

**AGREEMENT OF LIMITED PARTNERSHIP
OF
KNOLLWOOD APTS II, LP**

The undersigned Partners do hereby enter into this Agreement of Limited Partnership (this “Agreement”) as of February 16, 2026, pursuant to the provisions of the Act and on the terms and conditions set forth herein.

1. Name. The name of the Partnership shall be Knollwood Apts II, LP, and all business of the Partnership shall be conducted under such name.

2. Certificates to be Filed. The General Partner shall cause a Certificate of Limited Partnership to be duly recorded and filed in all offices as and to the extent required by law and will cause such other Certificates, instruments, documents and notices to be duly recorded, filed and published in all offices or otherwise as and to the extent required by law.

3. Purposes. This Partnership is formed for the sole purpose of acquiring, constructing, rehabilitating, owning, operating, managing, selling and otherwise dealing with affordable housing qualified to receive (i) low-income housing tax credits under Section 42 of the Internal Revenue Code, and (ii) rental assistance under Section 515 of the Housing Act of 1949, consisting of a fifty-two (52) unit multifamily housing development, commonly known as *Knollwood Apartments*, located at 822 Archie Street, Fort Mill, South Carolina, together with incidental personalty (said real property and improvements thereto herein called the “Property” or “Project”). The business and objects to be carried on by it without limitation are as follows:

A. To construct, develop, operate, maintain and improve, and to buy, own, sell, convey, assign, mortgage or lease any real estate and any personal property necessary to the operation and management of the Project.

B. To borrow money and issue evidences of indebtedness in furtherance of any or all of the objects of its business; to secure the same by mortgage, pledge or other lien.

C. To enter into, perform, and carry out contracts and agreements necessary, appropriate or incidental to the accomplishments of the purposes of the Partnership;

D. To enter into any kind of activity, and to perform and carry out same necessary to, or in connection with, or incidental to the accomplishment of the purposes of the Partnership. The Partnership shall not engage in any other business or activity, except as set forth in or contemplated by this Agreement.

4. Separability. In case any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect other provisions hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision never had been contained herein.

5. Place of Business. The principal office and principal place of business of the Partnership shall be 1437 Old Square Road, Suite 201, Jackson, Mississippi 39211, or at such other location in the State of Mississippi as may hereafter be determined by the General Partner. Each Limited Partner shall be notified by the General Partner of any change in the principal place of business of the Partnership.

6. Term.

A. The term of the Partnership shall be perpetual, provided, however, that the Partnership shall be dissolved prior to such date upon the happening of any one of the following:

- (i) the sale or other disposition of all or substantially all of the Partnership assets;
- (ii) the agreement to dissolve the Partnership by the General Partner and not less than a majority in interest of the Limited Partners; or
- (iii) the retirement of the General Partner (as defined in Paragraph 31I), except as provided in Paragraph 20.

B. Notwithstanding anything contained in Paragraph 6(A) or elsewhere in this Agreement to the contrary, the term of the Partnership shall extend at least through the latest of all existing and proposed Rural Development debt incurred by the Partnership.

7. Capital Contributions.

A. The General Partner has contributed capital, in cash, property, or services to the Partnership in the amounts set forth opposite its name in *Exhibit A* hereto.

B. The Limited Partner has contributed capital, in cash, cash equivalent or property, to the Partnership in aggregate amount set forth opposite its name in *Exhibit A* hereto.

C. No Partner has made, nor shall except as specifically provided herein be required to make, any further contributions of cash or other property to the Partnership, other than the capital to be contributed by each Limited Partner pursuant to Paragraph 7B.

D. No Partner shall receive interest on a Capital Contribution made to the Partnership.

8. Certain Obligations of the General Partner. Except as otherwise provided herein, the General Partner may, but is not required to, loan additional funds to the Partnership to fund operating deficits.

9. Income Tax Allocation of Profits and Losses.

A. Except as otherwise provided herein, each item of income, deduction, gain, loss and credit of the Partnership and each other item required to be separately allocated for Federal, State and/or local income tax purposes, computed in accordance with the method of accounting chosen by the General Partner, shall be allocated among and borne by the Partners as follows:

(1) Except as otherwise provided herein, each such item shall be allocated .01% to the General Partner and 99.99% to the Limited Partner.

(2) All allocations made to the Limited Partners or the General Partners as a group, as described in Paragraph 9A(1), shall be divided among the respective Limited Partners or General Partners, as applicable, in the same proportion as such Partners' Capital Contributions to the Partnership bear to the aggregate amount of Capital Contributions to the Partnership made by all Limited Partners or General Partners, as applicable.

(3) For any Partnership taxable year during which there is a sale or other transfer of all or any portion of the Property or other asset of the Partnership occurs, or if the Partnership shall realize gain upon the refinancing of any mortgage upon the Property or from any other extraordinary source, (including insurance or condemnation award), any gain so realized by the Partnership with respect thereto shall be allocated for such Partnership taxable year as follows:

(a) First to the Partners the least portion of such gain as is required to eliminate any deficit in the Capital Account balance of such Partners remaining following the adjustment of all Partners' Capital Account balances to take into account any allocations under Paragraph 9A(1) for such Partnership taxable year;

(b) Then to the Partners, after taking into account the adjustments in the Capital Account balances resulting from any allocation of such Partnership taxable year under Paragraph 9A(1) and the gain allocation required by Paragraph 9A(3)(b), 99.99% to the Limited Partner and .01% to the General Partner.

(4) In the event any Partner who is not a General Partner unexpectedly receives any adjustments, allocations, or distributions described in Regulations Sections 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), items of Partnership income and gain shall be specifically allocated to each such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Partner as quickly as possible, provided that an allocation pursuant to this Paragraph 9A(4) shall be made if, and only to the extent, that such Partner would have a deficit in such Partner's Capital Account after all other allocations provided for in Paragraph 9A have been tentatively made, as if this Paragraph 9A(4) were not in this Agreement.

The allocations described in Paragraph 9A(3) above are to be shared by each Limited Partner in the same proportion as such Limited Partner's Capital Contribution to the Partnership bears to the aggregate amount of Capital Contributions to the Partnership made by all Limited Partners.

Notwithstanding anything to the contrary contained in this Agreement, Capital Accounts shall at all times be determined and maintained in accordance with Code Section 704 of the Internal Revenue Code and the regulations thereunder and all allocations of income, gain, loss and deduction with respect to assets held by the Partnership shall be governed by the principles set forth in Section 704(b) and Section 704(c) of the Code and the regulations thereunder.

