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When recorded, return to:  
James L. Palmer  
33 W. Monroe St.  
21st floor  
Chicago, Ill. 60604

SECOND AMENDED AND RESTATED  
CERTIFICATE OF LIMITED PARTNERSHIP  
OF  
GRACE-SHEFFIELD LIMITED PARTNERSHIP

A Certificate of Limited Partnership for Grace-Sheffield Limited Partnership (hereinafter sometimes referred to as the "Partnership") was filed for record with the Recorder of Deeds, Cook County, Illinois on September 30, 1985, as Document No. 85210672; and a First Amended and Restated Certificate of Limited Partnership for Grace-Sheffield Limited Partnership was filed for record with the Recorder of Deeds, Cook County, Illinois on December 16, 1985, as Document No. 85324469; and whereas the undersigned desire to further amend and restate said Certificates to properly reflect the members and their respective cash contributions and shares of profit as the same shall be hereafter constituted, the undersigned to that end hereby certify as follows:

I. The name under which the Partnership is to be conducted is GRACE-SHEFFIELD LIMITED PARTNERSHIP.

II. The character of the Partnership shall be to acquire, construct, lease and thereafter hold, for investment purposes, a multi-family residential apartment complex, consisting of 30 duplex loft one-bedroom apartments and related parking facilities, located at 944-954 West Grace Street, Chicago, Illinois (the "Property"). The Partnership shall have the power to enter into all agreements regarding the issuance of revenue bonds by the City of Chicago to assist in financing the acquisition and construction of the Property and shall have the power to construct, own,

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mortgage, lease and sell the Property in any manner, and to make investments of every kind and description, including, without limitation, investments in common and preferred stock and general and limited partnership interests, to the extent that funds therefor are available. The Partnership shall have all powers necessary or desirable to accomplish the purposes hereinabove set forth.

III. The location of the principal place of business shall be at 2536 North Halsted Street, Chicago, Illinois 60614, with subsidiary offices at 33 West Monroe Street, 21st Floor, Chicago, Illinois 60603, and such other place or places within and without the State of Illinois, as may be selected from time to time by the General Partners.

IV. (a) The name and residence addresses of the General Partners are as follows:

Eric-Marc Construction Company, Inc.,  
an Illinois corporation  
2536 North Halsted Street  
Chicago, Illinois 60614

Marc Z. Samotny  
33 West Monroe Street  
21st floor  
Chicago, Illinois 60603

(b) The name and residence address of each of the Limited Partners are as set forth on Schedule A, attached hereto and incorporated herein by this reference.

V. The term for which the Partnership is to exist is until wound up following the dissolution of the Partnership upon the occurrence of the earliest of any one or more of the following

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events:

- (a) the last to occur of the dissolution, bankruptcy, liquidation, dissolution or withdrawal of the last remaining corporate General Partner or the death, insanity, incompetency, bankruptcy or withdrawal of the last remaining individual General Partner; provided, however, that upon written election of Limited Partners entitled to Fifty-One Percent (51%) or more of the Voting Percentages of the Limited Partners, as determined by Paragraph F of Schedule B, attached hereto and incorporated herein by this reference, voting thereon, a new General Partner or General Partners may be named and the business of the Partnership shall continue; or
- (b) the sale, exchange or involuntary conversion of all or substantially all the Partnership's noncash assets; provided, however, that if any such sale, exchange or involuntary conversion involves purchase money financing, the Partnership shall not terminate until such financing has been paid in full; or
- (c) December 31, 2020.

VI. (a) The amount of property contributed by the Class A Limited Partners is set forth on Schedule A, under the headings "Initial 1986 Contribution", "February 1, 1987 Contribution" and "February 1, 1988 Contribution" (the contribution made by each

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Class A Limited Partner to the Partnership shall be hereinafter referred to as the "Class A Participation" of each such Class A Limited Partner). The February 1, 1987 Contribution and the February 1, 1988 Contribution of the Class A Limited Partners shall be evidenced by a promissory note made payable to the Partnership and delivered by each Class A Limited Partner to the Partnership.

(b) The Class B Limited Partners have contributed an aggregate amount of \$147,000.00 to the Partnership (the contribution made by each Class B Limited Partner to the Partnership shall be hereinafter referred to as the "Class B Participation" of each such Class B Limited Partner).

