fact

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SUGAR HILL, LTD.
Schedule "A"

<u>Investor</u>	<u>Units Purchased</u>	<u>Capital Contribution</u>
<u>General Partner</u>		
1) Escambia Construction Company, Inc. P. O. Box 3256 Pensacola, FL 32516		\$ 73,740
2) Greater Boston Development, Inc. One Boston Place, Boston, Massachusetts		\$ 50
	Total	\$ 73,790
<u>Limited Partners</u>		
<u>Class "B" Limited Partner</u>		
1) C & N Investment Company One Boston Place Boston, Massachusetts		\$ 50
	Total	\$ 50
<u>Class "A" Limited Partner</u>		
1) Sidney Feldman P. O. Box 157 Hazel Park, Michigan	1	\$ 135,000
	Total	\$ 135,000

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