B. Capital Accounts, The Partnership shall establish and maintain a capital account (“Capital Account”) for each Partner in accordance with Section 704(b) of the Code and Treasury Regulations Section 1.704-1(b)(2)(iv). On the effective date hereof, there shall be credited to the Capital Account of each Partner the cash amount and the fair market value of any Capital Contribution made by such Partner to the Partnership. Except as otherwise provided in this Agreement, the Capital Account balance of each Partner shall be credited (increased) by (i) the amount of cash contributed by such Partner to the capital of the Partnership, (ii) the fair market value of property contributed by such Partner to the capital of the Partnership (net of liabilities secured by such property that the Partnership assumes or takes subject to), (iii) such Partner’s allocable share of Partnership income and gain (or items thereof) including income and gain exempt from federal taxation, and (iv) such Partner’s share of any increase in basis of Partnership “Section 38” property pursuant to Section 48(q) of the Code, and the Capital Account balance of each Partner shall be debited (decreased) by (i) the amount of cash distributed to such Partner, (ii) the fair market value of property distributed to such Partner (net of liabilities secured by such property which the Partner assumes or takes subject to), (iii) such Partner’s share of Partnership losses, depreciation and other deductions, including such Partner’s share of expenditures of the Partnership described in Section 705(a)(2)(B) of the Code and (iv) such Partner’s share of any reduction in basis of Partnership “Section 38” property pursuant to Section 48(q) of the Code. A Partner’s share of any basis reduction or increase pursuant to Section 48(q) of the Code shall be determined in the manner prescribed by Treasury Regulations Section 1.46-3(f). Notwithstanding the foregoing, a Partner’s Capital Account shall not be adjusted to reflect gain or loss attributable to the disposition of property contributed by such Partner to the extent such Partner’s Capital Account reflected such inherent gain or loss in the property on the date of its contribution to the Partnership.

C. Additional Tax Allocations Provisions.

(1) For income tax purposes, allocations of income and loss (and items thereof) shall be made in accordance with the foregoing allocations of Net Income and Net Loss for financial purposes.

(2) Notwithstanding anything to the contrary contained herein, items of income, gain, loss and deduction with respect to property, other than cash, contributed to the Partnership by a Partner or with respect to an adjustment to the Partners’ Capital Accounts to reflect a revaluation of the Partnership assets, shall be allocated among the Partners so as to take into account the variation between the basis of the property to the Partnership and its fair market value at the time of contribution or, in the case of a revaluation of the Project, the variation between the basis of the Project to the Partnership and its fair market value of the date of revaluation, as provided in

Section 704(c) of the Code and Regulations thereunder and Treasury Regulations Section 1.704-1(b)(2)(iv)(g).

(3) As between a Partner who has transferred all or part of its interest in the Partnership and its transferee, all items of income, gain, deduction and loss, for any year shall be apportioned on the basis of the number of days in each such year that each was the holder of such interest (making any adjustments necessary to comply with the provisions of Section 706(d)(2) of the Code), without regard to the results of the Partnership's operations during the period before and after the date of such transfer, provided that if both the transferor and transferee consent thereto a special closing of the books shall be had as of the effective date of such transfer and the apportionment of items of income and gain, and deduction and loss, shall be made on the basis of actual operating results.

D. Special Allocations. The following special allocations shall be made in the following order:

(1) Minimum Gain Chargeback. Notwithstanding any other provision of this Paragraph 9, if there is a net decrease in Partnership Minimum Gain during any Partnership fiscal year, Partners shall be specially allocated items of Partnership income and gain for such year (and if necessary, subsequent years) in an amount equal to the greater of (i) the portion of such Person's share of the net decrease in Partnership Minimum Gain, determined in accordance with Regulations Section 1.704-1T(b)(4)(iv)(f), that is allocable to the disposition of Partnership Property subject to Nonrecourse Liabilities, determined in accordance with Regulations Section 1.704-1T(b)(4)(iv)(e), or (ii) if such Person would otherwise have an Adjusted Capital Account Deficit at the end of such year, an amount sufficient to eliminate such Adjusted Capital Account Deficit. Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to the Partners pursuant thereto. The items to be so allocated shall be determined in accordance with Section 1.704-1T(b)(4)(iv)(e) of the Regulations. This Paragraph 9D(1) is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith. To the extent permitted by such Section of the Regulations and for purposes of this Paragraph 9D(1) only, each Person's Adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to this Paragraph 9 with respect to such fiscal year and without regard to any net decrease in Partner Minimum Gain during such fiscal year.

(2) Partner Minimum Gain Chargeback. Notwithstanding any other provision of this Paragraph 9, except Paragraph 9D(1) if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership fiscal year, each Person who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-1T(b)(4)(iv)(h)(5) shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to the greater of (i) the portion of such Person's Share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-1T(b)(4)(iv)(h)(4), or (ii) if such Person would otherwise have an Adjusted Capital Account Deficit at the end of such year, an amount sufficient to eliminate such Adjusted Capital Account

Deficit. Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to the General Partner and each Limited Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Section 1.704-1T(b)(4)(iv)(h)(4) of the Regulations. This Paragraph 9D(2) is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith. Solely for purposes of this Paragraph 9D(2), each Person's adjusted Capital Account Deficit shall be determined prior to any other allocations pursuant to this Paragraph 9 with respect to such fiscal year, other than allocations pursuant to Paragraph 9D(1) hereof

(3) **Qualified Income Offset.** In the event the Partners unexpectedly receive any adjustments, allocations, or distributions described in Regulations Section 1.704-1T(b)(2)(ii)(d)(4), 1.704-1T(b)(2)(ii)(d)(5), or 1.704-1T(b)(2)(ii)(d)(6), items of Partnership income and gain shall be specially allocated to the Partners in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficits created by such adjustments, allocations, or distributions as quickly as possible, provided that an allocation pursuant to this Paragraph 9D(3) shall be made only if and to the extent that such Partner would have a deficit Capital Account after all other allocations provided for in this Paragraph 9 have been tentatively made as if this Paragraph 9D(3) were not in this Agreement.

(4) **Gross Income Allocation.** In the event any Partner has a deficit Capital Account at the end of any Partnership fiscal year which is in excess of the sum of (i) the amount such Partner is obligated to restore pursuant to any provision of this Agreement, and (ii) the amount such Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-1T(b)(4)(iv)(f) and 1.704-1T(b)(4)(iv)(h)(5), each such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Paragraph 9D(4) shall be made only if and to the extent that such Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Paragraph 9 have been made as if this Paragraph 9D(4) and Paragraph 9D(3) hereof were not in this Agreement.

(5) **Nonrecourse Deductions.** Nonrecourse Deductions for any fiscal year or other period shall be specially allocated among the Partners as according to their respective percentage interest for allocations as described in Paragraph 9A.

(6) **Partner Nonrecourse Deductions.** Any Partner Nonrecourse Deductions for any fiscal year or other period shall be specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-1T(b)(4)(iv)(h).