VII. The Limited Partners have not agreed to make any additional contributions except as follows:

(a) The amount of any Illinois Personal Property Replacement Income Tax or successor tax or other tax assessed in a similar manner to the Illinois Personal Property Replacement Income Tax which is required to be paid by the Partnership with respect to any partner's allocable share of the taxable income of the Partnership shall not be deducted in determining cash flow but shall be debited to the capital account of such partner. The amount of such payment shall be deducted from the cash flow distributions otherwise due to be paid to such partner to the extent thereof and the Partnership shall assess such Limited Partner for any excess

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which shall then be paid by such Limited Partner to the Partnership forthwith. Each Limited Partner hereby indemnifies the Partnership and the General Partners and agrees to hold them harmless from any liability or loss they might incur by virtue of the assessment of any such tax with respect to such Limited Partner's allocable share of the taxable income of the Partnership.

- (b) If following the liquidation of a partner's interest in the Partnership, including without limitation, as a result of the liquidation of the Partnership, such partner shall have a deficit balance in his capital account, as determined after taking into account all capital account adjustments for the taxable year of the Partnership during which such liquidation occurs (other than those made pursuant to this provision), such partner shall be unconditionally obligated to restate and repay the amount of such deficit balance to the Partnership by the end of such taxable year (or, if later, within ninety (90) days after the date of such liquidation), which amount shall, upon liquidation of the Partnership, be paid to creditors of the Partnership or distributed to other partners in accordance with their positive capital account balances.

VIII. No Limited Partner shall be entitled to return of his capital contribution, except by way of the distribution to him of

assets upon the winding up of the Partnership or upon the occurrence of the events and conditions required for the reduction of a Limited Partner's contribution by the Illinois Uniform Limited Partnership Act, and then only with the written consent of the General Partners to the extent that such written consent may be imposed as a prerequisite under the provisions of the Illinois Uniform Limited Partnership Act.

IX. The share of the net profits or other compensation by way of income which each Limited Partner shall receive by reason of his contribution is shown on Schedule A.

X. No sale, assignment or transfer by a Limited Partner of an interest in the Partnership (by conveyance, operation of law or otherwise) shall be effective to constitute the assignee, legatee, distributee, heir or transferee a substituted Limited Partner (as that term is defined in the Illinois Uniform Limited Partnership Act) in the Partnership with respect to such Limited Partner's interest in the Partnership, without the written consent of the General Partners, and unless and until the assignee or successor thereto executes all necessary amendments or other documents and performs all acts required in accordance with the laws of the State of Illinois and any other states in which the Partnership is then doing business, to the full extent that the same may be necessary to constitute such party as a substituted Limited Partner and preserve the status of the Partnership after the completion of such sale, assignment or transfer in accordance with such laws. The consent or approval of all other partners shall not also be required, if the assignor Limited Partner gives the assignee in writing, at the time of the assignment of the interest, the right

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to become a substituted Limited Partner with only the consent of the General Partners. Any partner may, with respect to a transfer for which its consent is required, withhold consent without cause. If such consent is given, each Limited Partner and the assignee, shall, as necessary upon the request of the General Partners, execute such certificates and other documents and perform such acts as the General Partners, in their sole discretion, deem necessary or desirable to effectuate the applicable provisions of this Section X and to protect the integrity of the Partnership as a limited partnership.

XI. The General Partners, in their discretion, are authorized to admit Class A Limited Partners to the Partnership until there shall have been admitted to the Partnership Class A Limited Partners with aggregate Class A Participations of no more than the amount of \$1,500,000.00. In the event any Class A Limited Partner does not pay any capital contribution when due, then the General Partners shall send written notice to the defaulting Class A Limited Partner of such failure to make such payments. If a Class A Limited Partner shall not make such payments within thirty (30) days of such notice, the General Partners may exercise in their discretion either one of the following rights on behalf of the Partnership:

- (a) to pursue any available remedy or remedies against such defaulting Class A Limited Partner at law or in equity; or
- (b) to reduce the interest of the defaulting Class A Limited Partner in the net profits, net losses and

