

AGREEMENT
OF
LIMITED PARTNERSHIP
OF
GATEWAY PHASE 1 LIMITED PARTNERSHIP

Effective as of
_____, 2022

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**AGREEMENT
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OF
GATEWAY PHASE 1 LIMITED PARTNERSHIP**

THIS AGREEMENT OF LIMITED PARTNERSHIP (this “**Agreement**”) is entered into effective as of the ____ day of _____, 2020, by and between CDP GATEWAY PHASE 1 LLC, an Oregon limited liability company (the “**General Partner**”), CDP Oregon LLC, an Oregon limited liability company (the “**Limited Partner**”) and Housing Authority of the City of Salem, a public body corporate and politic of the State of Oregon (the “**HAS Limited Partner**”). In consideration of the mutual promises set forth below, the parties (each being individually referred to as a “**Partner**” and collectively referred to as the “**Partners**”) agree as follows:

**ARTICLE I
FORMATION OF THE LIMITED PARTNERSHIP**

1.1 Formation.

Subject to Section 1.5, the parties hereby form a limited partnership under the name Gateway Phase 1 Limited Partnership (the “**Partnership**”) upon the terms and conditions provided in this Agreement, subject to the provisions of the Oregon Limited Partnership Act, Chapter 70 of the Oregon Revised Statutes, as amended (the “**Act**”). If there is a conflict between the provisions of this Agreement and the Act, the provisions of this Agreement shall control except that if the conflict is with respect to a provision that would cause the Partnership to be treated as an association for federal income tax purposes, then the provisions of the Act shall control. The parties intend that the Partnership shall be taxed as a partnership.

1.2 Certificate of Limited Partnership.

The General Partner, acting directly or through an attorney-in-fact, shall promptly execute a certificate of limited partnership (as defined in the Act), shall cause the certificate to be filed for record in the office of the Secretary of State of the State of Oregon, and shall execute such further documents (including amendments to the certificate) and take such further action as shall be appropriate or helpful to comply with the requirements of law for the formation and operation of a limited partnership in Oregon, the counties therein, and all other states and counties where the Partnership elects to carry on its business. The General Partner shall not be required to deliver to the HAS Limited Partner copies of the Partnership’s certificate of limited partnership or any amendments thereto.

1.3 Business.

The business of the Partnership shall be (a) to develop, own and operate a 184 unit apartment complex to be located at 5205 Battle Creek Road Southeast to serve low income households (the “**Project**”) (b) in connection with the Project, to buy, take, lease, borrow, purchase or otherwise acquire, and to own, use, hold, sell, convey, exchange, improve, develop, lease,

manage, dispose of, pledge or mortgage real or personal property, or any interests therein or any services associated therewith; (and (c) to do any and all other things necessary, desirable or incidental to the foregoing purposes. .

The parties acknowledge that the HAS Limited Partner is a public housing authority created pursuant to the Oregon Revised Statutes Chapter 456 (the “***Housing Authorities Law***”) engaged in providing low-income housing. The parties acknowledge that the Partnership intends (and is required by the terms of certain governmental regulatory agreements and encumbrances) to operate the Project for a period of not less than thirty (30) years as a low-income housing project available only for persons having adjusted family incomes not in excess of sixty percent (60%) of the area median income at the time of their initial occupancy. The Partnership shall engage in no other activities.

1.4 Principal Office; Registered Agent.

(a) The principal office of the Partnership shall be at 126 NE Alberta Street, Suite 202, Portland, OR 97211, or such other place as the General Partner may select from time to time.

1. (b) The Partnership’s registered agent for service of process, and its address, shall be Cogency Global Inc., located at 698 12th Street SE, Suite 200, Salem, OR 97301, or such other person as the General Partner may select from time to time.

1.5 Term.

The Partnership shall commence on the date that the certificate of limited partnership is filed in the office of the Secretary of State of the State of Oregon and shall continue until terminated as provided in Article XI.

ARTICLE II DEFINITIONS

2.1 Affiliate.

An “***Affiliate***” of a Partner is a person or entity that controls, is controlled by or is under common control with such Partner. A person or entity that has a 20 percent (20%) or more interest, directly or indirectly, in another person or entity shall be conclusively deemed to be a controlling person.

2.2 Code.

The Internal Revenue Code of 1986, as amended from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

2.3 Sharing Ratio.

The “*Sharing Ratio*” of each Partner group shall mean their percentage interest as follows: the General Partner: 0.0099%; and the HAS Limited Partner: 0.0001% percent and to the Limited Partner 99.99%.

2.4 Treasury Regulations.

Regulations issued by the Department of Treasury under the Code. Any reference herein to a specific section or sections of the Treasury Regulations shall be deemed to include a reference to any corresponding provision of future regulations under the Code.

ARTICLE III CAPITAL CONTRIBUTIONS

3.1 Initial Capital Contributions.

Upon execution of this Agreement, the General Partner shall contribute \$.99, the HAS Limited Partner shall contribute \$.01, and the Limited Partner shall contribute \$99.00 to the capital of the Partnership.

3.2 Additional Capital Contributions.

Additional Capital Contributions shall be made only upon the consent of all Partners, provided that in no event shall the HAS Limited Partner be obligated to make any additional capital contributions

3.3 Interest on Capital Contributions.

No Partner shall be entitled to interest on its capital contributions.

3.4 Right to Enforce.

No person other than a Partner shall have the right to enforce any obligation of a Partner to contribute capital or lend funds hereunder and specifically no lender or other third party shall have any such rights.