E. Curative Allocations.

(1) The "Regulatory Allocations" consist of the "Basic Regulatory Allocations", as defined in Paragraph 9E(2) hereof, the "Nonrecourse Regulatory Allocations," as

defined in Paragraph 9E(3) hereof and the “Partner Nonrecourse Regulatory Allocations,” as defined in Paragraph 9E(4) hereof.

(2) The “Basic Regulatory Allocations” consist of allocations pursuant to Paragraphs 9D(3) and 9D(4) hereof.

(3) The “Nonrecourse Regulatory Allocations” consist of all allocations pursuant to Paragraphs 9D(1) and 9D(5) hereof. Notwithstanding any other provision of this Agreement, other than the Regulatory Allocations, the Nonrecourse Regulatory Allocations shall be taken into account in allocating items of income, gain, loss, and deduction among the Partners so that, to the extent possible, the net amount of such allocations of other items and the Nonrecourse Regulatory Allocations to each Partner shall be equal to the net amount that would have been allocated to each such Partner if the Nonrecourse Regulatory Allocations had not occurred. For purposes of applying the foregoing sentence (i) no allocations pursuant to this Paragraph 9E(3) shall be made prior to the Partnership fiscal year during which there is a net decrease in Partners Minimum Gain, and then only to the extent necessary to avoid any potential economic distortions caused by such net decrease in Partnership Minimum Gain and (ii) allocations pursuant to this Paragraph 9E(3) shall be deferred with respect to allocations pursuant to Paragraph 9D(5) hereof to the extent the General Partner reasonably determines that such allocations are likely to be offset by subsequent allocations pursuant to Paragraph 9D(1) hereof

(4) The “Partner Nonrecourse Regulatory Allocations” consist of all allocations pursuant to Paragraphs 9D(2) and 9D(6) hereof. Notwithstanding any other provision of this Agreement, other than the Regulatory Allocations, the Partner Nonrecourse Regulatory Allocations shall be taken into account in allocating items of income, gain, loss, and deduction among the Partners so that, to the extent possible, the net amount of such allocations of other items and the Partner Nonrecourse Regulatory Allocations to each Partner shall be, equal to the net amount that would have been allocated to each such Partner if the Partner Nonrecourse Regulatory Allocations had not occurred. For purposes of applying the foregoing sentence (i) no allocations pursuant to this Paragraph 9E(4) shall be made with respect to allocations pursuant to Paragraph 9D(6) relating to a particular Partner Nonrecourse Debt prior to the Partnership fiscal year during which there is a net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, and then only to the extent necessary to avoid any potential economic distortions caused by such net decrease in Partner Minimum Gain, and (ii) allocations pursuant to this Paragraph 9E(4) shall be deferred with respect to, allocations pursuant to Paragraph 9D(6) hereof relating to a particular Partner Nonrecourse Debt to the extent the General Partner reasonably determines that such allocations are likely to be offset by subsequent allocations pursuant to Paragraph 9D(2) hereof.

(5) The General Partner shall have reasonable discretion with respect to each Partnership fiscal year, to (i) apply the provisions of Paragraphs 9E(2), 9E(3), and 9E(4) hereof in whatever order is likely to minimize the economic distortions that might otherwise result with the Regulatory Allocations, and (ii) divide all allocations pursuant to Paragraphs 9E(2), 9E(3), and 9E(4) hereof among the Partners in a manner that is likely too minimize such economic distortions.

10. Available Cash Flow and Distribution Thereof.

A. All distributions from the Partnership shall be made as set forth herein. The “Available Cash Flow” shall be the cash arising from ordinary operations of the Partnership after making such provisions as may be required for (i) payments on all mortgages, security agreements, escrow reserves for taxes and insurance; (ii) all reasonable property replacement reserves, contingency reserves, Project management fees, and capital expenditures when made from other than the aforementioned reserves; (iii) any other reasonable cash expenditures required for the Project, and (iv) any reasonable amount required to maintain sufficient working capital for the Project; provided, however, that net cash proceeds from sale shall not be included in Available Cash Flow. Available Cash Flow shall be determined separately for each fiscal year of the Partnership.

B. Available Cash Flow shall be distributed as follows: 99.99 % to the Limited Partner and .01% to the General Partner, subject to Paragraph 11E.

C. Distributions of Available Cash Flow may be made at the discretion of the General Partner at reasonable intervals during each fiscal year and, in any event, within ninety (90) days after the close of each fiscal year of the Partnership.

11. Distribution of Net Cash Proceeds from Sale, Condemnation, or Other Transfer and Refinance.

A. Subject to the provisions of Paragraph 11C, in the event of the sale, condemnation, or other transfer, including upon foreclosure, of any asset of the Partnership, the net cash proceeds from such transfer shall be distributed 5.0% to the General Partner and 95.0% to the Limited Partner.

B. In the event any asset of the Partnership is refinanced, any net cash proceeds from such refinance shall be distributed shall be distributed 5.0% to the General Partner and 95.0% to the Limited Partner. In the event of a subsequent sale or other transfer of such asset, distributions with respect to such asset shall be made in accordance with the provisions of Paragraph 11A.

C. For the fiscal year in which the Partnership dissolves and for the fiscal years after such dissolution, the Available Cash Flow, net cash proceeds from sale, and reserve fund shall be distributed according to the provisions relating to the use of the funds and priority of distributions as set forth in Paragraph 23.

D. The term “net cash proceeds” means the gross amount of cash received from any sale, condemnation or other transfer, or a refinancing of the Project or any other of the Partnership’s assets, less any related costs, including any commission and legal expenses and less any outstanding indebtedness on any of the transferred or condemned assets of the Partnership.

E. All allocations made to the Limited Partners or General Partners, if more than one, as a respective group as described in Paragraphs 10B and 11A, shall be divided among the Limited Partners or General Partners, as applicable, in the same proportions as the respective Capital

Contributions of such Limited Partners or General Partners bears to the aggregate amount of Capital Contributions to the Partnership made by all Limited Partners or General Partners in such group.

12. Books and Reports. Books and reports of the Partnership will be kept as follows:

A. The General Partner shall keep or cause to be kept complete and accurate books with respect to the Partnership maintained at the principal office of the Partnership.

B. Within fifteen (15) days after the end of each month, the General Partner will cause to be prepared and transmitted to each Limited Partner a report of the cash receipts and disbursements for the prior month.

C. Within seventy-five (75) days after the end of the fiscal year of the Partnership, the General Partner shall cause to be prepared and transmitted to each Limited Partner an annual report of the cash receipts and disbursements and the unpaid liabilities, if any, of the Partnership for such year, as well as appropriate completed forms (Form K-1) for the purpose of reporting by each Limited Partner to the Internal Revenue Service.

