

XVI. Allocation of Profits, Losses and Distributions.

(a) "Prior to Pay-Out" the net profits, net losses, and cash flow of the Partnership shall be allocated and distributed solely to the Limited Partners pro rata in accordance with the ratio which the number of Limited Partnership Units owned by each Limited Partner bears to the total number of Limited Partnership Units outstanding; provided, however, for purposes of distributions of cash flow, if the Capital Contributions made by Limited Partners for each of the Limited Partnership Units are not equal at the time of such distribution, the cash flow of the Partnership shall be distributed:

(i) First, to all the Limited Partners pro rata in accordance with the ratio which the number of Limited Partnership Units is owned by each Limited Partner bears to the total number of Limited Partnership Units outstanding until such time as any of the Limited Partners have been returned an amount equal to their total Capital Contributions made to the date of such distribution;

(ii) Second, to the Limited Partners who have not theretofore received the return of their total Capital Contributions through the date thereof pro rata in accordance with the ratio which the number of Limited Partnership Units owned by each such Limited Partner bears to the total number of Limited Partnership Units of all Limited Partners who have not theretofore received the return of their total Capital Contributions made through the date thereof, until such time as all Limited Partners have received the return of their total Capital Contribution made through the date of such distribution;

(iii) Third, to the Limited Partners pro rata in accordance with the ratio which the number of Limited Partnership Units owned by each Limited Partner bears to the total number of Limited Partnership Units outstanding until such time as any of the Limited Partners have received an amount equal to twenty-five percent (25%) of the amount heretofore distributed under subsection (i) hereof;

(iv) Fourth, to the Limited Partners who have not theretofore received an amount equal to twenty-five percent (25%) of the amount heretofore distributed under subsections (i) and (ii) hereof pro rata in accordance with the ratio which the number of Limited Partnership Units owned by each such Limited Partner bears to the total number of Limited Partnership Units of all Limited Partners not theretofore received the return of an amount equal to twenty-five percent (25%) of the amount heretofore distributed under subsections (i) and (ii) hereof; and

(b) "Following Pay-Out" the net profits, net losses, and cash flow of the Partnership shall be allocated and distributed to the General Partners and Limited Partners pro rata in accordance with the Profit Interest set forth in Section VI (e) hereof, with the Limited Partners sharing pro rata in allocations and distributions to the Limited Partners in accordance with the ratio which the number of Limited Partnership Units owned by each Limited Partner bears to the total number of Limited Partnership Units outstanding.

(c) The General Partners shall distribute to the Partners substantially all of the cash flow available from the income of the Partnership. All such distributions shall be subject to maintaining or establishing reserves determined to be reasonably necessary by the General Partners for the proper operation of the Partnership business. Distributions may be made at any time that there is sufficient cash in the Partnership which the General Partners, in their absolute discretion, determine is not needed in the operation thereof, but any distribution will be made only if, in the absolute discretion of the General Partners, it will not in any way jeopardize or limit the business of the Partnership.

(d) For the purposes of this Agreement, the terms "net

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