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Filed this 16th day of Feb. 2000

Joyce S. Zeeb
SECRETARY OF STATE

DOMESTIC
CERTIFICATE OF LIMITED PARTNERSHIP

FILING FEE: \$90

- 1 The name of the limited partnership which shall contain without abbreviation the words "limited partnership" FALCON LIMITED PARTNERSHIP
- 2 The street address of the office: Teton Mall, Room 7
Post Office Box 751 - Eagle Butte, SD 57625-0751
- 3 The name and address of the agent for service: Bill Picotte, Oti Kaga, Inc.
Post Office Box 751 - Eagle Butte, SD 57625-0751
- 4 The name and the business address of each general partner: Oti Kaga, Inc. - Post
Office Box 751 (Teton Mall, Room 7) Eagle Butte, SD 57625-0751
- 5 The latest date upon which the limited partnership is to dissolve: December 31, 2055
- 6 Any other matters the general partners determine to include:

The "Original Limited Partner" shall be: Bill Picotte (Individual)

The certificate of limited partnership must be signed by each of the general partners.

Dated February 14, 2000

Oti Kaga, Inc. (a non-profit organization)

By: *Bill Picotte*

Bill Picotte, Executive Director/Board Member

*** Submit one original and one copy ***

SECRETARY OF STATE

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**LIMITED PARTNERSHIP AGREEMENT
OF
FALCON LIMITED PARTNERSHIP**

This Limited Partnership Agreement, made and entered into as of February 10, 2000, by and between **OTI KAGA, INC.**, a South Dakota not-for-profit corporation (the "General Partner"); **WILLIAM PICOTTE** (the "Initial Limited Partner") and such other persons as named on Exhibit A attached hereto that may later sign an amendment to this Agreement as additional Limited Partners (the "Limited Partners")

1. Formation of Limited Partnership

The parties hereby form a limited partnership under the provisions of the Uniform Limited Partnership Act of the State of South Dakota and the rights and liabilities of the Partners shall be as provided in that Act except as herein otherwise expressly provided.

2. Name

The business of the Partnership shall be conducted under the name of **Falcon Limited Partnership** or such other name as the General Partner shall hereafter designate in writing to the Limited Partners.

3. Definitions

Wherever used in this Agreement, unless another meaning is explicitly indicated by the context

- 3.1. "Accountants" means such firm of certified public accountants as may be selected by the General Partner as accountants to the Partnership
- 3.2. "Affiliate" or "Affiliated Person" means, when used with reference to a specified Person, any of the following Persons: (i) any Person that directly or indirectly through one or more intermediaries controls or is controlled by or is under common control with the specified Person, (ii) any Person that is an officer, partner or trustee of, or serves in a similar capacity with respect to, the specified Person or of which the specified Person is an officer, partner or trustee, or with respect to which the specified Person serves in a similar capacity, (iii) any Person that directly or indirectly is the beneficial owner of 10 percent or more of any class of equity securities of, or otherwise has a substantial beneficial interest in, the specified Person or of which the specified Person is directly or indirectly the owner of 10 percent or more of any class of equity securities or in which the specified Person has a substantial beneficial interest or (iv) any grandparent, parent, spouse, sibling, child or grandchild of the specified person or of any sibling of the specified person.

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- 3 3 "Agreement" means this Limited Partnership Agreement as amended, modified or supplemented from time to time
- 3 4 "Attorneys" means such firm or firms of attorneys as may be selected by the General Partner as attorneys to the Partnership
- 3 5 "Capital Account" has the meaning set forth in Paragraph 7.2.
- 3 6 "Code" means the Internal Revenue Code of 1986, as amended, or corresponding provisions of future law
- 3 7 "Excess Net Cash Receipts" of the Partnership means the gross cash proceeds of the Partnership other than proceeds from the refinancing or sale, exchange or other disposition of all or substantially all the assets of the Partnership, less the portion thereof used to pay or establish reserves for Partnership expenses, debt payments, capital improvements, replacements, and contingencies, all as determined by the General Partner. It shall not be reduced by depreciation, amortization, cost recovery deductions or similar allowances, but shall be increased by any reduction of reserves as determined by the General Partner.
- 3 8 "General Partner" means Oti Kaga, Inc., and each other Person who shall hereafter be admitted to the Partnership as a General Partner, in the capacity as General Partner.
- 3 9 "General Partnership Interest" means a Partnership Interest held by a General Partner in the capacity as General Partner.
- 3 10 "Limited Partner" means each of the Persons named on Exhibit A and each other person who shall hereafter be admitted to the Partnership as a Limited Partner, in the capacity as Limited Partner.
- 3 11 "Limited Partnership Interest" means a Partnership Interest held by a Limited Partner in the capacity as Limited Partner.
- 3 12 "Low-Income Credit" means any low-income housing tax credits allowed to the Partnership and its Partners under Section 42 of the Code as a result of the Partnership's ownership of the Property.
- 3 13. "Partner" means any General Partner or any Limited Partner, where no distinction is required by the context in which the term is used.
- 3 14. "Partnership" means the limited partnership formed pursuant to this Agreement.
- 3 15. "Partnership Interest" or "Interest" means a Partner's share of the profits and losses of the Partnership and the right to receive distributions of the Partnership's assets on dissolution, with appurtenant rights, powers and privileges, all as set forth herein.

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3 16 "Person" means any individual, partnership, corporation, trust or other entity.
- 3 17 "Property" means the leasehold interest in land and buildings described in the attached Exhibit B.
- 3 18. "Substitute Limited Partner" has the meaning set forth in Paragraph 13.3.
- 3 19. "Substitute General Partner" has the meaning set forth in Paragraph 14.1.

4. Purpose

- 4 1 Purposes The purpose and character of the business of the Partnership is:
- a. To acquire, rehabilitate, hold, operate, sell, dispose of and otherwise deal exclusively with the Property in Eagle Butte, South Dakota;
 - b. To (i) provide Limited Partners with Low-Income Credits that they may use to offset their federal income tax liability; (ii) allocate passive losses to the individual Limited Partners to offset passive income that they may realize from rental real estate investments and other passive income that they may realize from other passive activities and to offset other income upon disposition of their entire interest in the Partnership; and (iii) allocate passive losses to corporate Limited Partners to offset active business income;
 - c. Preserve and protect the Partnership's capital;
 - d. To provide, to the extent feasible, distributions of cash to the Limited Partners from the operations of the Property and from the proceeds of a sale or refinancing of the Property;
 - e. To acquire any other property, real or personal, in fee or by lease, or any rights therein, as may be necessary or appropriate for the purposes of the Partnership;
 - f. To borrow money and secure the same with an interest in Property in furtherance of any and all of the purposes of the Partnership;
 - g. To refinance or sell all or part of Property as the Partnership shall deem appropriate; and
 - h. To carry on any other activity reasonably incidental to the foregoing.
- 4.2. Scope of Partners' Authority. Except as specifically provided in Article 10, no Partner shall have any authority to bind or act for, or assume any obligation or responsibility on behalf of, the other Partners or the Partnership. Neither the Partnership nor any Partner shall be responsible or liable for any indebtedness or obligation of any other Partner, whether incurred before or after the date of this

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Agreement, except as specifically provided ~~herein~~. This Agreement shall not be deemed to create a partnership between the Partners with respect to any activities whatsoever other than those activities which are within the scope and business purpose of the Partnership as set forth in Paragraph 4.1 of this Agreement.

5. Names and Addresses of Partners

The names and addresses of the Partners and their designation as General Partner and Limited Partner are:

5.1. **General Partner.**

Oti Kaga, Inc.
Box 751
Teton Mall, Room 5
Eagle Butte, South Dakota 57625

5.2. **Limited Partners.**

As set forth on Exhibit A.