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cash flow of the Partnership during any year in which payment of a capital contribution is required to zero, and in each succeeding year in which payment of a capital contribution is not required, to ten percent (10%) of the interest to which the defaulting Class A Limited Partner would have been entitled if his total Class A Participation was equal only to the contributions actually made by him. The General Partners may (but shall not be required to) contribute the unpaid portion of the defaulting Class A Limited Partner's capital contribution themselves or procure such from any other partner or new investor. Thereafter, the defaulting Class A Limited Partner shall have no further obligation or right to make the payment in default or any subsequent capital contribution to the Partnership. Either the General Partners, the pre-existing partner, or the new investor, as the case may be, shall upon execution of a counterpart of this Certificate and payment of the defaulting Class A Limited Partner's delinquent capital contribution become a Class A Limited Partner. The General Partners, the pre-existing partner, or the new investor, as the case may be, who pays the unpaid portion of a defaulting Class A Limited Partner's delinquent capital contribution pursuant to the proceedings outlined in this subparagraph, in addition to his interest (if any) as a partner in the Partnership prior to this adjustment, shall be entitled to: (i) in each year in which payment

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of a capital contribution is required, all of the net profits, net losses and cash flow of the Partnership to which the defaulting Class A Limited Partner would have been entitled had he paid the capital contribution in the year in question; and (ii) in each year thereafter in which payment of a capital contribution is not required, be treated as a Class A Limited Partner with a Class A Participation Percentage (as hereinafter defined), equal to the difference between the Class A Participation Percentage of the defaulting Class A Limited Partner prior to his default and the Class A Participation Percentage to which the defaulting Class A Limited Partner is reduced as a result of his default for the years in which capital contributions are not required as provided above.

The Class A Participation Percentage of each Class A Limited Partner at any time shall be that percentage which is 100 times a quotient, the numerator of which shall be the Class A Participation of such Class A Limited Partner and the denominator of which shall be the aggregate Class A Participations of all Class A Limited Partners at such time. The Class A Participation Percentage of each Class A Limited Partner shall be determined on a monthly basis on the first day of each month during the term of the Partnership.

The Class B Participation Percentage of each Class B Limited Partner at any time shall be that percentage which is 100 times a quotient, the numerator of which shall be the Class B



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Participation of such Class B Limited Partner and the denominator of which shall be the aggregate Class B Participations of all Class B Limited Partners at such time. The Class B Participation Percentage of each Class B Limited Partner shall be determined on a monthly basis on the first day of each month during the term of the Partnership.

If the procedure provided for in subparagraph (b) above is followed, an amended Certificate of Limited Partnership shall be executed and filed. Said amended Certificate of Limited Partnership shall reflect the revised Class A Participation Percentages provided for in said subparagraph (b).

XII. Except as provided in Paragraphs A, B, C and D of Schedule B, no Limited Partner is given any priority over any other Limited Partner as to the return of contributions or as to compensation by way of income.

XIII. Except as provided below, no partner shall have the right to withdraw from the Partnership or demand payment of his capital account prior to the winding up of the Partnership as provided in Paragraph V above.

(a) Upon the bankruptcy, liquidation, dissolution, death, insanity, incompetency, or withdrawal of the last remaining General Partner, the Partnership shall be dissolved and its assets liquidated for dissolution; provided, however, that upon written election of Limited Partners entitled to Fifty-One Percent (51%) or more of the Voting Percentages of the Limited Partners, as determined by Paragraph F of Schedule B, voting thereon, a new

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limited partnership shall be formed (hereinafter referred to as the "New Limited Partnership") in which (i) such person(s) or corporation(s) as all of the Limited Partners may select shall be the General Partner; (ii) the Limited Partners hereunder shall be Limited Partners as they were in the dissolved Partnership; (iii) the General Partners hereunder or their successors in interest shall continue to have the same economic interests but shall be Limited Partners in the New Limited Partnership; (iv) subject to the provisions of subparagraph (d) below, each partner of the New Limited Partnership and the new General Partner shall have such interests in the New Limited Partnership that shall be agreed among them; and (v) all of the assets of any nature whatsoever of this Partnership shall be transferred to the New Limited Partnership which shall assume all of the liabilities of this Partnership.

(b) If a New Limited Partnership is formed pursuant to subparagraph (a) above, all of the partners therein will execute a Limited Partnership Agreement containing terms and conditions substantially identical to those contained in the partnership agreement of the dissolved Partnership, and a Certificate of Limited Partnership pursuant thereto, for the purpose of effectuating the provisions of subparagraph (a) above. Thereafter, the relations of such partners shall no longer be governed by this Certificate.