D. The books of the Partnership shall be examined and reviewed annually as of the end of each fiscal year by the independent certified public accounting firm as selected by the General Partner. The General Partner shall determine and approve the procedures utilized in the preparation of the reports and tax returns for the Partnership. Such public accountants for the Partnership may be changed by the General Partner; provided, however, such change shall not be made unreasonably. The accountants shall determine and prepare a balance sheet and a report of the receipts, disbursements, net profits and losses and cash flow of each Partner, for such fiscal year. The accountants shall also prepare the tax returns of the Partnership and any quarterly or annual financial reports as may be determined as needed by the General Partner. The General Partner shall promptly upon receipt and review of such reports, transmit same to each Limited Partner.

13. Fiscal and Taxable Year. The fiscal and taxable year of the Partnership shall be the calendar year.

14. Representations; Certain Agreements. The General Partner represents and warrants and also covenants and agrees with, each Limited Partner that:

A. The Partnership is entitled to all of the material benefits of all material contracts and agreements relating to the Project insofar as such contracts and agreements provide benefits for the owner of the Project, and no material default (or event which, with the giving of notice or the passage of time, or both, would constitute such a default) has occurred and is continuing under any such contract or agreement (or any other contract, agreement or instrument to which the Partnership is subject) and the same are in full force and effect.

B. The Partnership is a validly existing limited partnership under the laws of the State of Mississippi, and is in good standing under its laws, and has full legal power and right to conduct its business as described in, and in accordance with, the provisions of this Agreement.

C. There are no suits or proceedings in law or in equity, or before or by any governmental agency, pending or threatened, or (to the knowledge of the General Partner) anticipated or contemplated, nor are there any unsatisfied outstanding judgments, orders, decrees or stipulations, which, materially and adversely affect the Project, the Partnership, or the General Partner (as partners in the Partnership) in their capacity as such, or to which any one or more of the foregoing is, or may become, a party. There are no claims against any one or more of the foregoing pending, or threatened, or (to the knowledge of the General Partner) anticipated or contemplated, which, if valid, would constitute or result in a breach of any representation, warranty or agreement set forth in the Partnership Agreement, nor are there any such suits, proceedings, unsatisfied outstanding judgments, orders, decrees or stipulations or any such claims which might materially adversely affect the financial condition or affairs of the General Partner.

15. Title to Property. All property of the Partnership shall be held in the name of the Partnership.

16. Bank Account. The funds of the Partnership shall be deposited in the name of the Partnership in such bank account or accounts as shall be designated by the General Partner, and withdrawals therefrom shall be made upon the signature of the General Partner, or upon the signature of any duly authorized agent of the Partnership other than a Limited Partner. All deposits (including escrow deposits and funds required to be escrowed pursuant to the applicable Regulations) and other funds not needed in the operation of the business of the Partnership may be deposited in interest-bearing accounts or invested in short-term United States Government or other governmental (state or local) obligations maturing within one year, to the extent permitted by applicable Regulations.

17. Activities of Limited Partners. No Limited Partner shall participate in, or have any part in the control of, the Partnership business and shall have no authority to act on behalf of or bind the Partnership.

18. Powers, Duties, Compensations of, and Restrictions on the General Partner.

A. Except as otherwise expressly provided in this Agreement, the General Partner shall manage the affairs of the Partnership subject to the terms and provisions of this Agreement. In the event there is more than one (1) General Partner of the Partnership, then each General Partner shall have all the rights, powers, authority, duties and obligations set forth herein and the term "General Partner" in the singular shall include all General Partners herein.

B. The General Partner shall be responsible for the supervision of the activities of the real estate management firm selected to manage the Project for the Partnership, and shall devote such time as may be necessary to the inspection of the Project in order to assure its proper maintenance and repair, the maintenance of books of account for the Partnership, the preparation of all reports of operations which are to be furnished to the Partners pursuant to this Agreement or which are required by the applicable taxing bodies or other governmental agencies, the maintenance of adequate insurance with respect to the Project and any other insurable property of the Partnership

pursuant to policies of insurance in form and coverage customary for property similar to the Project and such other insurable property, the employment of personnel for the Partnership and the doing of all other things which may be necessary or advisable in connection with the supervision of the affairs, business and property of the Partnership. The General Partner may delegate its duties under this Subparagraph 18B to an affiliate of the General Partner if such affiliate is a partnership or corporation formed under the laws of the State of Mississippi and is at least eighty percent (80%) owned by the General Partner.

C. The General Partner is authorized, on behalf of the Partnership, to execute such documents required, reasonable or necessary in connection with the Partnership business.

D. The General Partner may sell, exchange, refinance any mortgage on, lease, or place any new mortgage on, all or substantially all of the Partnership assets.

E. Subject to any limitation imposed by this Agreement, the General Partner shall have all necessary powers to carry out the purposes, business and objectives of the Partnership referred to in Paragraph 3, and possess and enjoy all the rights and powers of a partner in a partnership without limited partners. In addition to the other rights and powers granted to it and subject to the limitations imposed by this Agreement, the Loans and any other document executed pursuant to any thereof, the General Partner shall have the right, upon such terms and conditions as shall seem proper, to:

(1) borrow money on the general credit of the Partnership for use in the Partnership business, provided that the rate of interest on any borrowing by the Partnership from any Partner or any Related Party (as defined in Paragraph 31B) of the General Partner shall not be more than two percent (2.0%) over the prime rate of interest announced by Trustmark National Bank of Jackson, Mississippi, its successors and assigns, subject to the usury laws of the state of proper jurisdiction, provided, however, notwithstanding anything in this Paragraph 18 to the contrary, the General Partner will not incur any Partnership debt that is not incurred in the ordinary course of the Partnership's business, without the approval of the Limited Partner;

(2) purchase personal property for use in connection with the real property of the Partnership and finance such purchase, in whole or in part, by giving the seller or any other person a security interest in the property so purchased; and

(3) make reasonable and necessary capital expenditures and improvements with respect to the real and personal property of the Partnership and take all action reasonably necessary in connection with the maintenance, operation and management thereof.

F. Except with respect to any misrepresentation or breach of any agreement contained in this Agreement by the General Partner, the General Partner shall not be liable to the Partnership or to any Partner, and shall be entitled to indemnification from the Partnership (but not by any Limited Partner), for losses incurred in connection with the affairs of the Partnership, except for losses in connection with the affairs of the Partnership wherein the General Partner acted in bad

faith, was guilty of willful misconduct or gross negligence, breached its fiduciary duties, or breached its representations or warranties hereunder.

G. The General Partner shall be entitled (in addition to its rights under other provisions of this Agreement) to reimbursement from funds of the Partnership for reasonable out-of-pocket expenses incurred in the performance of its duties hereunder. However, such expenses shall not include: (i) any amount in respect to office space; or, (ii) any other portion of the general or administrative expenses or overhead of the General Partner or any Related Party of the General Partner.