6. Term; Business Address; Agent

- 6.1. **Term.** The term of the Partnership shall be from the date hereof to December 31, 2050 unless sooner terminated as hereinafter provided.
- 6.2. **Place of Business.** The principal place of business of the Partnership shall be Box 751, Teton Mall, Room 5, Eagle Butte, South Dakota, 57625. The General Partner may from time to time change the location of the principal office of the Partnership and, in such event, the General Partner shall give notice to the Partners at least twenty days prior to the effective date of such change. The General Partner may in its discretion establish additional places of business of the Partnership.
- 6.3. **Agent for Process.** The name and address of the agent for service of process on the Partnership shall be William Picotte, Oti Kaga, Inc., Box 751, Teton Mall, Room 5, Eagle Butte, South Dakota, 57625.

7. Partnership Capital Contributions

The capital of the Partnership shall be contributed by the Partners as follows:

- 7.1. **Capital Contributions and Partnership Interests.** The capital contributions and Partnership Interests of the Partners shall be as set forth an Exhibit A. The General Partner shall contribute capital in an amount equal to no less than 1.01 percent of the Limited Partners' capital contributions and shall maintain a positive Capital Account balance equal to no less than 1.01 percent of the Limited

Partners' aggregate positive Capital Account balances throughout the term of the partnership

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The Initial Limited Partner has contributed as its initial and sole capital contribution, the amount set forth in Exhibit A and is credited with the Partnership Interest set forth in Exhibit A. Upon admission of the first additional Limited Partner the Partnership Interest of the Initial Limited Partner shall be redeemed by payment to the Initial Limited Partner of an amount equal to his capital contribution.

The obligations of each Limited Partner to make capital contributions shall be evidenced by a promissory note (the "Investor Note") in the aggregate amount of the capital contributions required to be made by such Limited Partner under this Paragraph 7.1 (other than the payment due on admission to the Partnership executed and delivered by such Limited Partner and payable to the order of the Partnership)

As security for payment of the unpaid portion of his capital contribution, each Limited Partner hereby pledges to the Partnership and grants the Partnership a security interest in all of his Limited Partnership Interest as further security for his obligation to make all capital contributions evidenced by the Investor Note, and agrees that the Partnership shall have, in addition to the rights provided for herein, all of the rights and remedies of a secured party under the Uniform Commercial Code of South Dakota with respect to the Limited Partnership Interest in the event of the failure of the Limited Partner to make his capital contributions when and as provided herein, in whole or in part. Each Limited Partner hereby specifically (a) approves and consents to the assignment of such a security interest by the Partnership to any party making loans to the Partnership and (b) consents to the assignment, pledge, or transfer by the Partnership of Investor Notes to persons making loans to the Partnership.

In the event the Limited Partner fails to make any payment of capital contributions required under this Paragraph 7.1 within the notice and cure period specified in the Investor Note, then, in such event, the General Partner may exercise, in their discretion except for the rights of holders of security interests in said Investor Notes or for assignees of said Investor Notes as provided below, any or all of the following rights on behalf of the Partnership, singly or cumulatively to the extent permitted under applicable law, provided that the Partnership shall not be entitled to double recovery:

- a. Purchase or assign the partnership rights or obligations of the Limited Partners pursuant to the provisions of subparagraphs (A) and (B) below of this Paragraph 7.1; or
- b. Exercise its remedies as a secured party against the Limited Partner in accordance with the Uniform Commercial Code of the State of South Dakota pursuant to the security agreement set forth above; or
- c. In addition to the other remedies provided herein, charge the Limited Partner interest in accordance with the terms of the Investor Note as set forth therein for delinquent payments; or



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- d Pursue any other available remedies ⁵⁴⁴¹⁷³⁰ the Limited Partner at law or in equity to enforce such payment. In accordance with the above, the General Partner may elect.
 - i To purchase such Partnership Interest, provided, that Limited Partners have previously received a thirty (30) day written notice of such default. The purchase price for such Partnership Interest shall be in an amount equal to fifty percent (50%) of the balance of the Capital Account of the defaulting Limited Partner (the "Defaulting Partner") and shall be payable to him on or prior to the thirtieth (30th) day next following the date on which the General Partner, or their assignees, exercises this option to purchase such Partnership Interest. In no event shall any purchase price be less than One Dollar (\$1.00). Any person purchasing any Partnership Interest pursuant to this Paragraph shall become the owner thereof and shall assume in writing all the obligations of the Defaulting Partner with respect thereto effective as of the date upon which such Partnership Interest becomes subject to purchase, and shall pay to the Partnership, at the time or times, and subject to the terms and provisions provided for in this Paragraph 7.1 the installment payments required to be made with respect to such Partnership Interest so purchased. The assignment of any Partnership Interest pursuant to this Paragraph shall be effective as of the date upon which such Partnership Interest becomes subject to purchase, automatically upon payment of the purchase price therefore, without the necessity of any action on the part of the Defaulting Partner. The Limited Partner agrees that if all or any portion of his Partnership Interest is purchased pursuant to this Paragraph he will execute all instruments required by the Partnership or the Purchasing Partner for the purpose of confirming or evidencing the assignment of such Partnership Interest. In recognition of the limited marketability of such defaulted Partnership Interest, the Limited Partner agrees that the procedure outlined in this Paragraph is a commercially reasonable manner of disposition upon default. The Defaulting Partner shall be and remain liable for the full amount of any further or additional capital contribution or contributions payable with respect to any of his Partnership Interest if the General Partner, or their assignee, declines to purchase such Partnership Interest with the result that capital contributions with respect to such Partnership Interest are not paid.
 - ii. To fund the Defaulting Partner's share from persons or entities outside the Partnership and reallocate the Partnership Interest of the Defaulting Partner so that his percentage interest in the Partnership will be reduced to reflect his failure to make the aforesaid contribution and the person or entities coming into the Partnership by making such contribution shall be allowed a

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percentage interest in the Partnership to reflect such contribution; provided, however, that in any instance where outside persons or entities are brought into the Partnership in the above manner, such persons or entities shall be deemed Substitute Limited Partners, subject to the provisions of Article 13 hereof.

- 7.2 Capital Accounts A separate Capital Account shall be maintained for each Partner in accordance with the provisions of Section 704(b) of the Code and the Treasury Regulations thereunder (or corresponding provisions of future law). Without limiting the generality of the foregoing, the Capital Account of each Partner shall be increased by (i) the amount of any contribution such Partner makes to the capital of the Partnership pursuant to Article 7; (ii) the fair market value of property contributed by such Partner to the Partnership, net of liabilities attached to such property which the Partnership assumes or to which the property is subject, and (iii) the share of Partnership income and gains (including income and gains exempt from tax) allocated to such Partner under the provisions of Article 8; and shall be decreased by (i) any distribution made by the Partnership to such Partner pursuant to the provisions of Article 9; (ii) the fair market value of any property distributed to such Partner by the Partnership net of liabilities attached to such property which such Partner assumes or to which such property is subject; and (iii) the share of Partnership losses and deductions (including any expenditures of the Partnership described in Section 705(a)(2)(B) of the Code or treated as such expenditures pursuant to Treasury Regulation § 1.704-1(b)(2)(iv)(i)) allocated to such Partner under the provisions of Article 8.

Pursuant to the requirements of Treasury Regulation § 1.704-1(b)(iv)(b), each Partner shall have only one Capital Account, regardless of the number of Units such Partner holds. Provided, however, that solely for purposes of determining allocations or distributions under Articles 8 and 9, a Partner's Capital Account in respect of General Partnership Units shall be computed separately from his Capital Account in respect of Limited Partnership Units.