ARTICLE IV ACQUISITION AND FINANCING OF THE PROJECT

4.1 Acquisition of the Project.

Following execution of this Agreement, the Partnership is authorized to acquire the Project either by long-term lease or fee title and the General Partner is authorized to execute any and all agreements, assignments, leases or other documents or instruments considered necessary or desirable in connection with the acquisition of the Project.

4.2 Financing.

The Partnership is authorized to execute all documents necessary to obtain such financing as the General Partner considers appropriate in connection with the acquisition, construction, development, and operation of the Project, including without limitation construction financing, permanent financing, bridge financing and equity financing. In connection with any and all financing transactions, the General Partner is authorized to execute and deliver any and all loan agreements, deeds of trust, financing statements, pledges, covenants, regulatory agreements or other documents and instruments necessary or desirable in connection with such financing.

ARTICLE V DISTRIBUTIONS

5.1 Distributable Cash.

The General Partner shall from time to time determine the amount of cash available for distribution to the Partners, taking into account the need for reserves for operating deficits and contingencies, capital improvements and replacements, and anticipated liabilities.

5.2 Cash Distributions.

All cash available for distribution to the Partners shall be distributed in accordance with the Sharing Ratios unless the General Partner determines that the Limited Partner shall be distributed an amount necessary to offset such Limited Partner's federal income tax liability related to an allocation of Partnership taxable income pursuant to Article VI, provided that in no event shall the HAS Limited Partner receive an amount greater than \$100 over the Administration Fee set forth in section 17.13.(c) below. Subject to the preceding sentence, any remaining cash available for distribution shall be distributed in accordance with the Sharing Ratios.

ARTICLE VI ALLOCATION OF TAXABLE INCOME AND TAX LOSSES

6.1 In General.

(a) Except as provided in Sections 6.1(b) and 6.2, each item of income, gain, loss and deduction of the Partnership for federal income tax purposes shall be allocated among the Partners in accordance with Sharing Ratios. In no event shall any Partnership loss or deduction, or item thereof, be allocated to the limited partner or the HAS Limited Partner if, or to the extent, such allocation would cause or increase a deficit balance in such limited partner's Capital Account (in excess of any limited dollar amount of such deficit balance that such limited partner is obligated to restore under Treasury Regulation Section 1.704-1(b)(2)(ii)(c)) as of the end of the Partnership taxable year to which such allocation relates, unless such loss, deduction or item constitutes a "***nonrecourse deduction***" as defined in Treasury Regulation Section 1.704-2(c). For purposes of this limitation, each such Limited Partner's share (determined in accordance with Treasury Regulation Section 1.704-2(g)(1) of the Partnership's "***minimum gain***," as defined in Treasury Regulation Section 1.704-2(d), shall be treated as an amount that the limited partner is obligated to restore. Any loss or deduction to such a limited partner, the allocation of which is disallowed

by the foregoing restriction, shall be reallocated first to other limited partners, to the extent such allocation is not limited by this subparagraph, and then to the General Partner.

(b) To the extent of any recapture income (as defined below) resulting from the sale or other taxable disposition of a Partnership asset, the amount of any gain from such disposition allocated to (or recognized by) a Partner for federal income tax purposes pursuant to Sections 6.1(a) or 6.2 shall be deemed to consist of recapture income to the extent such Partner has been allocated or has claimed any deduction directly or indirectly giving rise to the treatment of such gain as recapture income. For this purpose, “*recapture income*” shall mean any gain recognized by the Partnership (but computed without regard to any adjustment required by Sections 734 and 743 of the Code) upon the disposition of any property or asset of the Partnership that does not constitute capital gain for federal income tax purposes because such gain represents the recapture of deductions previously taken with respect to such property or assets.

6.2 Allocation of Section 704(c) Items.

The Partners recognize that with respect to property contributed to the Partnership by a partner and with respect to property revalued in accordance with Treasury Regulation § 1.704-1(b)(2)(iv)(f) (referred to as “*Adjusted Properties*”), there will be a difference between the agreed values or Carrying Values, as the case may be, of such property at the time of contribution or re-evaluation, as the case may be, and the adjusted tax basis of such property at that time. All items of tax depreciation, cost recovery, amortization and gain or loss with respect to such contributed properties and Adjusted Properties shall be allocated among the Partners to take into account the book-tax disparities with respect to such properties in accordance with the provisions of Sections 704(b) and 704(c) of the Code and the Treasury Regulations under those sections. Any gain or loss attributable to a contributed property or an Adjusted Property (exclusive of gain or loss allocated to eliminate such book-tax disparities) shall be allocated among the Partners in accordance with the Sharing Ratios.

6.3 Integration With Section 754 Election.

All items of income, gain, loss, deduction, credit and basis allocations recognized by the Partnership for federal income tax purposes and allocated to the partners in accordance with the provisions hereof shall be determined without regard to any election under Section 754 of the Code that may be made by the Partnership; provided, however, such allocations, once made, shall be adjusted as necessary or appropriate to take into account the adjustments permitted by Sections 734 and 743 of the Code.

6.4 Certain Rights and Obligations of Limited Partner.

Notwithstanding any other provision of this Agreement and except as otherwise elected by the Limited Partner or HAS Limited Partner pursuant to this Section 6.4, a limited partner shall not have any obligation to restore any deficit in its Capital Account upon the liquidation of the Partnership. Notwithstanding anything to the contrary contained in this Agreement, the Limited Partner may from time to time elect to be obligated to restore a deficit in its Capital Account up to a limited dollar amount. Such election shall be made by the Limited Partner’s delivery of a written

notice of election to the General Partner no later than April 15 following the taxable year for which such election is to be effective and shall specify the dollar amount of the deficit in its Capital Account that the Limited Partner agrees to restore.