H. The partnership interest of the General Partner may not be transferred, sold, alienated, assigned, encumbered, given, bequeathed or otherwise disposed of, whether voluntarily or by operation of law, or at a judicial sale or otherwise, except as provided in Paragraph 20, and except to the extent expressly provided in this Agreement and the Act.

19. Other Activities of the Partners. Any Partner may engage in or possess an interest in other business ventures of every nature and description, independently or with others, including, but not limited to, the real estate business in all its phases. Neither the Partnership nor the other Partners, in their capacities as Partners in the Partnership, shall have any rights in and to such independent ventures or the income or profits derived therefrom. The Partnership may employ or transact business with any person or entity, notwithstanding that any Partner may be one of, or may have an interest in, or in connection with, such persons or entities, and neither the Partnership nor any other Partners, in their capacities as Partners of the Partnership, shall have any rights in or to any income or profits derived therefrom.

20. Transfer of a Partnership Interest. The General Partner shall not voluntarily retire or withdraw from the Partnership or transfer, sell, alienate, assign, encumber or otherwise dispose of, all or any part of its interests in the Partnership, in any manner, or admit additional or successor General Partner without first obtaining the written consent of a majority of the other Partners and Rural Development. Notwithstanding the preceding sentence, the General Partner may voluntarily retire or withdraw from the Partnership only if, the General Partner to be substituted is competent to cause the Partnership to have the capacity to operate the Project effectively (including without limitation the net worth requirement herein) and if he shall have obtained the consent of the Limited Partner (or a majority in interest of the Limited Partners if more than one) Rural Development. The General Partner agrees that if at any time it desires to withdraw, the General Partner will use its best efforts to cause other individuals or entities to become either: (i) an additional General Partner; or, (ii) a substitute General Partner, subject to the consent, in either case, of the Limited Partner (or a majority in interest of the Limited Partners if more than one) and Rural Development. If the General Partner is also a Limited Partner, it may sell or assign its limited partnership interest or portion thereof only as permitted by Paragraph 21.

21. Transfer of Limited Partner's Interest, Right of First Refusal.

A. Transfer of Limited Partner Interest During Life:

(1) A Limited Partner may not pledge, hypothecate, or otherwise encumber all or any part of their Partnership interest without the prior written consent of the General Partner.

(2) A Limited Partner shall have the right, subject to the provisions of Paragraph 21B below regarding right of first refusal and to the representations required to be made by each Limited Partner, to sell or assign any or all of their Partnership interest to any individual, firm, corporation, or entity, whether or not a Partner (except a minor or person adjudged insane or incompetent); however, (a) any such assignment or transfer shall be by instrument in form and substance satisfactory to counsel for the Partnership (which instrument shall contain an expression by the assignee or transferee of their acceptance and adoption of all the terms and provisions of the Certificate and Limited Partnership Agreement, as the same may have been amended), and shall provide for the payment of all reasonable expenses incurred by the Partnership in connection with such admission, including, but not limited to, the cost of preparing, filing and publishing the necessary amendment to the Certificate and other Partnership documents and/or other professional fees incurred in determining that the provisions of subsection (c) hereof have not been violated; (b) any such Limited Partner must first obtain the written consent of the General Partner to such assignment or transfer; and (c) such assignment or transfer shall not violate any applicable federal or state securities or other laws or administrative regulations and/or rules which shall be evidenced by an opinion of counsel satisfactory to the Partnership provided by such Partner that registration under federal and applicable state securities laws is not required for such transfer and which opinion will further state that such transfer will not affect the termination of the Partnership or its status as a Partnership. Each Limited Partner hereby expressly consents to the substitution of any assignee for whom the General Partner has given its consent pursuant to this section. Each substituted Limited Partner shall be entitled to the same rights and powers as were possessed by its assignor, including the right to sell or assign its interest in the Partnership in the same manner and subject to the same conditions. Notwithstanding the foregoing, a Limited Partner may transfer by gift all or a portion of their Partnership interest without obtaining the consent of the General Partner, but subject, nevertheless, to the other restrictions and conditions imposed by this section, if such transfer is to their spouse, issue, parents, nephews, nieces, brothers, sisters, the spouses of any of the foregoing and their parents, or to a trust for the benefit of the aforesaid and as affected by instrument complying with the conditions of subsection (a) of this section, and, further, any such transfer shall not be subject to the provisions regarding right of first refusal contained in Paragraph 2(1)B below. In the event of a transfer of any interest to any minor, such transfer shall be pursuant to the Mississippi Uniform Gifts to Minors Act.

B. Right of First Refusal, Limited Partnership Interest:

(1) Subject to a Limited Partner's satisfaction of the requirements of section 2 of this Paragraph 2(1)B prior to any sale or transfer, a Limited Partner may sell or transfer their Limited Partnership interest in the Partnership pursuant to a *bona fide* written offer to purchase said interest; provided, however, said Limited Partner shall first offer to sell such interest to the General Partner for the same price and upon the same terms and conditions such Limited Partner proposes to sell such interest. Before effecting such proposed sale, the Limited Partner so desiring to sell such interest shall give written notice to the General Partner of such proposed sale in full detail

(including all terms, the purchase price, and the names and addresses of each proposed buyer). The General Partner shall have a period of twenty (20) days after the date of such notice to elect to purchase the selling Limited Partner's interest.

(2) In the event the General Partner elects not to purchase such interest, the selling Limited Partner shall then offer to sell such interest to each remaining Limited Partner (if any) for the same price and upon the same terms and conditions as such Limited Partner proposes to sell such interest. Before effecting such proposed sale, the Limited Partner so desiring to sell such interest shall give written notice to each remaining Limited Partner of such proposed sale in full detail (including all terms, the purchase price, and the names and addresses of each proposed buyer). Each remaining Limited Partner shall have a period of twenty (20) days after the date of such notice to elect to purchase the selling Limited Partner's interest. In the event that more than one (1) remaining Limited Partner elects to purchase such interest, such interest shall be allocated to each such electing Limited Partner in the same proportion that the number of each electing Limited Partner's interest bears to the aggregate Limited Partnership interest owned by all Limited Partners so electing to purchase. In the event any one or more of the Limited Partners elects to purchase, the selling Limited Partner shall sell their interest to each such Limited Partner on the identical terms as those contained in the selling Limited Partner's notice to the Limited Partners. In the event the General Partner and/or any remaining Limited Partner elects not to purchase such interest, then the selling Limited Partner can, subject to the limitations set forth, proceed with the proposed sale for the price and on the same terms and conditions as those contained in the selling Limited Partner's notice to the other Partners. If the terms, conditions, or price should change, or if the sale does not close within one hundred, twenty (120) days after the date of the selling Limited Partner's last notice, the selling Limited Partner will have to offer its interest again to the remaining Partners as required by this Paragraph B(2) before completing any sale.