Upon the occurrence of a contribution to or distribution from the Partnership or as otherwise permitted, the General Partner, in their discretion, may increase or decrease the Capital Accounts of the Partners to reflect a revaluation of Partnership property on the Partnership's books, and, in that event, allocations of Partnership income, gain, loss and deduction (and items thereof) shall, for all purposes of this Section 7.2 be determined in the manner provided in Section 704(b) or Section 704(c) of the Code, as the case may be, and the Treasury Regulations thereunder. The General Partner may also, in their discretion and consistent with Section 704(b) and Section 704(c) of the Code and the Treasury Regulations thereunder, make all other elections relating to the adjustments of Partners' Capital Accounts.

This Paragraph 7.2 and the other provisions of this Agreement relating to the maintenance of Capital Accounts shall be interpreted and applied in a manner consistent with Section 704(b) of the Code and the Treasury Regulations thereunder (or corresponding provisions of future law) and the economic sharing of profits and losses of



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the Partnership contemplated hereunder by the Partners. In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any increases or decreases thereto are computed in order to comply with Section 704(b) and the Treasury Regulations thereunder, the General Partner may make such modifications, provided that they are not likely to have a material effect on the amounts distributable to any Partner pursuant to Article 17 hereof upon liquidation of the Partnership

- 7.3 No Right to Return of Contributions. The Partners shall have no right to the withdrawal or the return of their respective contributions to the capital of the Partnership except to the extent a distribution is treated as a return of capital pursuant to Paragraph 9.3 or upon liquidation of the Partnership pursuant to Paragraph 17.3.
- 7.4. No Interest on Capital. No interest shall be paid by the Partnership on the initial or any subsequent contributions to the capital of the Partnership.
- 7.5. Additional Capital. If the General Partner, at any time or from time to time, determines that the business of the Partnership requires capital in addition to that already contributed by the Partners, the General Partner may, in its discretion:
 - a. Obtain such additional capital, in whole or in part, by borrowing in accordance with the provisions of this Agreement; or
 - b. Obtain such additional capital, in whole or in part, by contributing the additional capital, provided that the Partnership Interests of the Limited Partners are not affected thereby.

The Limited Partners shall not be obligated to make any additional contributions to the capital of the Partnership, other than the contribution required under Paragraph 7.1, or to make any loans or to pay any assessments to the Partnership.

- 7.6. Transferee Succeeds to Transferor's Capital Account. If any Partner transfers all or a part of his Interest in the Partnership, including a transfer pursuant to Paragraph 13.6, the transferee Partner shall succeed to the Capital Account of the transferor Partner to the extent of the Interest transferred, in accordance with Treasury Regulation § 1.704-1(b)(2)(iv)(1).
- 7.7. Loans to Partnership. The Partners may voluntarily make loans to the Partnership from time to time, as authorized by the General Partner, in excess of its contributions to the capital of the Partnership, and any such loans shall not be treated as contributions to the capital of the Partnership for any purpose hereunder, nor entitle such Partner to any increase in his share of the profits and losses or the cash distributions of the Partnership. The Partnership shall be obligated to such Partners for the amount of any such loans, with interest thereon at the rate agreed upon by the Partner and the General Partner.

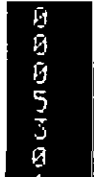


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- 7.8 Creditor's Interest in Partnership No creditor who makes a non-recourse loan to the Partnership shall have or acquire at any time as a result of making such a loan, any direct or indirect interest in the profits, capital or property of the Partnership other than as a creditor

8. Allocations

The Partners agree that the income, gains, losses, deductions and credits of the Partnership shall be allocated as follows:

- 8.1. Computation of Income, Gains, Losses, Deductions and Credits. All income, gains, losses, deductions and credits of the Partnership shall be computed as of the end of each fiscal year in accordance with the accrual method of accounting, which shall be followed by the Partnership for federal income tax purposes.
- 8.2. Allocation of Income, Gains, Losses, Deductions and Credits Other Than Gain or Loss on a Sale of the Property. The income, gains, losses, deductions and credits of the Partnership for each fiscal year for book purposes, whether taxable or nontaxable, other than any gain or loss realized upon the sale, exchange or other disposition of all or substantially all of the assets of the Partnership, shall be allocated to the Partners as follows and their Capital Accounts shall be increased or reduced in accordance with Paragraph 7.2:
- a. Ninety-nine and ninety-nine hundredths percent (99.99%) to the Limited Partners, ratably in accordance with their Interests; and
 - b. One-hundredth percent (.01%) to the General Partner.
- 8.3. Allocation of Gain From the Sale, Exchange, or Other Disposition of the Property. Gain from the sale, exchange or other disposition of all or substantially all of the assets of the Partnership shall be allocated to the Partners as follows and their Capital Accounts shall be increased in accordance with Paragraph 7.2:
- a. First, to the Partners, ratably according to the negative balances in their respective Capital Accounts, in an amount equal to the aggregate negative balances in their Capital Accounts;
 - b. Second, ninety-nine and ninety-nine hundredths percent (99.99%) to the Limited Partners, ratably in accordance with their Interests, and one-hundredth percent (.01%) to the General Partner.
- 8.4. Loss on the Sale, Exchange or Other Disposition of the Property. Loss on the sale, exchange or other disposition of all or substantially all of the assets of the Partnership shall be allocated to the Partners as follows and their Capital Accounts shall be reduced in accordance with Paragraph 7.2;



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- a First, to the Partners, ratably according to the credit balances in their respective Capital Accounts, in an amount equal to the aggregate credit balances in their Capital Accounts, and
 - b The remainder, to ninety-nine and ninety-nine hundredths percent (99.99%) to the Limited Partners, ratably in accordance with their interests, and one-hundredth percent (.01%) to the General Partner.
- 8.5 Negative Capital Account Balances. The General Partner shall restore any negative balance in its Capital Account on liquidation of the Partnership in accordance with Treasury Regulation § 1.704-1(b)(2)(ii)(b)(3). If any Limited Partner has a negative Capital Account after the liquidation of the Partnership, he shall not be obligated to contribute capital in the amount of such deficit.
- 8.6 Limitation on Loss Allocations. Anything to the contrary contained in this Article 8 notwithstanding
- a. "Partnership Minimum Gain" within the meaning of Treasury Regulation §§ 1.704-2(b)(2) and (d) means an amount of gain that would be realized by the Partnership on the disposition of any Partnership property subject to non-recourse indebtedness (within the meaning of Treasury Regulations § 1.752-1(a)), equal to the amount by which such non-recourse indebtedness exceeds the adjusted tax basis (or book value, if the property has been properly entered on the books of the Partnership at a value different from its then adjusted tax basis) of such property. If for any Partnership fiscal year, there is a net decrease in Partnership Minimum Gain, each Partner shall be allocated items of Partnership income and gain in accordance with Treasury Regulation § 1.704-2(f)(1) (a "Minimum Gain Chargeback") for such year (and, if necessary, for subsequent years) in an amount equal to such Partner's share of the net decrease of Partnership Minimum Gain during such year (determined in accordance with Treasury Regulations § 1.704-2(g)(2)). This Paragraph 8.6.a is intended to comply with Treasury Regulation § 1.704-2(f) and shall be interpreted consistently therewith.
 - b. Losses shall not be allocated to a Limited Partner if such allocation of losses would cause such Limited Partner to have a negative balance in its Capital Account in excess of the sum of (i) the amount such Limited Partner is obligated to restore under this Agreement and (ii) the amount such Limited Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations §§ 1.704-2(g)(1) and (i)(5).
 - c. If any Limited Partner at any time unexpectedly receives any adjustment, allocation or distribution described in Treasury Regulation §§ 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6) and if such adjustment, allocation or distribution results in a deficit balance in the Limited Partner's Capital Account in excess of the sum of (i) the

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amount such Limited Partner is obligated to restore under this Agreement and (ii) the amount such Limited Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations §§ 1.704-2(g)(1) and (i)(5), then items of Partnership income and gain shall be specially allocated to such Limited Partner so as to eliminate as quickly as possible, to the extent required by Treasury Regulation § 1.704-1(b)(2)(ii)(d), the negative balance in its Capital Account

d Any allocation to a Partner under Section 8.6.a., 8.6.b or 8.6.c (a "Regulatory Allocation") shall be taken into account in determining subsequent allocations so that the net amount of Regulatory Allocations and all other items allocated under the provisions of this Article 8 shall, to the extent possible, be equal to the net amount that would have been allocated to such Partner under the provisions of this Article 8 if no Regulatory Allocation had been made.