(c) The death, insanity, incompetency, liquidation or dissolution of a Limited Partner shall not dissolve the Partnership, and it shall be continued with the legal representative of a Limited Partner who died, became insane or

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incompetent, or the successor or assign of a Limited Partner which was liquidated or dissolved, continuing in the Partnership, not as a substituted Limited Partner, but only having the rights of an assignee under the Illinois Uniform Limited Partnership Act, until the consent of the General Partners is obtained in the manner provided in Section X of this Certificate, and the execution of the documents described in said Section X is completed.

(d) The Partnership shall purchase the interest of any Limited Partner who shall become bankrupt as of the day immediately prior to the date of such bankruptcy at a price equal to the capital account of such partner as of said date. The terms of payment for such interest shall be no cash down, with the amount of the purchase price payable in five (5) equal, successive annual installments. The installments shall, together with interest on the unpaid balance of the purchase price at a rate equal to the lesser of (i) Nine Percent (9%), compounded semiannually, or (ii) the "Federal mid-term rate", compounded semiannually, as determined pursuant to Section 1274(d) of the Internal Revenue Code of 1986 (the "Code"), commence on the first anniversary of the settlement date and the remaining four (4) installments of principal and interest shall be paid on each succeeding anniversary. The Partnership shall have the full right to prepay this purchase price, in whole or in part, without penalty. If as of the date prior to such bankruptcy there is a negative balance in the capital account of such partner, the interest of such partner shall be purchased by the Partnership for a price of Ten Dollars (\$10.00) cash, not in installments.

(e) For purposes of this Certificate, bankruptcy shall include (i) an assignment for the benefit of creditors; (ii) the

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filing of a voluntary bankruptcy or reorganization petition; and (iii) the failure to vacate the appointment of a receiver or trustee for all or any part of a partner's assets or property within five (5) days from the date of such appointment.

XIV. No Limited Partner is given the right to demand and receive property other than cash in return for his contribution.

IN WITNESS WHEREOF, the undersigned General Partners and Limited Partners have sworn to and executed this Certificate or caused this Certificate to be executed.

GENERAL PARTNERS:

Attest:

By M. Zale  
Milton Zale, Secretary  
(Corporate Seal)

ERIC-MARC CONSTRUCTION COMPANY, INC., an Illinois corporation  
By M. Zale  
Milton Zale, President

M. Samotny  
Marc Z. Samotny

CLASS A LIMITED PARTNERS:

Myron Cohen  
Metro-California Business Enterprises  
Michael Blechman  
Ruth N. Green  
Benn Jacobson  
Geoffrey Engel  
Milton Simmons

CLASS B LIMITED PARTNERS:

Milton Zale  
Milton A. Levenfeld  
Calvin Eisenberg  
RKJ Trust  
Donald A. Glassberg  
Marc Z. Samotny  
Alan F. Segal  
Martin Weinstein  
Randall J. Gingiss

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Pursuant to a Power of Attorney granted by all of the Limited Partners of GRACE-SHEFFIELD LIMITED PARTNERSHIP, the undersigned are each authorized to sign, swear to and acknowledge this Second Amended and Restated Certificate of Limited Partnership on behalf of all of the above named Limited Partners of GRACE-SHEFFIELD LIMITED PARTNERSHIP.

Milton Zale  
Milton Zale, as Attorney-in-fact for the Limited Partners named above.

Marc Z. Samotny  
Marc Z. Samotny, as Attorney-in-fact for the Limited Partners named above.

STATE OF ILLINOIS )  
COUNTY OF COOK ) SS.

On this 31st day of December, 1986, before me, the undersigned, a Notary Public in and for said State and County, personally appeared Milton Zale, known to me to be the same person who executed the within instrument on behalf of all of the Limited Partners of GRACE-SHEFFIELD LIMITED PARTNERSHIP, as the duly authorized Attorney-in-fact of all of the Limited Partners, and swore to and acknowledged to me that he executed the within instrument in the capacity indicated for the uses and purposes set forth herein and that the information set forth therein is true.

Leslie Kie-Owens  
Notary Public

(SEAL)

My commission expires:

September 24, 1987

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STATE OF ILLINOIS )  
 )  
COUNTY OF COOK ) SS.

On this 31st day of December, 1986, before me, the undersigned, a Notary Public in and for said State and County, personally appeared Milton Zale, known to me to be the same person who executed the within instrument as President of ERIC-MARC CONSTRUCTION COMPANY, INC., an Illinois corporation, a General Partner of GRACE-SHEFFIELD LIMITED PARTNERSHIP, and swore to and acknowledged to me that he executed the within instrument in the capacity indicated for the uses and purposes set forth herein and that the information set forth therein is true.