6.5 Certain Rights and Obligations of HAS Limited Partner.

Notwithstanding any other provision of this the HAS Limited Partner shall have no obligation to restore any deficit in its Capital Account upon the liquidation of the Partnership.

ARTICLE VII MANAGEMENT POWERS

7.1 Limited Liability.

7.1.1 The liability of a limited partner shall be limited as set forth in the Act. Except as permitted by the Act and Section 7.3, a limited partner, in his, her or its capacity as a limited partner, shall take no part in the control, management, direction or operation of the affairs of the Partnership and shall have no power to bind the Partnership. The General Partner may from time to time seek suggestions and expressions of opinion from the Limited Partner on major policy decisions, but need not act on such advice, and at all times the sole control and management of the Partnership shall rest with the General Partner, subject to the provisions of this Article VII. The General Partner shall be subject to the liability of partners in a partnership without limited partners.

7.1.2 Notwithstanding anything in this Agreement to the contrary, the liability of the HAS Limited Partner to any Partner or other party under this Agreement shall be limited to the HAS Limited Partner's partnership interests and shall not extend to or be enforceable against any other assets of the Special Limited Partner. No Partner shall have recourse against the HAS Limited Partner's officers, directors, employees, agents, or representatives. The parties hereto agree and acknowledge that the HAS Limited Partner would not enter into this Agreement but for the provisions in this 7.1.2

7.2 Management Authority.

(a) Except as otherwise provided in this Article VII, the General Partner is hereby expressly authorized on behalf of the Partnership to make all decisions with respect to the Partnership's business and to take all actions to carry out such decisions. Without limiting the generality of the foregoing, the General Partner is authorized to make all decisions and to take all actions with respect to the operation, management, and maintenance of all or any part of the Project and the disposition of property in the ordinary course of business, including but not limited to the following (subject to any required consent under Section 7.3):

(i) the leasing, acquisition, ownership, operation, management and maintenance of the Project and the investment therein;

(ii) the improvement, sale, lease, or other disposition of the assets of the Partnership;

(iii) the borrowing of money and the granting of security interests in the Partnership assets within the ordinary course of the Partnership's business;

(iv) the compromise or release of any claims or debts of the Partnership, including, obligations of the Partners;

(v) the creation of any additions to or reductions in cash reserve accounts;

(vi) the employment of persons, firms, or corporations, including Affiliates of the General Partner, for the operation and management of the Partnership's business; and

(vii) the entering into nominee agreements with any person (including any General Partner so acting) holding title to Partnership properties as nominee (such agreements may contain provisions indemnifying the nominee, except for its gross negligence or willful misconduct).

(b) After execution of this Agreement, all documents executed on behalf of the Partnership must be signed by the General Partner, including (i) all deeds, assignments, leases, subleases, management and maintenance contracts; (ii) all checks, drafts and other orders for the payment of Partnership funds; (iii) all promissory notes, mortgages, deeds of trust, security agreements, financing statements and other similar documents; (iv) covenants, use restrictions, regulatory agreements and other similar documents; and (v) all other instruments of any kind or nature relating to the affairs of the Partnership whether like or unlike the foregoing.

(c) The General Partner may cause the Partnership to enter into any transactions or agreements with Partners (including the General Partner) or its Affiliates (in addition to the agreements described in Section 7.4) for goods and services without the prior approval of all Partners.

7.3 Approval of Other Partners.

Without the prior written approval of the Limited Partner, the General Partner shall not take any action with respect to:

(a) the acquisition of real or personal property other than the Project or purchases of real or personal property customary in the ordinary course of the Partnership's business;

(b) the leasing of the Partnership's property other than in the ordinary course of operation of the Project.

7.4 Management, Development and License Agreements.

The General Partner is authorized on behalf of the Partnership to enter into such management agreements, development agreements, franchise agreements and other agreements

appropriate or helpful to carry out the business of the Partnership, including without limitation, agreements with Affiliates of the Partnership.

7.5 Time Devoted to Business.

The General Partner shall devote such time to the business of the Partnership as is reasonably necessary for the efficient carrying on of the Partnership's business.

7.6 Information Relating to Partnership.

Upon request, the General Partner shall supply to any Partner any information reasonably requested regarding the Partnership or its activities, provided that obtaining the information is not unduly burdensome to the General Partner. During ordinary business hours, and at the reasonable convenience of the General Partner, any Partner or its authorized representative shall have access to all books, records and materials regarding the Partnership and its activities, and the General Partner shall make all reasonable attempts to provide access to books, records, and materials not otherwise in the General Partner's possession.

7.7 Exculpation.

7.7.1 In carrying out their duties hereunder the Partners shall not be liable to the Partnership nor to any Partner for their good faith actions, or failure to act, nor for any errors of judgment, nor for any act or omission believed in good faith to be within the scope of authority conferred by this Agreement, but only for willful misconduct or gross negligence in the performance of their obligations under this Agreement. The Partnership shall indemnify and hold harmless each of the Partners and their officers, directors, partners, agents, employees and Affiliates as to third parties against and from any personal loss, liability or damage incurred as a result of any act or omission of any Partner believed in good faith to be within the scope of authority conferred by this Agreement, except for willful misconduct or gross negligence, but not in excess of the value of the assets of the Partnership as of the date the General Partner learned of such act or omission resulting in the personal loss, liability or damage to a third party (the "***Date of Notice***"). In all cases, indemnification shall be provided only out of and to the extent of the assets of the Partnership as of the Date of Notice, and no individual Partner shall have any personal liability whatsoever on account thereof. In no event shall the Partnership be liable to a third party under this Section 7.7 for the amount of any additional contributions made to the Partnership after the Date of Notice or for the amount of any increase in value of any Partnership assets after the Date of Notice. Notwithstanding the foregoing, the Partnership's indemnification of the Partners and their officers, directors, agents, and employees as to a third party shall be only with respect to such loss, liability or damage that is not otherwise compensated for by insurance carried for the benefit of the Partnership.