- 8.7. Proration of Allocations. All income, gains, losses, deductions and credits for a fiscal year allocable with respect to any Partner whose Partnership Interest may have been transferred, forfeited, reduced or changed during such year shall be allocated based upon the varying interests of the Partners throughout the year. The precise manner in which such allocation shall be made shall be determined by the General Partner and shall be a manner of allocation permitted to be used for federal income tax purposes.
- 8.8. Liquidation of Partnership Interest. If the Partnership Interest of any Partner is liquidated, either in whole or in part, at any time other than as set forth in Article 17 and other than by the purchase of the Partnership Interest by the Partnership or by one or more Partners in accordance with the provisions of Treasury Regulation § 1.704-1 (b)(2)(ii)(b)(3), the liquidating distribution shall be made in accordance with the balance in the Partner's Capital Account, in accordance with the regulations under Section 704 of the Code, taking into account the allocations that would have been made to Partners pursuant to this Article 8 if all Partnership assets had been sold for their fair market value immediately prior to such liquidating distribution.
- 8.9. Consent to Allocation. Each Partner expressly consents to the methods provided herein for the allocation of Partnership profits and losses.
- 8.10. Tax Allocations. In accordance with Section 704(c) of the Code and the Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its fair market value as of the date of contribution.

In the event any Partnership asset is adjusted as a result of a revaluation pursuant to Paragraph 7.2, subsequent allocations of income, gain, loss and deduction with respect to

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such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and fair market value as of the date of such revaluation in the same manner as under Section 704(c) of the Code and the Regulations thereunder

Any election or other decision relating to such allocations shall be made by the General Partner in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Paragraph 8.10 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of income, profits, gains, losses, expenses, deductions, credits or other items or distributions pursuant to any provisions of this Agreement.

- 8.11 Adjustment of Allocations. Notwithstanding any other provision in this Agreement, (1) Oti Kaga, Inc. (the "Tax-Exempt Entity Partner") shall be allocated precisely .5% of the income, gains, losses, deductions and credits of the Partnership during the entire period it is a Partner unless adjusted as provided in subparagraph 8.11(2) below. This provision is intended to comply with the definition of qualifying allocation set forth in Section 168(h)(6)(B) of the Code; (2) If the Partnership Interest owned by the Tax-Exempt Entity Partner (or any successors who are Tax-Exempt Entity Partners) changes due to the sale or redemption of the Partnership Interest of the Tax-Exempt Entity Partner or any portion thereof, the contribution of property or cash by such Tax-Exempt Entity Partner to the Partnership, or a default by such Tax-Exempt Entity Partner under this Agreement, the allocations shall be adjusted in proportion to such change.

9. Distributions

- 9.1. Distributions of Excess Net Cash Receipts. Distributions of Excess Net Cash Receipts to the Partners shall be made for each fiscal year of the Partnership at the end of such fiscal year as follows:

- a. Ninety-nine and ninety-nine hundredths percent (99.99%) to the Limited Partners, ratably in accordance with their Interests, and
- b. One-hundredth percent (.01%) to the General Partner.

- 9.2. Other Cash Distributions.

- a. Distribution of any net proceeds upon the sale, exchange or other disposition of all or substantially all of the assets of the Partnership shall be made in accordance with the provisions of Paragraph 17.3.
- b. Distribution of any net proceeds upon the refinancing of all or substantially all of the assets of the Partnership, after the payment of all obligations of the Partnership then due, including any debt or fees owed to the General Partner or Affiliates, shall be distributed to the Partners as follows:

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- i Ninety-nine and ninety-nine hundredths percent (99.99%) to the Limited Partners, ratably in accordance with their Interests; and
 - ii One-hundredth percent (.01%) to the General Partner

9.3. Designation of Character of Distributions. At the time of making any distribution to the Partners under Paragraphs 9.1 and 9.2, the General Partner shall determine what portion of such distribution, if any, is a return of the capital of the Partnership. The General Partner shall advise the Partners of any such determination at the time it transmits the annual report to the Partners as provided in Paragraph 12.4

10. Management and Operation of Business

- 10.1. Management of the Partnership. The General Partner shall have control of the conduct, operation and management of the business of the Partnership. The General Partner shall manage the affairs of the Partnership in a prudent and businesslike fashion and shall use their best efforts to carry out the purposes and character of the business of the Partnership. The General Partner shall devote such time as it deems necessary to the management of the business of the Partnership. Notwithstanding the foregoing, the General Partner shall operate and manage the Property consistently with the requirements of Section 42 of the Code in order to obtain for the Limited Partners the benefits of the Low-Income Credit.
- 10.2. Powers. The General Partner shall have all necessary powers to carry out the purposes and business of the Partnership and shall possess all of the powers and rights of a Partner in a partnership without limited partners except as otherwise provided by law or expressly provided in this Agreement. Without limiting the foregoing, in addition to any other rights and powers which the General Partner may possess, the General Partner shall, subject to Paragraph 10.3, have all specific rights and powers required or appropriate to the management of the business of the Partnership, and only the General Partner shall have these rights and powers including, without limitation, the following:
- a. To make all necessary and appropriate arrangements for the acquisition of the Property consistent with and contemplated by the Partnership purposes set forth herein;
 - b. To borrow money and, if security is required therefor, to mortgage or subject to any other security interest or device any portion of the assets of the Partnership, to obtain replacements of any mortgage or other security interest or device and to prepay, in whole or in part, refinance, increase, modify, consolidate or extend any mortgage or other security devices, all on such terms and in such amounts as the General Partner, in their discretion, deem to be in the best interests of the Partnership;



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- c. To deposit, withdraw, invest, pay, ~~retain~~ and distribute the Partnership's funds in any manner consistent with the provisions of this Agreement, including commingling with other accounts;
 - d. To hold record title to assets of the Partnership in the name or names of a nominee or nominees for any purpose convenient or beneficial to the Partnership;
 - e. To bring and defend actions at law or at equity;
 - f. To employ persons in the operation and management of the Partnership's business;
 - g. To enter into, execute, and carry out contracts and agreements and any or all documents and instruments and to do and perform all such other things as may be in furtherance of Partnership purposes when necessary or appropriate to the conduct of Partnership activities; and to execute, acknowledge and deliver any and all instruments which may be deemed necessary or convenient to effect the foregoing;
 - h. To acquire and enter into any contract of insurance which the General Partner deem necessary and proper for the protection of the Partnership or for any purpose beneficial to the Partnership;
 - i. To retain or employ from time to time at the Partnership's expense persons, firms or corporations (whether or not affiliated with any General Partner) for the operation and management of the business of the Partnership, including Accountants, Attorneys, and property managers, all on such terms and for such compensation as the General Partner shall determine, and
 - j. To lend money to the Partnership, to secure said loans with a mortgage on Partnership assets and to be considered a secured creditor with respect to such loans.
- 10.3. Restrictions on Authority of General Partner. In addition to other acts expressly prohibited or restricted by this Agreement or by law, the General Partner shall have no authority to act on behalf of the Partnership and is expressly prohibited from the following:
- a. Doing any act in contravention of this Agreement;
 - b. Doing any act which would make it impossible to carry on the ordinary business of the Partnership, other than as permitted in this Agreement;
 - c. Seizing Partnership property or assigning the rights of the Partnership and specific Partnership property for other than a Partnership purpose;