Leslie Kie-Owens  
Notary Public

(SEAL)

My commission expires:

September 24, 1987

STATE OF ILLINOIS )  
 )  
COUNTY OF COOK ) SS.

On this 31st day of December, 1986, before me, the undersigned, a Notary Public in and for said State and County, personally appeared Marc Z. Samotny, known to me to be the same person who executed the within instrument as a General Partner of GRACE-SHEFFIELD LIMITED PARTNERSHIP, and as the duly authorized Attorney-in-fact of all of the Limited Partners, and swore to and acknowledged to me that he executed the within instrument in the capacities indicated for the uses and purposes set forth herein

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and that the information set forth therein is true.

Aeslie Kras-Anens  
Notary Public

(SEAL)

My commission expires:

September 24, 1987

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SCHEDULE A  
TO  
SECOND AMENDED AND RESTATED  
CERTIFICATE OF LIMITED PARTNERSHIP  
OF  
GRACE-SHEFFIELD LIMITED PARTNERSHIP

CLASS A LIMITED PARTNERS:

<u>Partner</u>	<u>Initial 1986 Contri- bution</u>	<u>February 1, 1987 Contribution</u>	<u>February 1, 1988 Contribution</u>	<u>Class A Partici- tion</u>	<u>Class A Partici- tion Percentage</u>
Myron Cohen	\$ 25,000	\$ 20,000	\$15,000	\$ 60,000	16.67%
Metro California Business Enter- prises	25,000	20,000	15,000	60,000	16.66%
Michael Blechman	25,000	20,000	15,000	60,000	16.67%
Ruth N. Green	25,000	20,000	15,000	60,000	16.67%
Benn Jacobson	25,000	20,000	15,000	60,000	16.67%
Geoffrey Engel	12,500	10,000	7,500	30,000	8.33%
Milton Simmons	12,500	10,000	7,500	30,000	8.33%
	<u>\$150,000</u>	<u>\$120,000</u>	<u>\$90,000</u>	<u>\$360,000</u>	<u>100.00%</u>

CLASS B LIMITED PARTNERS:

<u>Partner</u>	<u>Class B Participation</u>	<u>Class B Participation Percentage</u>
Milton Zale	\$73,500	50.00%
Milton A. Levenfeld	14,700	10.00%
Calvin Eisenberg	15,435	10.50%
RKJ Trust	11,025	7.50%
Donald A. Glassberg	11,025	7.50%
Marc Z. Samotny*	10,995	7.48%
Alan F. Segal	8,820	6.00%
Martin Weinstein	750	0.51%
Randall J. Gingiss	750	0.51%
	<u>\$147,000</u>	<u>100.00%</u>

\* Marc Z. Samotny has converted his 8.33% General Partnership interest as follows:

1.00%	interest in Partnership as General Partner
<u>7.33%</u>	interest in Partnership as Class B Limited Partner
8.33%	

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SCHEDULE B  
TO  
SECOND AMENDED AND RESTATED  
CERTIFICATE OF LIMITED PARTNERSHIP  
OF  
GRACE-SHEFFIELD LIMITED PARTNERSHIP

A. The net profits and net losses of the Partnership as finally determined on an annual basis for Federal income tax purposes shall be allocated among the partners on the same terms as cash flow is allocated pursuant to Paragraph C of this Schedule B. Any investment tax credits shall be allocated among the partners in the same manner as the partners shall share net profits of the Partnership at the time of such allocation. Any recapture of depreciation or investment tax credits shall be allocated among the partners as such depreciation or investment tax credits, as the case may be, shall have been shared initially among the partners. For purposes of allocating net profits and losses, a partner shall be deemed to have been admitted to the Partnership as of the first day of the month if he is admitted in fact during the first 15 days of the month, and a partner admitted after the first 15 days of the month shall be deemed to be admitted to the Partnership as of the first day of the succeeding month.