(3) The sale of such Limited Partner's interest shall be subject to the provisions of Paragraph 21A hereof.

C. Transfer of Limited Partner's Interest at Death:

Upon the death of a Limited Partner (including a substitute Limited Partner), their legally authorized personal representative shall be vested with all of the rights of a Limited Partner for the purpose of settling or managing the estate of such Limited Partner. The personal representative shall have such power as the decedent Limited Partner possessed to make an assignment or transfer of their interest in the Partnership in accordance with Paragraph 21 hereof and to join with such assignee in making application to substitute such assignee as a Limited Partner. The estate of the deceased Limited Partner shall be liable for all of their liabilities and obligations to the Partnership as a Limited Partner.

D. No Limited Partner may transfer, sell, alienate, assign, encumber or otherwise dispose of all or any part of its interest in the Partnership, if such transfer, sale, alienation, assignment, encumbrance or other disposition, alone or in conjunction with prior transfers, sales, alienations, assignments, encumbrances or other dispositions by such Partner and the other Limited Partners, would result in the termination of the Partnership pursuant to Section 708(b) of the Internal

Revenue Code of 1986, as amended, or the corresponding provisions of any subsequent Federal tax law, or would alter the classification of the Partnership as a partnership for purposes of Federal income taxation, or would restrict the right of the Partnership to utilize any method of accelerated depreciation under the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any subsequent Federal tax law.

E. The assignee of the Limited Partnership interest of a Limited Partner shall become a substituted Limited Partner only upon the terms and conditions set forth herein. An assignment shall not be binding for a period of fourteen (14) days after written notice thereof is received by the General Partner and shall not otherwise be binding, if such assignment shall violate any provision of this Agreement.

F. Subject to the restrictions contained herein the General Partner shall have the power, in its discretion, to admit, as substituted Limited Partners, persons, firms, or corporations who acquire (subject to the provisions hereof) any Partnership interest, or any part thereof, of a Limited Partner. The failure or refusal of the General Partner to admit any such assignee as a substituted Limited Partner shall not affect the right of such assignee to receive the share of cash distributions of the Partnership to which its predecessor in interest would have been entitled, subject to the provisions of Paragraph 21 hereof. The General Partner shall, in the event of the death of, or default by, a Limited Partner, have the right to admit additional Limited Partners, without requiring the consent of any other Limited Partner.

G. The admission of an assignee as a substituted Limited Partner shall be conditioned upon the assignee's written acceptance of the terms and provisions of this Agreement and upon its written assumption of the obligations hereunder of its predecessor in interest.

H. All costs incurred by the Partnership in connection with the admission to the Partnership of a substituted Limited Partner shall be borne by the transferor Limited Partner, including without limitation, filing fees and reasonable attorneys' fees, and the admission of any transferee Limited Partner shall be conditioned upon the full payment of all such costs.

22. Obligations and Rights of Transferees.

A. Whether or not a person who acquired any interest in the Partnership has accepted in writing the terms and provisions of this Agreement and assumed in writing any obligations hereunder of its predecessor in interest, such person shall be deemed, by such acquisition of such interest, to have agreed to be subject to and bound by all the obligations of this Agreement with the same effect as any predecessor in interest of such person.

B. A person acquiring an interest in the Partnership shall have only such rights and shall be subject to all the obligations as provided in this Agreement, and, without limiting the foregoing, such person shall not have the right to have the value of its interest ascertained or receive the value of such interest, or, in lieu thereof, profits attributable to any right in the Partnership, except as set forth in this Agreement.

23. Dissolution, Termination and Liquidation.

A. Events Causing Dissolution:

(1) The Limited Partnership shall be dissolved upon the occurrence of any one of the following events: (a) any event which makes the business or the conduct of the business of the Limited Partnership illegal under any federal law, the laws of the State of Mississippi, or any rule or regulation promulgated thereunder; (b) the Partnership being or becoming bankrupt; (c) the decree of any competent Court, which orders the dissolution and termination of the Partnership, becoming final and non-appealable; (d) the sale or other disposition of, or the occurrence of any casualty loss with respect to substantially all of the Partnership's property; (e) the expiration of the term of the Partnership; (f) the transfer, assignment, or disposition of all general partner interests in the Partnership, the resignation, death, or adjudication as incompetent or insane of the General Partner, or the General Partner's being or becoming bankrupt, unless the Limited Partners owning fifty-one percent (51%) or more of the Limited Partnership interest elect to continue the Partnership and place a General Partner in the Partnership within ninety (90) days from the first day the Partnership is without a General Partner, the Limited Partners hereby consenting to the admission to the Partnership of any such replacement General Partner, provided such replacement is completed in the manner set forth herein.

B. No Dissolution by Limited Partner:

The Partnership shall not dissolve upon any Limited Partner's (a) death, (b) adjudication as incompetent or insane (as defined in Subparagraph 31I(1)), (c) being or becoming bankrupt (as defined in Subparagraph 31I(2)) and/or, (d) voluntary or involuntary transfer, assignment, or other disposition of their Limited Partnership interest.

C. No Dissolution by General Partner:

(1) The sale or other transfer of the General Partner interest pursuant to the provisions of Paragraph 22 shall not dissolve the Partnership. The Partnership shall not dissolve upon the (a) dissolution or death of, (b) act of being or becoming bankrupt of or, (c) resignation of the General Partner. The business of the Partnership shall be continued by the substituted General Partner designated by the Limited Partner as herein provided. In the event of the death, adjudication as incompetent or insane of, the dissolution of, act of being or becoming bankrupt of, or the resignation of the General Partner, the Limited Partner with the consent of the Limited Partners owning fifty-one percent (51%) or more of the Limited Partnership interest, may designate a substitute General Partner within ninety (90) days from the first day the Partnership is without a General Partner so as to continue the business of Partnership. The Limited Partners hereby consent to the admission to the Partnership of any such substitute General Partner, provided such substitution is completed in the manner set forth above.

(2) Notwithstanding any other provisions contained herein, in the event the General Partner is or becomes bankrupt then upon the filing for bankruptcy the General Partner interest of such General Partner shall immediately become a Limited Partnership interest and the

interest in the Limited Partnership of such General Partner, and/or its trustee shall be that of a Limited Partner only and the Limited Partnership shall promptly file such documents as required by law to reflect the same. The Limited Partnership interest shall be equal to the bankrupt General Partner's General Partner interest.