7.7.2 The General Partner shall indemnify, defend, and hold harmless the HAS Limited Partner from and against any loss, liability, damage, cost or expense (including reasonable attorney's fees) arising from the HAS Limited Partners serving as a partner in the Partnership caused by the General Partner, Limited Partner or Partnership.

All rights of the HAS Limited Partner to indemnification shall survive the dissolution of the Partnership, the transfer by such HAS Limited Partner's partnership interests, and the insolvency, dissolution, or bankruptcy of the HAS Limited Partner.

7.8 Insurance.

The General Partner shall maintain in force at all times for the protection of the Partnership and all Partners to the extent of their insurable interests such insurance as they believe is warranted for the operations being conducted.

7.9 Other Activities.

Each Partner shall at all times be free to engage and possess an interest in any business or venture for its own account, including without limitation the formation of partnerships, joint ventures, and corporations, which business or venture may directly or indirectly compete with the business of the Partnership.

7.10 Reliance by Third Parties.

No third party dealing with the Partnership shall be required to ascertain whether the General Partner is acting in accordance with the provisions of this Agreement. Such third parties may rely on documents executed by the General Partner as binding the Partnership. The foregoing provisions of this Section 7.10 shall not apply to third parties who are Affiliates of a Partner.

7.11 Partnership Representative.

(a) The General Partner (or such other person as shall be selected by the General Partner) is hereby designated as the "partnership representative" (the "**Partnership Representative**") as provided in Code Section 6223(a) (as amended by the Bipartisan Budget Act of 2015 ("**BBA**")). The Partnership Representative is specifically directed and authorized to take whatever steps it deems necessary or desirable, in its sole discretion, to perfect such designation including, without limitation, filing any forms or documents with the Internal Revenue Service and taking such other action as may from time to time be required under Treasury Regulations. The General Partner may, in its sole discretion, change the Partnership Representative at any time and from time to time. The Partnership Representative shall act at the direction of the General Partner.

(b) The General Partner shall determine whether the Partnership (either on its own behalf or on behalf of the Partners) will contest or continue to contest any tax deficiencies assessed or proposed to be assessed by the Internal Revenue Service or any other taxing authority. The Partnership Representative shall manage administrative tax proceedings conducted at the Partnership level by the Internal Revenue Service with respect to Partnership tax matters, and shall deal with the Internal Revenue Service on any audits that are subject to the partnership audit provisions of the BBA. Each Partner agrees that such Partner will not independently act with respect to tax audits or tax litigation of the Partnership unless previously authorized to do so in writing by the Partnership Representative, which authorization may be withheld by the Partnership Representative, at the direction of the General Partner. Partners shall be bound by the actions taken by the Partnership Representative in accordance with this section.

(c) Expenses of administrative proceedings relating to the determination of Partnership items at the Partnership level undertaken by the Partnership Representative shall be Partnership expenses. Without limiting the generality of the foregoing, at the direction of the General Partner, the Partnership Representative shall have the sole and exclusive authority to make any elections on behalf of the Partnership permitted to be made pursuant to Section 754 or any other section of the Code or the regulations promulgated thereunder. In the event of an audit of the Partnership that is subject to the partnership audit procedures enacted under Section 1101 of the BBA (the “**BBA Procedures**”), at the direction of the General Partner, the Partnership Representative shall have the right to make any and all elections and to take any actions that are available to be made or taken by the Partnership Representative or the Partnership under the BBA Procedures. If an election under Code Section 6226(a) (as amended by the BBA) is made, the Partnership shall furnish to each Partner for the year under audit a statement of the Partner’s share of any adjustment set forth in the notice of final partnership adjustment, and each Partner shall take such adjustment into account as required under Code Section 6226(b) (as amended by the BBA). The Partnership Representative shall, at the Partnership’s expense, file or cause to be filed all tax returns of the Partnership with the appropriate tax authorities.

7.12 Duties of the General Partner.

(a) The General Partner shall carry out its duties as General Partner hereunder in a diligent and competent manner, in accordance with sound business practices and consistent with the fiduciary duties partners owe to each other and shall use its best efforts to employ and engage qualified personnel in furthering the purposes of the Partnership.

(b) The General Partner may delegate any or all of its duties under this Section 7.12.

7.13 Fees and Reimbursements.

(a) No Partner or Affiliate shall be entitled to any fee or payment, in its capacity as a Partner or Affiliate for managing the development of the Project or the operations of the Project or the Partnership, except as provided in this Agreement, provided however, that this provision shall not prohibit any such Partner or Affiliate from entering into a separate agreement with the Partnership to provide such services in its individual corporate capacity.

(b) The General Partner shall be reimbursed by the Partnership for all reasonable out-of-pocket costs incurred by it in the organization, syndication, operation, and management of the Partnership, including fees and costs for legal, accounting, and administrative services.