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- d Admitting a person as a Limited Partner except as provided in this Agreement.
- e Performing any act (other than an act required by this Agreement or an act taken in good faith or in reliance upon counsel's opinion) which would, at the time such act occurred, subject any Limited Partner to liability as a general partner in any jurisdiction

10.4 Tax Matters Partner The General Partner shall serve as Tax Matters Partner for Federal income tax purposes. If on advice of counsel, the Tax Matters Partner determines that it is in the best interest of the Partners that the final results of any administrative proceedings be appealed by the institution of legal proceedings, the Tax Matters Partner is hereby authorized to commence such legal proceedings in such forum as it, on advice of counsel, determines to be appropriate. In the event the Tax Matters Partner selects a forum for appeal in which it is required to deposit a proportionate share of any disputed tax before making such appeal, it must obtain the consent of 50 percent by Interest of the Limited Partners. If such consent is obtained, each of the Partners (General and Limited) will be required to deposit and pay his proportionate share of such disputed tax before participating in such appeal. The Partners acknowledge that such deposit under current law does not earn interest and that the failure so to deposit may preclude a Partner from pursuing any other sort of appeal by court action. The General Partner shall also be responsible for supervising the preparation of the annual tax audit and tax return and the preparation of all reports required by the South Dakota Housing Development Authority ("SDHDA") or the limited partner investor regarding tax credit compliance. The Tax Matters Partner shall not be liable to any other Partner for any action taken with respect to any tax matter so long as the Tax Matters Partner is not grossly negligent or guilty of willful misconduct. Any costs paid or incurred by the Tax Matters Partner in connection with its activities in such capacity shall be reimbursed by the Partnership. Each Partner acknowledges that any cost he may incur in connection with an audit of his income tax return, including an audit of his investment in this Partnership, is such Partner's sole responsibility and obligation; and neither the Partnership, or any General Partner, including the Tax Matters Partner, shall be liable to any Partner for reimbursement or sharing of any such costs.

10.5 Other Businesses of Partners Each Partner may engage in and possess interests in other business ventures of every nature and description, independently or with others, including any aspect of the real estate business (including without limitation, ownership, operation, management, design, construction, rehabilitation, development, brokerage and sales of real estate). Neither the Partnership nor any Partner shall have any right in such independent ventures of a Partner or to the income or property derived therefrom.

10.6 Transactions with Affiliates The Partnership may employ or transact business on a bona fide arms length basis with any person notwithstanding the fact that the person may be an Affiliate of a Partner. The rates, terms and conditions of

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transactions with any Partner or Affiliate shall not exceed, or be less advantageous to the Partnership than, fair market rates, terms and conditions

10.7. Restrictions on Partners. Each Partner shall be subject to the following restrictions in the performance of his duties and obligations under this Agreement:

- a. Except as otherwise specified in this Agreement, no Partner shall have the right to incur any liability on behalf of another Partner or the Partnership, or to bind any of them to any contract or obligation without the approval of the General Partner
- b. No Partner shall receive any credit, rebate or commission without fully disclosing the same and obtaining the approval of the Partners.
- c. No Partner shall submit to another Partner any contract or purchase agreement in which such Partner or the Partnership contracts with any party which is an Affiliate of such Partner without disclosing to all Partners that the party is an Affiliate.
- d. No Partner shall institute any legal proceeding or suit on behalf of the Property without obtaining in each case the prior approval of the General Partner. If legal action seems advisable in the opinion of a Partner, the Partner shall promptly propose such action to all the Partners, stating the circumstances surrounding such proposal. Thereupon the General Partner shall investigate the circumstances surrounding the proposal; report to all the Partners the results of its investigation; and recommend to all the Partners a course of action. If any claims, demands, suits or legal proceedings are made, instituted or threatened against any Partner or the Partnership arising out of the Property or the Project, any Partner having knowledge of such claims, demands, suits or legal proceedings shall promptly give notice thereof to all the Partners and all information in his possession relating to such matter. Thereupon the General Partner shall investigate the circumstances; report to all the Partners the results of their investigation; and recommend to all the Partners a course of action. Each Partner shall at all times assist the Partnership in the prosecution of claims by the Partnership and the defense of claims against the Partnership.

10.8 Indemnity of Partners

- a. Any Partner (an "Indemnifier") who willfully and knowingly violates any of the terms, provisions or conditions of this Agreement or who commits any grossly negligent act or omission relating to the performance of his obligations hereunder or in his role as a Partner shall indemnify and hold harmless the Partnership and the other Partners (the "Non-Indemnifiers") from any and all claims, demands, actions, damages and expenses (including reasonable attorneys' fees) which may be brought against or

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offered by such Non-Indemnifiers as a consequence of such violation, act or omission

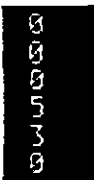
- b Should any Partner be obligated to pay any amount as a consequence of any liability incurred by or properly belonging to the Partnership and where such liability does not arise out of any willful and knowing violation of the terms, provisions or conditions of this Agreement by such Partner or any grossly negligent act or omission of such Partner, then such Partner shall be entitled to indemnification with respect to such amount (and any expenses related thereto including reasonable attorneys' fees) from the Partnership.
- c The obligations of the Partners or any parties related thereto pursuant to any agreements or contracts entered into with the Partnership (whether or not such agreements are referred to herein) shall be separate and distinct from their obligations hereunder and any default or failure of performance with respect to such separate agreements or contracts, unless otherwise specified in this Agreement, shall have the consequences provided for in such separate agreements or contracts or by applicable law and shall not constitute a breach hereunder

10.9 Compensation of Partners The General Partner shall be reimbursed with Partnership funds for any expenditure of its own funds for expenses properly incurred on behalf of the Partnership. The Partnership shall pay the General Partner or the person (including an Affiliate) performing management services for the Partnership an annual Management Fee and a development fee as approved by the General Partner. The General Partner shall not receive any other compensation from the Partnership except as may be provided in this Agreement.

11. Provisions Applicable to Limited Partners

The following provisions shall apply to the Limited Partners, and the Limited Partners hereby agree thereto:

11.1 Liability. The Limited Partners shall be liable with respect to the Partnership only to the extent of the amount of the contribution to capital made or agreed to be made by such Limited Partners as provided in Paragraph 6.1. No Limited Partner shall have any personal liability whatsoever, whether to the Partnership, to any of the Partners or to the creditors of the Partnership, for the debts of the Partnership or any of its losses beyond the amount of such contribution to capital. No Limited Partner shall be liable (i) as a general partner unless, in addition to the exercise of his rights and powers as a Limited partner, he takes part in the management or control of the Partnership's business, or (ii) to the Partnership or to a General Partner, as the case may be, unless a liability of the Partnership or a General Partner is founded upon the unauthorized activity of such Limited Partner in attempting to take part in the control of the Partnership's business.