D. Dissolution. Upon the dissolution of the Partnership or reconstituted or successor partnership, as applicable, the General Partner (or, if there shall not be any remaining General Partner, a special liquidator herein called the "Liquidator" appointed by a majority in interest of the Limited Partners) shall proceed to the liquidation of the Partnership; and the proceeds of such liquidation shall be applied and distributed in the following order of priority:

- (1) To the payment of any debts and liabilities of the Partnership;
- (2) To the setting up of any reserve which the General Partner (or, the Liquidator, when applicable) shall reasonably deem necessary to provide for any contingent or unforeseen liabilities or obligations of the Partnership;
- (3) To the Partners in accordance with the percentages and in the manner set forth in Paragraph 11.
- (4) At the expiration of such period of time as the General Partner (or, when applicable, the Liquidator) shall deem advisable, the remaining balance of any reserve established in accordance with Subparagraph D(2) shall be distributed in the manner and priorities set forth in this Subparagraph D.
- (5) To the Partners in accordance with their Capital Account.

E. Any reserves established pursuant to Clause 2 of Paragraph 23D shall be held in escrow by any financial institution organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital, exclusive of borrowed capital, and surplus in excess of Twenty-Five Million Dollars (\$25,000,000), and which is subject to supervision or examination by Federal or State authority.

F. In the event the General Partner (or, when applicable, the Liquidator) determines that it is necessary to make a distribution of the property of the Partnership in kind, such property shall be transferred and conveyed to the General Partner and each Limited Partner, or their assignees, so as to vest in each of them an undivided interest, as tenants-in-common, in the whole of such property as determined pursuant to Paragraph 23D.

G. The Partnership shall be terminated after all the assets of the Partnership have been distributed to the Partners pursuant to this Agreement. Upon such termination of the Partnership, the General Partner shall file for record an amended Certificate which shall formally terminate the Partnership by canceling the Certificate as previously amended. All Partners agree to

execute such amended certificate when requested by the General Partner. The Partnership shall terminate on the Partnership termination date.

24. Time Devoted by General Partner, Fees and Expenses. The General Partner shall devote such time as it, in its absolute discretion, deems necessary to attend to the affairs of the Partnership business. Any additional compensation and fees paid to the General Partner for services rendered to the Partnership shall be under contract made at “arms length” and fair market terms. The General Partner shall be reimbursed for out-of-pocket expenses incurred by them in the course of administering the business and affairs of the Partnership.

25. Liability for Offering. Notwithstanding anything else herein contained to the contrary the General Partner shall have no liability whatsoever in connection with the offering, sale or preparation of documents used in connection with the offer or sale of any interests in the Partnership under applicable securities laws, or the determination of the existence of a partnership or deductibility of items under applicable tax laws, including but not limited to the misrepresentations or omissions of material facts.

26. Tax Elections and Tax Matters Partner. Upon the transfer of all or any portion of a Partnership interest, including a transfer upon the death of a Partner or the distribution of any Partnership assets to any Partner, the Partnership may file an election to adjust the basis of the Partnership’s property for Federal income tax purposes as provided by Sections 734, 743 and 754 of the Internal Revenue Code; however, the Partnership shall not be required to file such election. This election plus all other elections under the Internal Revenue Code or any other applicable Federal, State or Local law or regulation shall be made for the partnership by the General Partner, and all decisions with regard to such elections shall be made by the General Partner. The General Partner shall be the “Tax Matters Partner”, as defined in Section 6231 of the Internal Revenue Code, for the Partnership and shall have such duties, rights and obligations as are assigned to or imposed upon the “Tax Matters Partner” by or under the Internal Revenue Code and Treasury regulations thereunder.

27. Representation of Limited Partners. Each Limited Partner represents and warrants to the General Partner and to the Partnership that it is acquiring its limited partnership interest herein for investment purposes only and not for the purpose of resale.

28. Integration. This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereto and supersedes all prior and contemporaneous arrangements and undertakings of the parties in connection therewith.

29. Notices. All notices, demands and other communications hereunder shall be in writing and shall be deemed to have been given when the same are either deposited in the United States mail and sent with postage prepaid or delivered, registered or certified mail, return receipt requested, in each case, to the parties at the addresses set forth on *Exhibit A* or such other addresses as the Partners, from time to time, may designate by notice to the Partnership and the other Partners.

30. Further Assurances. The Partners will execute and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purpose of this Agreement.

31. Definitions:

A. “Act” means the Mississippi Uniform Limited Partnership Act, Section 79-14-101, *et seq.*, Mississippi Code of 1972 (Annotated).

B. “Affiliate” or “Related Party” of a Partner means:

(1) Any person directly or indirectly controlling, controlled by or under common control with another person;

(2) A person owning or controlling 10% or more of the outstanding voting securities of such other person;

(3) Any officer, director or partner of such person; and

(4) If such other person is an officer, director or partner in any company for which such person acts in any such capacity.

C. “Agreement” or “Partnership Agreement” means this Agreement of Limited Partnership of Knollwood Apts II, LP, as amended, modified, supplemented and/or restated from time to time in accordance with the provisions hereof.

D. “Capital Account” means the amount of a Partner’s original Capital Contribution to the Partnership, plus the Partner’s share of the income and gains of the Partnership, reduced by the amount of cash and the net fair market value of any property distributed to the Partner and the Partner’s share of deductions and losses of the Partnership, whether or not deductible for Federal income tax purposes. All Capital Accounts shall at all times be determined and maintained in accordance with Code Section 704 of the Internal Revenue Code and the regulations thereunder and all allocations of income, gain, loss and deduction with respect to assets held by the Partnership shall be governed by the principles set forth in Section 704(b) of the Code and the regulations thereunder.

E. “Capital Contribution” means, as to each Partner, the total amount of capital contributed or agreed to be contributed, as the context may require, by such Partner to the Partnership.

F. “Certificate” or “Certificate of Limited Partnership” means the Certificate of Limited Partnership of Knollwood Apts II, LP filed with the Secretary of State, as the same may be amended from time to time.

G. “General Partner” shall mean any general partner duly admitted to the Partnership as a general partner in accordance with the terms of this Agreement. In the event there is more than one (1) general partner of the Partnership, then each general partner shall have all the rights, powers, authority, duties and obligations set forth herein and the term “General Partner” in the singular shall include all General Partners of the Partnership.

H. “Limited Partner” shall mean any limited partner duly admitted to the Partnership as a limited partner in accordance with the terms of this Agreement. In the event there is more than one (1) limited partner of the Partnership, then each limited partner shall have all the rights, powers and duties set forth herein and the term “Limited Partner” in the singular shall include all Limited Partners of the Partnership.

I. “Operating Expenses” means all expenses of the Project except those for debt service, capital expenditures and extraordinary maintenance.