(c) The HAS Limited Partner shall be entitled to and Administration Fee of Five Thousand and 00/100 Dollars (\$5,000) per year increasing by 3% per annum

(c) The HAS Limited Partner shall be entitled to and Administration Fee of Five Thousand and 00/100 Dollars (\$5,000) per annum with the first payment due on April 15th 2024 and each April 15th thereafter, increasing by 3% per year commencing in 2025.

ARTICLE VIII ACCOUNTING AND REPORTING

8.1 Books.

The General Partner shall maintain complete and accurate books of account of the Partnership's affairs at the principal office of the Partnership. The Partnership's books shall be kept on the accrual basis of accounting. The Partnership's accounting period shall be the calendar year ending December 31.

8.2 Capital Accounts.

The General Partner shall maintain a separate capital account (the "*Capital Account*") for each Partner and such other Partner accounts as may be necessary or desirable to comply with the requirements of applicable laws and regulations, including the Treasury Regulations issued under Section 704 of the Code. In the event of any inconsistency between the provisions for maintenance of Capital Accounts in this Agreement and the provisions of Section 1.704-1(b)(iv) of the Regulations, the provisions of the Regulations shall prevail.

8.3 Transfers During Year.

In order to avoid an interim closing of the Partnership's books, the share of profits and losses under Article VI of a Partner who transfers part or all of its interest in the Partnership during the Partnership's accounting year may be determined by taking its pro rata share of the amount of such profits and losses for the year and the balance of the profits and losses attributable to the Partnership interest transferred shall be allocated to the transferee of such interest. The proration shall be made by the General Partner after consultation with the accountants for the Partnership and may be based on the portion of the Partnership's accounting year which has elapsed prior to the transfer or may be determined under any other reasonable method; provided, however, that any income or loss arising from the sale of property other than in the ordinary course of business shall be allocated to the owner of the Partnership interest at the time such income or loss was realized.

8.4 Reports.

The General Partner shall deliver to each Partner annual statements on the Partnership's operations at the end of each fiscal year. The books of account shall be closed promptly after the end of each fiscal year. As soon as practicable thereafter, the General Partner shall make a written report to each Partner which shall include a statement of receipts, expenditures, profits and losses, and such additional statements with respect to the status of the Partnership's assets and the distribution of Partnership funds as are necessary to advise all Partners properly about their investment in the Partnership. Prior to March 15 of each year, each Partner shall also be provided with sufficient information as is necessary to allow it to file its own income tax returns for the preceding taxable year.

8.5 Section 754 Election.

If requested by a Partner, the Partnership shall make the election provided for under Section 754 of the Code. Any costs attributable to making such election shall be borne solely by the requesting Partner.

ARTICLE IX TRANSFER OF PARTNER'S INTEREST

9.1 General Partner.

Notwithstanding anything to the contrary contained herein, without the prior written consent of the Limited Partner, no additional general partner shall be admitted to the Partnership or shall be substituted as a successor general partner.

9.2 Limited Partners.

A limited partner shall not assign its interest to any third party without giving notice of the proposed transfer and the terms thereof to the General Partner and allowing the General Partner 30 days from the date of such notice to elect to purchase the limited partner's interest for an amount equal to its initial equity contribution. In addition, the Managing General Partner shall have the right to approve any third-party transferee, which approval shall not be unreasonably withheld.

9.3 Permitted Transfers.

Notwithstanding the above, the following transfers shall be permitted by the Limited Partner without first offering the interest to the General Partner:

(a) A transfer of all or a portion of the Limited Partner's interest in the Partnership to (i) an Affiliate of the Limited Partner, or (ii) a limited or General Partnership, provided that the transferor is a general partner of such transferee partnership. Any transferee of all or a portion of a Limited Partner's interest in the Partnership shall be subject to the restrictions on transfer provided in this Agreement;

(b) An assignment or other transfer solely for purposes of security, provided that such assignment is subject to the restrictions on transfer and the valuation methods provided in this Agreement; and

(c) An assignment or transfer of its interest upon the admission of an investor limited partner and special limited partner pursuant to an Amended and Restated Agreement of Limited Partnership.

Notwithstanding any other provision herein, the HAS Limited Partner shall have no authority to transfer or assign its interest to any third party without the consents of the General Partner and Limited Partner.

9.4 Securities Matters; Certain Transfers.

Notwithstanding anything to the contrary contained herein:

(a) a limited partner shall not sell, offer for sale, transfer, pledge or hypothecate all or any part of such Partner's interest in the Partnership in the absence of an effective registration statement covering such transaction under the federal securities laws, and any applicable state securities laws, or an available exemption therefrom; and

(b) a limited partner shall not sell, offer for sale, transfer, or otherwise assign his interest in the Partnership to an employee pension benefit plan or associated trust such as Keogh, Pension, Profit-Sharing or Stock Bonus Plans that are "qualified" under the Code, or to Individual Retirement Accounts.

9.5 Transfers; General.

(a) An assignee, legatee, distributee, or transferee (by conveyance, operation of law, or otherwise) of the whole or any portion of a Limited Partner's interest in the Partnership shall have the right to be admitted as a Limited Partner in the Partnership if the transferor of the interest grants such right and the General Partner consents to such admission. The grant or denial of a request for such consent shall be within the absolute discretion of the General Partner. An assignee of a who is admitted as a limited partner shall be, entitled only to the profits and losses and distributions to which the assignor would otherwise be entitled.

(b) If a limited partner is a corporation and shall be dissolved, merged, or consolidated, its successor in interest shall have the same rights and obligations that such limited partner would have had if it had not been dissolved, merged or consolidated, except that the trustee, committee, conservator, representative or successor shall not become a substituted limited partner without the written consent of the General Partner.

