

VII. Default of Limited Partner and Sale of Interest.

(a) In the event any Limited Partner fails to make any portion of his required Contributions to the capital of the Partnership or any Special Assessments, as requested by the General Partners pursuant to the terms of Section VI, within ten (10) days after he is obligated to make the same, the General Partners, without further notice to or act by the defaulting Limited Partner, shall be and hereby are irrevocably constituted the agents and attorneys-in-fact for the defaulting Limited Partner to (i) pay the additional Contributions or Special Assessment owed by the defaulting Limited Partner and treat such payment as a loan to the defaulting Limited Partner; said loan bearing interest at eight percent (8%) per annum, and being payable on demand; or (iii) sell the Partnership interest of the defaulting Limited Partner and to execute in the name and on behalf of the defaulting Limited Partner all instruments of assignment and transfer required to effect such sale. Should the General Partners elect to loan the defaulting Limited Partner such installment and should such defaulting Limited Partner fail to pay such loan upon demand, the General Partners are hereby authorized to sell the Partnership interest of the defaulting Limited Partner, pursuant to this Section and to apply the proceeds of such sale in accordance with Section VII (d) hereof. Any such sale may, in the discretion of the General Partners, be either private or public, any may be held at such time or times without notice thereof to the defaulting Limited Partner. In connection with such sale, the General Partners may, but need not, employ other selling agents, and incur reasonable expenses for advertisement and other services as they consider appropriate to effect such sale and shall use their best efforts to obtain a fair price for the interest of the defaulting Limited Partner.

(b) At any time that the General Partners become authorized to sell any interest of a defaulting Limited Partner, they shall first offer such interest of the defaulting Limited Partner to the other Limited Partners. The Offer shall be made by written notice to each Limited Partner and shall offer the Partnership interest to the Offeree making the highest bid therefor (subject to the right of the General Partners to reject all bids) and shall expire after a period of not less than fifteen (15) days, as the General Partners shall specify in such notice. The General Partners may, but need not, reject any and all bids that they consider inadequate in light of the Partnership's need for capital. If less than all bids are so rejected, the General Partners shall accept the high bid in respect of the interest offered and in the case of equal bids, preference shall be accorded in the order in which such bids were received. A Limited Partner who acquires any such Partnership interest shall thereafter additionally be subject to the terms and conditions of this Agreement as to the Partnership interest acquired.

(c) An interest of a defaulting Limited Partner that is not sold to another Limited Partner may be sold to a person not a Limited Partner, who is qualified by the terms of this Agreement to become a Limited Partner in the Partnership, and such person shall become a Limited Partner subject to all the terms and conditions of this Agreement. The General Partners need not make any such sale unless they, in their sole discretion, approve such person as a Limited Partner.

(d) The proceeds of any such sale shall be applied in the following order:

(i) to the payment of the Capital Contribution or Special Assessment in respect of which the default occurred or any loan made by the General Partners to cure said default;

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