Notwithstanding any provision of the Articles of Limited Partnership to the contrary, if Partnership property is properly reflected in the capital accounts of the partners and on the books of the Partnership at a book value that differs from the adjusted tax basis of such property, including without limitation, depreciation, depletion, amortization, and gain or loss, as computed for tax purposes, with respect to such property shall be allocated among the partners in a manner that takes account of the

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variation between the adjusted tax basis of such property and its book value in the same manner as variations between the adjusted tax basis and fair market value of property contributed to the Partnership are taken into account in determining the partners' distributive shares of tax items under Section 704(g) of the Code, in accordance with Treasury Regulation Section 1.704-1(b)(4)(i).

B. For purposes hereof, "net profits" or "net losses" shall mean the net income or loss of the Partnership, in each instance as finally determined for Federal income tax purposes by the accountants for the Partnership. If such difference shall be greater than zero, it shall be known as a net profit and if such difference shall be less than zero, the amount by which it is less than zero shall be known as a net loss. Net profits and net losses shall not include any income, gain, or loss from the sale, exchange or involuntary conversion of all or substantially all the Partnership's noncash assets.

C. The cash flow of the Partnership shall be allocated and distributed as follows:

(a) The cash flow of the Partnership shall consist of all cash received by the Partnership from any source (excluding, however, the capital contributions of the partners, except as provided in subsection (b)(1) of this Paragraph C), less cash expended for the debts and expenses of the Partnership, principal payments on any indebtedness of the Partnership, capital expenditures, and reasonable reserves otherwise required, in the discretion of the General Partners, for the Partnership business. Cash flow shall not include items distributable pursuant to the



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provisions of Paragraph D of this Schedule B.

(b) For any taxable year of the Partnership, cash flow shall be allocated and distributed among the partners as follows:

- (i) First, the aggregate amount of \$147,500 (\$3,750 in 1986, \$68,750 in 1987, and \$75,000 in 1988) to the General Partners and Class B Limited Partners (to be allocated and distributed among them in accordance with this Certificate); provided, however, that only for purposes of this subparagraph (i), the term "cash flow" shall include the Class A Participations of the Class A Limited Partners;
- (ii) Then, One Percent (1%) to the General Partners, Ninety-Eight Percent (98%) to the Class A Limited Partners, and One Percent (1%) to the Class B Limited Partners, until the Class A Limited Partners have received for the taxable year of the Partnership distributions of cash flow in an amount equal to Ten Percent (10%) of their Gross Investment (as hereinafter defined) (the "Cumulative Preferred Return"), plus the amount of any Cumulative Preferred Return to which they are entitled but which they have not received in any prior year. Gross investment is defined as the total of the Class A Limited Partners' capital contributions paid to the Partnership from time to time, reduced by the amount of any refinancing proceeds or sales proceeds distributed to the Class A Limited Partners from time to time; and
- (iii) Thereafter, Two Percent (2%) to the General Partners, Twelve Percent (12%) to the Class A Limited Partners, and Eighty-Six Percent (86%) to the Class B Limited Partners.

D. (a) Gain, loss or ordinary income from the sale, exchange or involuntary conversion of all or substantially all the Partnership's noncash assets shall be allocated among the Partners as follows:

- (i) First, to the partner or partners with the largest "Relative Capital Quotient", as defined below, in the event of a loss, or to the partner or partners with the smallest Relative Capital Quotient in the event of a gain, until such Relative Capital Quotient shall be equal to the Relative Capital Quotient of the partner or partners with the next largest or smallest Relative Capital Quotient, as the case may be, and thereafter successively to the partner or partners with the largest or smallest Relative Capital Quotient, as the case may be, until all Relative Capital Quotients of all partners

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shall be equal;

- (ii) Then, Ninety-Eight Percent (98%) to the Class A Limited Partners, One Percent (1%) to the Class B Limited Partners and One Percent (1%) to the General Partners, until the Class A Limited Partners have been allocated an amount equal to the sum of (a) the amount of their Gross Investment at such time, plus (b) the amount of their Cumulative Preferred Return to which they are entitled but which they have not received in prior years; and
- (iii) Thereafter, Twelve Percent (12%) to the Class A Limited Partners, Eighty-Six Percent (86%) to the Class B Limited Partners, and Two Percent (2%) to the General Partners.
- (iv) A Relative Capital Quotient shall be determined for each partner by dividing each partner's then capital account by the percentage of the net profits of the Partnership to which such partner shall be entitled at the time of the event giving rise to such gain or loss (without regard to any adjustment to any partner's capital account which shall have been made pursuant to the provisions of Section 754 of the Code, if applicable).