(c) No transfer of any Partnership interest otherwise permitted under this Agreement shall be effective for any purpose whatsoever until the transferee shall have assumed the transferor's obligations to the extent of the interest transferred and shall have agreed to be bound by all the terms and conditions hereof, by written instrument, duly acknowledged, in form and substance reasonably satisfactory to the General Partner.

(d) As conditions to his, her or its admission as a Limited Partner (i) any assignee, legatee, distributee, transferee or successor of a limited partner ("**Assignee**") shall execute and deliver such instruments, in form and substance satisfactory to the General Partner, as the General Partner shall deem necessary or desirable to cause Assignee to become a limited partner; (ii) the General Partner shall, at its option, require an opinion from Assignee's counsel (which opinion and counsel both must be satisfactory to the General Partner) that (aa) such assignment, transfer or other disposition would not cause a termination of the Partnership for purposes of the Code, jeopardize the status of the Partnership as a partnership for federal income tax purposes, nor violate any applicable governmental rule or regulation including, without limitation, any applicable federal or state securities law and (bb) that registration under applicable federal or state securities laws is not required in connection with such assignment, transfer or other disposition; and (iii) such Assignee shall pay all reasonable expenses in connection with his admission as a limited partner, including but not limited to, attorney's fees and the cost of

preparation and filing of any amendment of the certificate of limited partnership necessary or desirable in connection therewith.

(e) Upon the terms set forth in this Article IX, the General Partner is hereby expressly authorized to (i) admit a limited partner to the Partnership to the extent permitted by this Article IX, and (ii) file amended limited partnership certificates with respect to the foregoing and to use the power of attorney granted in Article XII to accomplish such filing and any required amendment to this Agreement.

ARTICLE X

TERM; WITHDRAWAL, DISSOLUTION OR BANKRUPTCY OF A PARTNER

10.1 Events of Dissolution.

(a) The Partnership shall continue in perpetuity, unless sooner dissolved by (i) the affirmative vote of all of the Partners to dissolve the Partnership, or (ii) by the withdrawal, dissolution, bankruptcy, or termination of the General Partner (unless the Partnership is continued under Section 10.1(c) below) or (iii) any other event causing dissolution of a limited partnership under the Act.

(b) For purposes of this Agreement: a Partner shall be considered bankrupt if an order for relief under Chapter 7 of the Bankruptcy Reform Act of 1978 has been entered against him or it; and a General Partner that is a partnership shall be considered dissolved only if the General Partner commences winding up and termination of its business after an event of dissolution.

(c) Upon the withdrawal, dissolution, bankruptcy, or termination of a General Partner, the Partnership shall be dissolved unless within 90 days after the occurrence of such event, either (i) at least one of the remaining General Partners (if any) elects to continue the business of the Partnership and does so, or (ii) all of the remaining Partners agree in writing to continue the business of the Partnership and to the appointment of one or more additional General Partner if necessary or desired, under an agreement containing the terms and conditions set forth in this Agreement, with such amendments as may then be adopted. If the Partnership is continued under clause (i) above, any General Partner who did not elect to continue the Partnership shall be considered a withdrawing General Partner and an "outgoing" General Partner for purposes of Sections 10.1(d) and 10.1(e).

(d) If the business of the Partnership is continued pursuant to Section 10.1(c), each remaining, or new General Partner shall, as a condition to the Partners right to continue the business of the Partnership, purchase his, her or its respective share (based upon the percentage that his, her or its Sharing Ratio bears to the total Sharing Ratios of the remaining and new General Partner) of the interest of any outgoing General Partner for cash in an amount equal to the fair market value of his, her or its respective share of the interest, taking into account the outgoing General Partner's interest in profits, losses and distributions under this Agreement. If the parties are unable to agree upon such fair market value, the question shall be determined by an

independent appraiser selected by a majority-in-interest (based on Sharing Ratios) of the General Partner (excluding any outgoing General Partner).

(e) In any case in which the business of the Partnership is continued pursuant to Section 10.1(c), the Partnership shall indemnify each outgoing General Partner from any personal liability for the obligations or liabilities of the Partnership that arise after it ceases to be a General Partner. Such indemnification shall not impair any claims that the Partnership may have against an outgoing General Partner for gross negligence, willful or gross misconduct or intentional breach of fiduciary duty. Each outgoing General Partner, to the extent legally possible, shall cause all its right, title and interest in the Partnership assets held by it and its rights and duties under contracts entered into by it on behalf of the Partnership to be assigned to the Partnership.

10.2 Limited Partners.

10.2.1 Except as expressly provided otherwise in this Agreement, a limited partner shall have no power to withdraw from or terminate his, her or its membership in the Partnership, and a limited partner shall have no power to dissolve the Partnership. Upon withdrawal pursuant to the provisions of this Agreement, a limited partner shall have no right to receive any value for his, her or its interest in the Partnership except as expressly provided in this Agreement. The General Partner, in its sole discretion, may cause the Partnership to redeem the interest of the withdrawing limited partner upon the payment of a liquidating distribution by the Partnership to a limited partner of an amount which results in no gain or loss being recognized by such limited partner pursuant to Code Section 731.