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- 11.2 No Participation in Control or Management Subject to the rights of the Limited Partners set forth in this Agreement, no Limited Partner shall take any part or participate in the conduct of, or have any control over, the business of the Partnership, and no Limited Partner shall have any right or authority to act for or to bind the Partnership in his capacity as Limited Partner.
- 11.3 Death or Incapacity The death, legal incapacity or bankruptcy of a Limited Partner shall not cause the termination of the Partnership, but the rights of said deceased, incapacitated or bankrupt Limited Partner to share in the profits and losses of the Partnership, to receive distributions of Partnership funds and to assign a Partnership interest pursuant to Article 13 shall, on the happening of such an event and subject to the provisions of Articles 13 and 14, devolve upon his personal representative, guardian or trustee. The estate of the deceased, incapacitated or bankrupt Limited Partner, as the case may be, shall be liable for all the obligations of the deceased or incapacitated Limited Partner. However, in no event shall such personal representative, guardian or trustee become a substitute Limited Partner, except in accordance with Articles 13 and 14.
- 11.4 Consent To the fullest extent permitted by law, the Limited Partners hereby consent to the exercise by the General Partner of all of the rights and powers conferred on the General Partner by this Partnership Agreement.
- 11.5. Acknowledgment Each of the Limited Partners acknowledges that he has made an investigation of the pertinent facts relating to the compensation and other payments to the General Partner (or any Affiliate) to the extent he deems necessary in order to be fully informed with respect thereto.
- 11.6. Power of Attorney The Limited Partner, by execution hereof hereby irrevocably constitutes and appoints the General Partner with full power of substitution, their true and lawful attorney-in-fact, in their name, place and stead to make, execute, sign, acknowledge, record and file, on behalf of them and on behalf of the Partnership, the following:
 - a. A Certificate of Limited Partnership, a Certificate of Doing Business Under an Assumed Name, and any other certificates or instruments which may be required to be filed by the Partnership or the Partners under the laws of the State of South Dakota and any other jurisdiction whose laws may be applicable;
 - b. A Certificate of Cancellation of the Partnership and such other instruments or documents as may be deemed necessary or desirable by the General Partner upon the termination of the Partnership's business pursuant to Article 17;
 - c. Any and all amendments and restatements of the instruments described in subparagraphs a and b above, provided such amendments are either required by law to be filed, or are consistent with this Agreement

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(including, without limitation, any assignments admitting or substituting assignees of Partnership Interests as Limited Partners, forfeiting the Partnership Interests of Limited Partners in accordance with this Agreement, or admitting or substituting additional or successor General Partner) or have been authorized by the particular Limited Partner or Limited Partners;

- d Any and all such other instruments as may be deemed necessary or desirable by the General Partner to carry out fully the provisions of this agreement in accordance with its terms.

The foregoing grant of authority is a Special Power of Attorney coupled with an Interest, is irrevocable, shall survive the death or incapacity of the Limited Partner granting the power and shall survive the delivery of an assignment by a Limited Partner of the whole or any portion of his Limited partnership Interests. The Power of Attorney may be exercised by any General Partner on behalf of each Limited Partner by a facsimile signature or by listing all of the Limited Partners executing any instrument with a single signature as attorney-in-fact for all of them.

12. Books of Account and Reports

- 12.1. Books of Account. The General Partner shall keep complete and accurate accounts of all transactions of the Partnership in proper books of account and shall enter or cause to be entered therein a full and accurate account of each and every Partnership transaction in accordance with the accrual method of accounting consistently applied. The books and records of the Partnership shall be closed and balanced as of the end of each fiscal year. The books of account and other records of the Partnership shall at all times be kept at the place of business of the Partnership and each of the Partners shall have access to and may inspect and copy any of such books and records at all reasonable times.
- 12.2. Accounting Practices. The books of account of the Partnership shall be kept on the accrual method consistently applied. The fiscal year and tax year of the Partnership shall be the calendar year. The General Partner shall have the authority to designate and retain Accountants to assist in the maintenance and preparation of such books, records and reports as the General Partner deems desirable.
- 12.3. Bank Accounts. The Partnership shall maintain bank accounts in such bank or banks as may be selected by the General Partner. All withdrawals from such bank accounts shall be made by check or other instrument, signed by such Person or Persons as the General Partner may designate.
- 12.4. Annual Report to Partners. The General Partner shall cause the Accountants, within a reasonable time after the end of each fiscal year of the Partnership, to prepare and deliver to the Partners financial statements which shall include a balance sheet and statement of profit and loss and such other information as is

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customary in businesses similar to that of the Partnership. Such financial statements need only be reviewed by the Accountants and need not have an opinion expressed thereon; provided, however, that should any Partner so request in writing, the Accountants shall provide their opinion with respect to such financial statements and the additional expense of such opinion shall be borne by the requesting Partner

- 12.5. Audit and Inspection. Each Partner, or any person designated by a Partner, shall have the right to audit the books, records and accounts of the Partnership at any reasonable time at the expense of the auditing Partner. The General Partner shall make available all books, records and accounts relating to the Project, including all correspondence and leases. All such records shall be the property of the Partnership, and upon termination of the Partnership, the same shall be available to all Partners.
- 12.6. Tax Information. Within ninety days after the end of each fiscal year the General Partner shall deliver to each Partner adequate tax information relating to the Partnership's operations to enable each Partner to complete and file all Federal, state and local tax returns, for which he may be liable.
- 12.7. Tax Elections. The General Partner, in its discretion, may cause the Partnership to make, refrain from making, or once having made, to revoke, any federal, state, or local tax elections, including, but not limited to, the election referenced in Section 754 of the Code

13. Transfer of Limited Partnership Interest

- 13.1. Consent Required. Except as expressly permitted herein, no Limited Partner shall sell, assign, transfer, mortgage, charge or otherwise encumber (herein - sometimes collectively called "Transfer") all or part of his Limited Partnership Interest without the approval of the General Partner and any attempt to do so shall be void. Such approval may be granted or withheld in the sole discretion of the General Partner. The giving of such approval in any one or more instances shall not limit or waive the need for such approval in any other or subsequent instances.
- 13.2. Requirements of Transfer. Any Transfer pursuant to this Article 13 shall comply with the following requirements:
- a. An instrument of Transfer executed by the transferor and the transferee of the Limited Partnership Interest, satisfactory in form to the General Partner, shall be delivered to the General Partner;
 - b. The Transfer will not, in the opinion of the attorneys for the Partnership, impair the ability of the Partnership to be taxed as a Partnership for federal income tax purposes or result in a termination of the Partnership under the Code;



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- c The instrument of Transfer shall be accompanied by an opinion of counsel, satisfactory in form and substance to the General Partner, to the effect that either (i) the Transfer constitutes an exempt transaction and does not require registration under any applicable securities laws, or (ii) the Interest to be transferred is duly and properly registered under all applicable securities laws, and
- d The transferee agrees to comply with and be bound by the terms of this Agreement and to execute any and all documents that the General Partner may deem necessary in connection with the Transfer and if applicable the substitution of the transferee as a Substitute Limited Partner.