J. “Partnership” or “Limited Partnership” means Knollwood Apts II, LP, a Mississippi limited partnership.

K. “Person” means any individual, corporation, general or limited partnership, joint venture, trust, estate or other entity or association.

L. “Retirement of the General Partner” shall mean: (1) in the case of the General Partner’s death, incapacity or bankruptcy, or its withdrawal from the Partnership; and, (2) in the case of any corporation or other entity which is a General Partner, the bankruptcy or withdrawal of such corporation or other entity from the Partnership. For the purpose of this Subparagraph I:

(1) Incapacity shall mean an adjudication of insanity or incompetency;

(2) Bankruptcy shall be deemed to occur when the General Partner files a petition in bankruptcy, voluntarily takes any advantage of any bankruptcy or insolvency laws, is adjudicated a bankrupt, or, if a petition or an answer is filed proposing the adjudication of said General Partner as a bankrupt, when said General Partner shall consent to the filing thereof, or 60 days after the filing thereof unless the same shall have been discharged or denied prior thereto; and

(3) The withdrawal of the General Partner from the Partnership shall be deemed to occur on the date of a notice given by him to each of the other Partners provided that such withdrawal is permitted by the provisions of this Agreement, which date of withdrawal shall be at least 30 days after the giving of such notice.

M. “Rural Development” means United States Department of Agriculture, Rural Development.

32. Agreement in Counterparts, Execution. This Agreement may be executed in counterparts and all such counterparts, as so executed, shall constitute one agreement binding upon all the parties hereto, notwithstanding that all the parties are not signatories to the original or the

same counterpart. It shall not be necessary that any counterpart be signed by all of the parties hereto so long as each counterpart be signed by the General Partner, and one or more Limited Partners shall sign at least one counterpart.

33. Captions and Pronouns. Captions contained in this Agreement are inserted only as a matter of convenience and in now way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person may require.

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

35. Limited Liability. The liability of each Limited Partner shall be limited to the amount of its Capital Contribution either made pursuant to Paragraph 7A or required to be made pursuant to Paragraph 7B and which shall be due and payable only as required by and in accordance with the terms of such paragraphs, and no Limited Partner shall have any further personal liability to contribute to, lend money to, or in respect of the liabilities or the obligations of, the Partnership, nor shall any Limited Partner be personally liable for any obligations of the Partnership, provided that when each Limited Partner has received the return of its Capital Contribution, in whole or in part, such Limited Partner shall be liable to the Partnership to the extent, if any, required by the Act.

36. Governing Law. This Agreement shall be construed in accordance with the laws and decisions of the State of Mississippi.

37. Amendment.

A. This Agreement may be modified or amended only with the written consent of the General Partner and at least a majority in interest of the Limited Partners.

B. Notwithstanding the foregoing Subparagraph A to the contrary, no modification or amendment of this Agreement, without the prior written consent of all the Partners, shall:

(1) Enlarge, detract from or otherwise modify the purposes of the Partnership, or the character of its business, as set forth in Paragraph 3;

(2) Impose or create any new or additional liability on any Limited Partner or enlarge the obligations of any Partner to make contributions to the capital of the Partnership as provided in this Agreement;

(3) Enlarge, detract from or otherwise modify any obligations of the General Partner as provided in this Agreement;

(4) Alter the order of distribution and the allocation of distributions, set forth in Paragraphs 9, 10, 11 and 23; or

(5) Modify or amend this Paragraph 37 or any other provision of this Agreement which requires the unanimous consent, action or approval of the Limited Partners.

38. Waiver of Action for Partition. During the term of the Partnership, each Limited Partner irrevocably waives any right that it may have to:

A. Institute or maintain any action or proceeding for partition of or with respect to the property and other assets of the Partnership;

B. Seek a dissolution and winding up of the Partnership pursuant to the Act;

C. Withdraw from the Partnership or demand the return of its Capital Contribution or interest in or to the Partnership pursuant to the Act, except as expressly authorized by this Agreement.

39. Meetings of the Partners. Upon ten (10) days written notice to the Partners, meetings of the Partners may be called by the General Partner upon the written request of a majority of the Limited Partners. The notice of the meeting shall state the time and place of the meeting, the purpose of the meeting, and the business to be transacted at the meeting. Partners may vote in person or by properly executed proxy presented at any such meeting.

40. Binding Effect of Partnership Agreement. This Partnership Agreement shall be binding upon the General Partner, the Limited Partners, their heirs, assigns, legal representatives, successors and transferees, and the Liquidator. The Executor, Administrator, or personal representative of a bankrupt, deceased, incompetent or insane Partner shall execute and deliver any and all documents or legal instruments necessary or advisable to implement the provisions of this Partnership Agreement.

41. Rural Development Requirements. Notwithstanding anything to the contrary contained herein:

A. The authority of the Partners of the Partnership is limited as set forth in this Agreement and the General Partner has been appointed hereunder to act on behalf of the Partnership. The General Partner is responsible for the management functions of the Partnership as set forth in this Agreement.

B. The General Partner shall at all times maintain a minimum five percent (5.0%) financial interest in the residual or refinancing proceeds of the Partnership.

C. To the extent not otherwise available from permissible funds of the Partnership, the General Partner shall (i) deposit into an account the required two percent (2%) initial operating capital for the Partnership, and (ii) meet the equity contribution required by Rural Development.

D. Without the prior written consent of RD, the Partnership shall not and the General Partner shall have no authority to do the following:

- (1) Permit the withdrawal of the General Partner;
- (2) Admit any additional General Partner;
- (3) Substitute or remove a General Partner;
- (4) Amend this Agreement or the Certificate;
- (5) Sell all or substantially all of the assets of the Partnership;
- (6) Dissolve or terminate the Partnership; or
- (7) Borrow funds from any General Partner or third parties.

E. The provisions of this Section 41 shall not be amended or modified without the prior written consent of Rural Development.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the General Partner and the Limited Partner have hereunto set their hands and seals as of the date first written above.

GENERAL PARTNER:

KNOLLWOOD APARTMENTS II GP, LLC,
a Mississippi limited liability company

By: 
Name: Herbert B. Iverson, III
Title: Manager

LIMITED PARTNER:


Herbert B. Iverson, III

EXHIBIT A
TO AGREEMENT OF LIMITED PARTNERSHIP OF
KNOLLWOOD APTS II, LP

NAME AND ADDRESS OF INITIAL PARTNERS	INITIAL CAPITAL CONTRIBUTION
<u>General Partner:</u> Knollwood Apartments II GP, LLC 1437 Old Square Road, Suite 201 Jackson, Mississippi 39211	 \$0.01
<u>Limited Partner:</u> Herbert B. Ivison, III 1437 Old Square Road, Suite 201 Jackson, Mississippi 39211	 \$99.99