10.2.2 Notwithstanding the provisions of 10.2.1.above, the Limited Partner shall have the right to withdraw from the Partnership upon ninety (90) days prior written notice to the General Partner and Limited Partner upon the occurrence of any of the following events (a "Withdrawal Trigger") which is not cured within thirty (30) days thereafter (or such longer period as is reasonably necessary to effectuate the cure), or in the event of a Withdrawal Trigger caused by the General Partner or Limited Partner: (i) a material breach by the Partnership or General Partner under any the affordability restrictions applicable to the Project, (ii) any act of fraud or gross negligence by the General Partner, or (iii) the Project is not operated in accordance with applicable requirements under the Housing Authorities Law.

10.3 Withdrawal of General Partner.

Notwithstanding the provisions of Sections 10.1(a) and 10.1(c) with respect to the withdrawal, dissolution or bankruptcy of a General Partner, the General Partner covenants and agrees that it will not withdraw from the Partnership or take any voluntary action in bankruptcy or any voluntary action to dissolve itself prior to the expiration of the compliance period for the Project as determined pursuant to Code Section 42. If a General Partner violates this covenant and agreement, the wrongful withdrawal, bankruptcy, or dissolution shall be effective for purposes of this Article X, but such Partner shall be liable for any damages to the other Partners and to the Partnership for such wrongful withdrawal, bankruptcy or dissolution.

10.4 Waiver of Appraisal, Valuation Rights and Partition.

In the event of the withdrawal, dissolution or bankruptcy of any Partner, the rights of the Partner or its successors and assigns under applicable Oregon law with respect to the inventory of assets, appraisals, accounting, or sale of assets shall not apply and are hereby expressly waived by all Partners. Each Partner expressly agrees that the provisions contained in this Agreement shall bind and control its successors and assigns, including without limitation, the provisions applicable in the event of the withdrawal, dissolution, or bankruptcy of a Partner. Each of the Partners hereby waives any and all rights, duties, obligations, and benefits with respect to any action for partition of the Partnership property, or to compel any sale thereof.

ARTICLE XI DISSOLUTION AND TERMINATION

11.1 Final Accounting.

In case of the dissolution of the Partnership, a proper accounting shall be made as provided in Section 8.4 from the date of the last previous accounting to the date of dissolution.

11.2 Liquidation.

(a) Upon the dissolution of the Partnership, any General Partner (if more than one with equal interests), or the General Partner (if more than one) with the largest interest, or in the case of its dissolution, insolvency, bankruptcy or withdrawal, any other remaining General Partner with the next largest interest or (if none) some person selected by the Partners whose Sharing Ratios total more than 50 percent or more of the total Sharing Ratios of all the remaining Partners, shall act as liquidator to wind up the Partnership. Subject to the required consent of other Partners under Section 7.3, the liquidator shall have full power and authority to, sell, assign, and encumber any or all of the Partnership's assets and to wind up and liquidate the affairs of the Partnership in an orderly and businesslike manner. All proceeds from liquidation shall be distributed in the following order of priority: (i) to the payment of debts and liabilities of the Partnership and the expenses of liquidation, including any advances to the Partnership by any Partner to the extent such advances have not been reimbursed previously; (ii) to the setting up of such reserves as the liquidator may reasonably deem necessary for any contingent liabilities of the Partnership; and (iii) to the Partners in accordance with Article V.

(b) In the event that any limited partner's Capital Account balance is negative after all allocations to such Partner in accordance with Article VI and distribution to such Partner in accordance with Section 11.2(a), such Partner shall have no obligation to contribute any capital to the Partnership as a result of such negative Capital Account.

11.3 Distribution in Kind.

If a portion of the Partnership's assets is to be distributed in kind to the Partners, the liquidator, with the approval of the Partners possessing a majority-in-interest of the Sharing Ratios, shall obtain an independent appraisal of the fair market value of each such asset at a date reasonably close to the date of liquidation. Any unrealized appreciation or depreciation with respect to such assets shall be allocated among the Partners in accordance with the provisions of Article V as if the assets had been sold for the appraised value and taken into consideration in determining the balance in the Partners' capital accounts as of the date of liquidation. Distribution

of assets in kind shall be made to the Partners in the order of priority set forth in Section 11.2 as if the assets had been sold for the appraised value. Distribution of any asset in kind to a Partner shall, be considered a distribution of an amount equal to the asset's fair market value for purposes of Section 11.2. Except as otherwise determined by the liquidator pursuant to this Section 11.3, no Partner shall have any right to receive distributions of property, other than cash, from the Partnership.

11.4 Waiver of Right to Court Decree of Dissolution.

The Partners agree that irreparable damage would be done to the Partnership if any Partner brought an action in court to dissolve the Partnership. Accordingly, each of the Partners accepts the provisions of this Agreement as its sole entitlement on termination of his membership in the Partnership. Each Partner hereby waives and renounces its right to seek a court decree of dissolution or to seek the appointment by a court of a liquidator for the Partnership.

11.5 Cancellation of Certificate.

Upon the completion of the distribution of Partnership assets as provided in this Article XI, the Partnership shall be terminated, and the General Partner (or such other person acting as liquidator, if necessary) shall cause the cancellation of the Partnership's certificate of limited partnership and shall take such other actions as may be necessary to effect the dissolution or termination of the Partnership.

ARTICLE XII POWER OF ATTORNEY

12.1 Grant of Power.

(a) By the execution of this Agreement each Partner irrevocably makes, constitutes and appoints the General Partner as their true and lawful attorney in name, place and stead with the power from time to time to make, execute, swear to, acknowledge, verify, deliver, file, record and publish any certificates or other instruments that may be required to be filed by the Partnership under the laws of Oregon or of any other state or jurisdiction in which the Partnership transacts business or in which the General Partner deem it advisable to make, execute, swear to, acknowledge, verify, deliver, record, publish or file, including without limitation (i) the certificate of limited partnership and all amendments thereto required by law or the provisions of this Agreement, (ii) all elections, certificates and other instruments necessary to qualify the Partnership as a limited partnership or a partnership in which the limited partner has limited liability in the states where the Partnership may be doing business, (iii) all instruments which effect a change or modification of the Partnership in accordance with this Agreement, and (iv) all instruments necessary to effect the dissolution and termination of the Partnership.