- 13.3 Prohibited Transfers. Anything to the contrary in this Agreement notwithstanding, except as otherwise provided in Paragraph 13.6, a Limited Partnership Interest may not be transferred to a person unless such person is accepted as an additional or substitute Limited Partner (a "Substitute Limited Partner") by the written consent of the General Partner which consent may be granted or withheld in the sole discretion of the General Partner, and such person executes an instrument satisfactory in form and substance to the General Partner agreeing to be bound by all the terms and provisions of this Agreement. In the event the requisite consent or execution is not obtained, the Limited Partner shall not be entitled to any rights of a Partner under this Agreement, but shall be entitled to his pro rata share of Partnership income, gains, losses, credits, deductions and distributions as are otherwise made available in accordance with this Agreement. Any subsequent transfer of the Limited Partnership Interest shall remain subject to the provisions of this Agreement as if the person were a Partner. Further, if a person who is not a Partner fails to contribute his proportionate share of capital pursuant to Paragraph 7.1, he shall be subject to the provisions of Article 16. In the event the requisite consent or execution is not obtained, the transferor Partner shall remain liable for his obligations under this Agreement, including specifically the obligation to contribute capital pursuant to Paragraph 7.1.
- 13.4. Acquit Partnership In the absence of written notice to the Partnership of any sale or assignment of a Limited Partnership Interest, any payment to the selling or assigning Partner or his executors, administrators or representatives shall acquit the Partnership of liability to the extent of such payment to any other person who may have an interest in such payment by reason of an assignment by the Partner or by reason of such Partner's death or otherwise.
- 13.5. New Partners Bound by Agreement. Any person who is admitted to the Partnership as a Substitute Limited Partner shall be subject to and bound by all the provisions of this agreement as if originally a party to this agreement, including specifically the capital contribution requirements of Paragraph 7.1.
- 13.6. Permitted Transfer. No consent of the General Partner shall be required if a Limited Partnership Interest is transferred to or among the Limited Partners,

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provided that such transfer shall not result in a termination under Section 708 of the Code. In such event, the transferee Partner shall succeed to the Capital Account and to all rights, duties, responsibilities and obligations of the transferor Partner. All Partners agree to execute such documents and to take such further action as may be necessary to evidence the admission of Limited Partners and the transfer of a Limited Partnership Interest pursuant to this Paragraph 13.6

- 13.7. Section 708 Transfer Restrictions. Anything to the contrary in this Agreement notwithstanding, without the written consent of all Partners, no transfer of a Limited Partnership Interest may be made if such transfer constitutes a sale or exchange within the meaning of Section 708 of the Code and if the Partnership Interest sought to be sold or exchanged, when added to the total of all other Partnership Interests sold or exchanged within the period of twelve consecutive months prior thereto, constitutes fifty percent or more of the total interests in the Partnership capital and profits and thereby results in a termination of the Partnership under Section 708.
14. Withdrawal, Expulsion or Removal of General Partners; Replacement
- 14.1. Withdrawal, Substitution. A General Partner may not voluntarily withdraw from the Partnership in contravention of the terms of any agreement binding on the Partnership. Except as otherwise expressly provided herein, a General Partner may not voluntarily withdraw from the Partnership unless such withdrawing General Partner provides a substitute General Partner to the Partnership or unless there is remaining at least one General Partner who agrees to assume the Interest of the withdrawing General Partner. Anything to the contrary herein notwithstanding, the General Partner at any time may admit an additional General Partner, with such adjustment of the General Partnership Interests as the General Partner may determine and agree, provided that the Partnership Interests of the Limited Partners are not affected thereby. Provided, further, that a substitute or additional General Partner (a "Substitute General Partner") must be approved by all of the Limited Partners, except that fewer, but not less than a majority in interest of the Limited Partners, will be sufficient if such lesser percentage is consistent with existing requirements for maintenance of the legal status (i) of the Limited Partners as limited partners rather than general partners, and (ii) of the Partnership as a partnership for federal income tax purposes rather than a corporation, as established by a favorable opinion of legal counsel. Approval of the Partners may be given at a special meeting called by the General Partner upon at least thirty days notice to all Partners.

In the event of the wrongful withdrawal of a General Partner under this Paragraph 14.1, the General Partner shall be deemed to have surrendered to the Partnership his entire interest in the Partnership and shall be entitled to no compensation therefor.

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- 14.2. Removal A General Partner shall be removed without further action if (i) a final judicial determination of its bankruptcy or insolvency is made or a trustee, receiver or liquidator of its estate is appointed and within 120 days of such determination or appointment such General Partner fails to have such determination reversed or dismissed or fails to have a plan of reorganization of its affairs confirmed or fails to vacate the appointment, or (ii) a General Partner files a voluntary petition in bankruptcy under the United States Bankruptcy Code. Provided, however, that a General Partner shall not be removed in the event it files a voluntary petition in bankruptcy unless, within ninety days of the date the petition is filed, more than fifty percent by interest of the Limited Partners determine that the filing of the petition will have a material adverse effect on the operation of the Partnership. Said determination may be made upon notice by said Limited Partner at a special meeting called by the General Partner at the request of said Limited Partner upon at least thirty days notice to all Partners.
- 14.3. Replacement of a General Partner. In the event of (i) the wrongful withdrawal of a General Partner in violation of Paragraph 14.1, or (ii) the removal of a General Partner under Paragraph 14.2 (except and unless the remaining General Partner agree to assume the Interest of the removed General Partner), twenty percent by interest of the Limited Partners may call a special meeting of the Partnership for the purpose of replacing the withdrawing or removed General Partner, and at least thirty days notice of such meeting shall be given to all Partners. At such meeting, the General Partner may be replaced in the same manner and subject to the same approvals required in Paragraph 14.1 to approve a General Partner.

A Substitute General Partner, immediately upon his admission as a General Partner, shall purchase from said former General Partner, and said former General Partner shall be required to sell all of his Interest in the Partnership. The purchase price shall be such amount as is agreed upon between said General Partner and such Substitute General Partner, and if no such agreement is reached within sixty days of the admission of the Substitute General Partner, such amount shall be the fair market value as determined by an independent appraiser selected by the interested parties, or if they cannot mutually agree to such appraiser, as appointed by the President of the American Institute of Real Estate Appraisers. The appraiser's determination of fair market value shall be binding on the parties. The costs and expenses of the appraiser shall be borne one-half by the former General Partner and one-half by the Substitute General Partner. The purchase price determined pursuant to this Paragraph 14.4 shall be paid in cash at a closing to be held within forty-five days after the determination of the fair market value.

15. Amendment of Agreement

- 15.1. Amendment of Agreement. This Agreement may be amended in any respect on the affirmative vote of Limited Partners holding 60 percent of the then outstanding interest in the Partnership as Limited Partners and the General Partner, provided, however, that this Agreement may not be amended so as to (i) convert a Limited Partner to a General Partner, or (ii) modify the limited liability

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of a Limited Partner; or (iii) alter the interests of a General or Limited Partner in profits or losses or in cash distributions of the Partnership

In addition to any amendments otherwise authorized herein, this Agreement may be amended from time to time by the General Partner, without the consent of any of the Limited Partners, (i) to add to the representations, duties or obligations of the General Partner herein, or surrender any right or power granted to the General Partner herein, for the benefit of the Limited Partner, or (ii) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Agreement which will not be inconsistent with the provisions of this Agreement. No amendment shall be adopted pursuant to this Article 15 unless the adoption thereof (1) is for the benefit of or not adverse to the interests of the Limited Partners; (2) does not alter the interest of any General or Limited Partner in profits or losses or in cash distributions of the partnership; and (3) does not, in the opinion of counsel for the Partnership, by its terms alter the limited liability of the Limited Partner or the status of the Partnership as a partnership for federal income tax purposes.

- 15.2. Meetings. Upon the written request of Limited Partners holding fifty percent (50%) or more of the then outstanding Interests in the Partnership as Limited Partners, the General Partner shall call a meeting of the Limited Partners, Notice of such meeting shall be given within 10 days after, and the meeting shall be held within 30 days after, receipt of such request.
- 15.3. Voting. Any vote of the Partners may be by written resolution signed by the required number or percentage of Partners, and in such case, no meeting of the Partners shall be required

16. Breach of Agreement

If any Partner ("Defaulting Partner") should default in his payment of any money obligation arising under this Agreement or default in the performance of any non-monetary obligation arising under this Agreement, any other Partner or Partners ("Non-Defaulting Partners") may enforce the specific performance of this Agreement or may pursue any other remedy at law or at equity.