(b) Any proceeds resulting from the transactions described in subsection (a) of this Paragraph D shall be distributed among the partners in accordance with the provisions of Paragraph E below.

(c) Proceeds from the sale, exchange or involuntary conversion of less than substantially all the noncash assets of the Partnership shall be treated as cash flow and distributed among the partners in accordance with the provisions of Paragraph C of this Schedule B. Net proceeds from the refinancing of Partnership debt (which does not dissolve the Partnership pursuant to Article V of this Certificate) shall be distributed among the partners in accordance with the provisions of subsections (a)(ii) and (a)(iii) of this Paragraph D.

(d) In the event that a sale or exchange or other disposition occurs and the Partnership elects to grant purchase money

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financing to the purchaser of the Property and to perform services for the purchaser of the Property subsequent to the closing of such purchase, such transaction shall not constitute an act of dissolution of the Partnership. The General Partners in such event shall make an equitable allocation among the partners based on the provisions of subparagraph (a) of this Paragraph D of the proceeds of the sale and services rendered and to be rendered and of the principal and interest received and to be received on the purchase money financing. On the date of the closing of the sale to the third party, the total proceeds to be received from such sale which are categorized as equity or as principal payments shall be allocated among the partners in accordance with subparagraph (a) above, and shall be payable to the partners in accordance with such allocation when and as received, but in no event more frequently than quarterly. Interest on the unpaid principal balance from time to time when paid shall be allocated among the partners, on a monthly basis, in the same ratio as a partner's allocable share of the unpaid principal payments bears to the total unpaid principal payments and shall be payable to the partners in accordance with such allocation when and as received, but in no event more frequently than quarterly. Fees payable to the Partnership for services rendered or to be rendered shall be allocated among the partners on an equitable basis. In the event that the purchase money financing is of a form (wrap mortgages or contract sale) in which the Partnership increases its net equity in the Property each year (or portion thereof) by reason of receiving smaller principal payments on the purchase money financing than is being paid on the underlying indebtedness loans, the General Partners shall equitably allocate the increased equity among the partners on the basis of subparagraph (a) hereof,

provided that each partner receiving such additional equity shall also be allocated the adverse Federal income tax consequences thereof.

E. In the event of the liquidation of the Partnership for any reason, including without limitation, on the dissolution of the Partnership, the Partnership assets shall be sold and/or liquidated for distribution in the following order of priority:

- (a) Payment of creditors of the Partnership, in the order of priority as provided by law;
- (b) Establishment of reserves to provide for contingent liabilities, if any;
- (c) Payment of debts of the Partnership to partners of the Partnership, if any, in the order of priority provided by law; and
- (d) Distributions to the partners in accordance with the positive capital account balances of the partners (as determined after taking into account all capital account adjustments for the Partnership taxable year during which such liquidation occurs, other than those made pursuant to this subsection (d) or Paragraph VII(b) of this Certificate).

Notwithstanding any provision to the contrary, subparagraph (d) of this Paragraph E shall also apply upon the liquidation of a partner's interest in the Partnership. The liquidating distributions under subsection (d) of this Paragraph E shall be made by the end of the taxable year in which such liquidation occurs or, if later, within ninety (90) days after the date of such liquidation.

F. Each Limited Partner shall have the right to vote on Partnership matters as permitted by the partnership agreement of the Partnership in accordance with the Voting Percentage (as hereinafter defined) of such Limited Partner. The Voting

Percentage of any Limited Partner shall be equal to the product of (1) the percentage of net profits of the Partnership to which the Class of Limited Partners in which such Limited Partner is a member would be entitled following payment of the Cumulative Preferred Return (pursuant to Paragraph A and subsection (b) (iii) of Paragraph C of this Schedule B), multiplied by (ii) such Limited Partner's Class A Participation Percentage (if the Limited Partner is a Class A Limited Partner) or such Limited Partner's Class B Participation Percentage (if the Limited Partner is a Class B Limited Partner).

G. (a) Any allocation or distribution to the Class A Limited Partners shall be shared among them in accordance with their Class A Participation Percentages, as determined on a monthly basis in accordance with Section XI of this Certificate.

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(b) Any allocation or distribution to the Class B Limited Partners shall be shared among them in accordance with their Class B Participation Percentages, as determined on a monthly basis in accordance with Section XI of this Certificate.

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(c) Any allocation or distribution to the General Partners shall be shared equally between them.

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