(b) The foregoing power of attorney shall be a special power of attorney coupled with an interest in favor of the General Partner, and as such shall be irrevocable and shall survive the death, legal incompetency, dissolution, or other termination of existence of a Partner.

12.2 Survival.

The foregoing power of attorney shall survive the delivery of any permitted assignment or transfer by any Partner of the whole or any portion of its interest in the Partnership, except that where an assignee of such interest has been approved by the Partners as a substituted Partner then the foregoing power of attorney of the assignor Partner shall survive the delivery of such assignment for the sole purpose of enabling the General Partner to execute, swear to, acknowledge and file any and all instruments necessary to effectuate such substitution and the execution of this Agreement by the substituted Partner shall constitute delivery of a power of attorney from the substituted Partner to the General Partner in accordance with this Article XII. The power of attorney may be exercised by facsimile signatures of the General Partner or by listing the Partners executing, swearing to or acknowledging any instrument with a single signature of a General Partner, acting as attorney-in-fact for all of them.

ARTICLE XIII AMENDMENTS

13.1 Amendments.

This Agreement may be amended only by the written consent and agreement of those partners holding a majority interest in the Partnership, provided that no such amendment shall increase the liabilities or obligations of the SHA Limited Partner. Notwithstanding the preceding sentence, (a) the Limited Partner of the Partnership hereby irrevocably agreed to surrender to the Partnership, and the Partnership hereby irrevocably agrees to redeem, all of its right, title and interest in the Partnership as Limited Partner in exchange for the return of its Initial Capital Contribution; (b) the Limited Partner irrevocably agrees to withdraw from the Partnership as Limited Partner and cease to be Limited Partner therein; and (c) the General Partners and the Limited Partner hereby irrevocably agree to amend and restate this Agreement to reflect the aforesaid withdrawal and to make such other amendments or changes in the terms and conditions of this Agreement as may be necessary or appropriate to admit such investor or investors acceptable to the General Partner to the Partnership as new Limited Partner in connection with the sale of the federal low-income housing tax credits and other tax benefits available to the Partnership.

ARTICLE XIV NOTICES

14.1 Method of Notices.

All notices required or permitted by this Agreement shall be in writing and shall be hand delivered or sent by registered or certified mail, postage prepaid, addressed as set forth on the signature page hereof (except that any Partner may from time to time give notice changing his address for that purpose) and shall be effective when personally delivered, or, if mailed, on the date set forth on the receipt of registered or certified mail, or on the fifth day after mailing, whichever is earlier.

14.2 Computation of Time.

In computing any period of time under this Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included. The last day of the

period so computed shall be included, unless it is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday or legal holiday.

ARTICLE XV INVESTMENT RESTRICTION; NOTICE REGARDING LOW-INCOME HOUSING TAX CREDITS

15.1 Investment Restriction.

Each Partner recognizes that: (a) the Partnership interests have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption from such registration, (b) a Partner may not sell, offer for sale, transfer, pledge or hypothecate all or any part of his, her or its interest in the Partnership in the absence of an effective registration statement covering such interest under the Securities Act unless such sale, offer of sale, transfer, pledge or hypothecation is exempt from registration under the Securities Act of 1933, as amended, (c) the General Partner has no obligation to register any Partner's interest for sale, or to assist in establishing an exemption from registration for any proposed sale, and (d) the restrictions on transfer may severely affect the liquidity of a Partner's investment.

ARTICLE XVI GENERAL PROVISIONS

16.1 Entire Agreement.

This Agreement embodies the entire understanding and agreement among the parties concerning the Partnership and supersedes any and all prior negotiations, understandings or agreements in regard thereto.

16.2 Amendment.

Except as provided in Article XIII, this Agreement may not be amended nor may any rights hereunder be waived except by an instrument in writing signed by the party sought to be charged with such amendment or waiver.

16.3 Applicable Law.

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

16.4 Pronouns.

References to a Partner, including by use of a pronoun, shall be deemed to include masculine, feminine, singular, plural, individuals, partnerships, or corporations where applicable.

16.5 Counterparts.

This instrument may be executed in any number of counterparts each of which shall be considered an original.

16.6 Additional Documents.

The Partners hereto covenant and agree to execute such additional documents and to perform additional acts as are or may become necessary or convenient to carry out the purposes of this Agreement.

16.7 Written Consents.

All consents or approvals required or permitted under this Agreement shall be in writing.

[Signature on next page]


IN WITNESS WHEREOF the parties have executed this Agreement on the dates stated below their signatures.

GENERAL PARTNER:

CDP GATEWAY PHASE 1 LLC,
an Oregon limited liability company


By: CDP Oregon LLC, an Oregon
limited liability company

Its: Manager

By:  _____
Name: Eric Paine
Its: Co-Manager

LIMITED PARTNER

CDP Oregon LLC, an Oregon
limited liability company

By:  _____
Name: Eric Paine
Its: Co-Manager

HAS LIMITED PARTNER:

HOUSING AUTHORITY OF THE CITY OF SALEM,
a public body corporate and politic of the State of Oregon

By: _____
Name: _____
Its: _____