17. Termination and Liquidation

- 17.1. Events Not Causing Liquidation. Except as otherwise specifically provided in Paragraph 17.2, the business of the Partnership will continue, upon dissolution of the Partnership for any reason, or on the death, withdrawal or bankruptcy of a Limited Partner or of a General Partner, or on the addition of Partners in accordance with the provisions of Articles 13 through 14 of this Agreement. Title to the Property of the Partnership shall be vested in the Partnership continuing the business. Upon such dissolution no Partner, or its legal representatives, shall have the right to an accounting of its interest as against the Partnership continuing the

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business, and no Partner, or its legal representative, shall have the right to have the value of its Interest as of the date of dissolution ascertained or have any right as a creditor or otherwise with respect to the value of its Interest.

- 17.2. Events Causing Liquidation. The Partnership will dissolve, liquidate and its business will not be continued upon the happening of any of the following events:
- a. Upon written petition to all Partners by Partners owning at least 75 percent of the Partnership Interests.
 - b. Upon the expiration of the term of the Partnership as specified in Section 6.1 unless such term is extended by amendment to this Agreement;
 - c. Upon the sale, exchange or other disposition of all or substantially all of the assets of the Partnership;
 - d. The death, withdrawal, expulsion or removal of the General Partner, unless (i) there is remaining at least one General Partner, and the remaining General Partner elect within ninety days of the date of such event, to continue the business of the Partnership or (ii) there is remaining no General Partner, but a successor General Partner is elected by affirmative vote of at least a majority in interest of the remaining Partners pursuant to Paragraph 14.3 within ninety days of the date of such event, and such successor General Partner elects to continue the business of the Partnership.
 - e. The insolvency or bankruptcy of the Partnership;
 - f. The cancellation of the Certificate of Limited Partnership or if all Limited Partners cease to be such;
 - g. On the occurrence of any event which, under the laws of the State of South Dakota and notwithstanding the terms of this Agreement, shall terminate the Partnership and require it to be liquidated.
- 17.3. Distribution on Liquidation. Upon an event of liquidation, the business of the Partnership shall be wound up, the General Partner shall take full account of the Partnership assets and liabilities, and all assets shall be liquidated as promptly as is consistent with obtaining the fair value thereof. If any assets are not sold, gain or loss shall be allocated to the Partners in accordance with Article 8 as if such assets had been sold at their fair market value at the time of the liquidation. If any assets are distributed to a Partner, rather than sold, the distribution shall be treated as a distribution equal to the fair market value of the asset at the time of the liquidation. The assets of the Partnership shall be used and applied in the following order of priority:
- a. To the payment of all debts and liabilities of the Partnership, including all fees due the General Partner and its Affiliates, and including any loans or

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advances that may have been made by the Partners to the Partnership, in the order of priority as provided by law.

- b To the establishment of any reserves deemed necessary by the General Partner or the Person winding up the affairs of the Partnership for any contingent liabilities or obligations of the Partnership.
- c To the Limited Partners and the General Partner (ratably in proportion to the amount of the credit balances in their respective Capital Accounts) in an amount equal to the aggregate credit balances in their Capital Accounts after and including the allocation of any income, gain or loss from the sale, exchange or other disposition (including a deemed sale, exchange or other disposition pursuant to this Paragraph 17.3) of all or substantially all of the Partnership's assets.
- d To the extent of any proceeds remaining, to the Partners (ratably in proportion to their respective Partnership Interests).

18. Miscellaneous

- 18.1 Notice. All notices, offers, demands, certificates or other communications required or permitted under this Agreement shall be in writing, signed by the Person giving the same. Notice shall be treated as given when personally received or (except in the event of a mail strike) when sent by certified or registered mail, postage prepaid, return receipt requested, to a Partner at the address as shown from time to time on the records of the Partnership. Any Partner may specify a different address by notice to the Managing Partner.
- 18.2 Partition. The Partners agree that the Partnership properties are not and will not be suitable for partition. Accordingly, each of the Partners hereby irrevocably waives any and all rights that he may have to maintain any action for partition of any Partnership property.
- 18.3 Consent and Waiver. No consent under and no waiver of any provision of this Agreement on any one occasion shall constitute a consent under or waiver of any other provision on said occasion or on any other occasion, nor shall it constitute a consent under or waiver of the consented to or waived provision on any other occasion. No consent or waiver shall be enforceable unless it is in writing and signed by the party against whom such consent or waiver is sought to be enforced.
- 18.4 Governing Law. This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of South Dakota.
- 18.5 Number and Gender. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural and pronouns stated in either the masculine, the feminine or the neuter gender shall include the masculine, feminine and neuter.

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- 18.6 Interpretation. All references herein to ~~Articles~~ Paragraphs and subparagraphs refer to Articles, Paragraphs and subparagraphs of this Agreement. All Article and Paragraph headings are for reference purposes only and shall not affect the interpretation of this Agreement.
- 18.7 Severability. If any provision of this Agreement or the application of such provision to any Person or circumstances, shall be held invalid, the remainder of the Agreement, or the application of such provision to Persons or circumstances other than those to which it is held invalid, shall not be effect thereby.
- 18.8 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement binding on all Partners. Each Partner shall become bound by this Agreement only upon the execution of the Agreement by all the Partners.
- 18.9. Necessary Instruments. The Partners covenant and agree that they shall execute any further instruments and shall perform any acts which are or may become necessary to effectuate and to carry out the terms and conditions of this Agreement.
- 18.10. Binding Effect. This Agreement shall bind the Partners and their respective successors and assigns. However, nothing in this Paragraph 18.10 shall be construed to permit a transfer of this Agreement or of a Partnership Interest in violation of Articles 13 and 14 hereof.
- 18.11. Entire Agreement: This Agreement sets forth the entire understanding between the parties, there being no terms, conditions, warranties or representations other than those contained herein.

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5/11/00

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

GENERAL PARTNER

OTI KAGA, INC.

By: William Picotte

Its Executive Director

LIMITED PARTNER

William Picotte
William Picotte

EXHIBIT A 0005301.0003
5/11/00

GENERAL PARTNER	PARTNERSHIP INTEREST	CAPITAL CONTRIBUTION
Oti Kaga, Inc Box 751 Teton Mall, Room 5 Eagle Butte, South Dakota 57625	.01%	\$0.01
INITIAL LIMITED PARTNER		
William Picotte Box 751 Teton Mall, Room 5 Eagle Butte, South Dakota 57625	99.99%	\$99.99

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5/11/00
EXHIBIT B
LEGAL DESCRIPTION

Falcon Apartments Land Description

A tract of land located in Tract B, Larson's Addition to Ziebach County, south Dakota, in the N1/2NW1/4 Section 20, T12N, R24E Black Hills Meridian, Ziebach County, South Dakota, commencing 233.5 feet South from the North 1/4 corner of Section 20 being the point of beginning, thence West 474.6 feet, thence South 100.3 feet, thence East 89.8 feet, thence South 211.3 feet, thence East 376.3 feet, thence North 312.1 feet to the point of beginning.

RECEIPT NO. 860432

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FILE NO. DP001142

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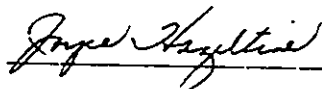
FALCON LIMITED PARTNERSHIP

Filed at the Request of:

OTI KAGA INC
BOX 751
EAGLE BUTTE SD 57625

State of South Dakota §
Office of the Secretary of State

Filed in the office of the Secretary of
State on February 16, 2000



JOYCE HAZELTINE
Secretary of State