

EXHIBIT 4

The transaction for which authority is sought in this application involves the conversion of the licensee, Malkan AM Associates, from a Texas general partnership to a Texas limited partnership, which will be called Malkan AM Associates, L.P. Following the conversion to a limited partnership, the licensee will be owned by a new general partner as well as certain limited partners, as described more fully in Exhibit 11.

The attached Agreement of Limited Partnership sets forth the terms under which the conversion will take place. There are no other agreements pertaining to this transaction.

**AGREEMENT OF LIMITED PARTNERSHIP
MALKAN AM ASSOCIATES, L.P.**

I. CONVERSION TO A TEXAS LIMITED PARTNERSHIP

Whereas, Audrey Malkan, Matthew Malkan, Hope Malkan and the Malkan Family Trust (the Partners) are the current partners of a Texas general partnership organized on January 1, 1988 as Malkan AM Associates;

Whereas, the Partners by their execution of this Agreement of Limited Partnership unanimously agree to convert the Partnership to a Texas Limited Partnership pursuant to Article 6132b-9-1 of the Texas Revised Partnership Act, to rename the Partnership, Malkan AM Associates, L.P. and to amend and restate the partnership agreement as set forth herein;

Now, therefore, this Agreement of Limited Partnership ("Agreement") is made this 15th day of July, 2004, by and between **MALKAN BROADCASTING MANAGEMENT, L.L.C.** as General Partner and **AUDREY MALKAN, MATTHEW MALKAN, HOPE MALKAN and the MALKAN FAMILY TRUST** as Limited Partners (sometimes individually referred to herein as a "Partner" and collectively as "Partners"), to be effective as of the filing date of a Certificate of Limited Partnership with the Secretary of State of Texas following approval of the Federal Communications Commission, initially with **MALKAN BROADCASTING MANAGEMENT, L.L.C.** as General Partner and the remainder of the Partners as Limited Partners, on the terms and conditions hereinafter set forth:

II. PARTNERSHIP NAME

The Limited Partnership's name is **MALKAN AM ASSOCIATES, L.P.** ("Partnership"). All Partnership business must be conducted in the Partnership's name or in such other names as the General Partner may select that comply with applicable law.

**III. REGISTERED AGENT, REGISTERED ADDRESS,
AND PRINCIPAL OFFICE**

The Partnership's registered agent and street address in Texas is:

Glen Powers
2117 Leopard
Corpus Christi, Texas 78408

The street address of the Partnership's principal office in the United States is the same as the address of the registered office.

All Partnership's records required by the Act will be maintained at the principal office.

IV. PURPOSES

A. Manage Partnership Assets and Promote Harmony Among the Partners.

The purpose of the Partnership is to make a profit, increase wealth, and provide a means for the Malkan Family to hold, manage, preserve and grow Family Assets. The Partnership will accomplish the following:

1. provide control of Family Assets;
2. increase Family wealth;
3. continue the ownership of Family Assets by restricting the acquisition of Family Assets by non-Family members.
4. prevent the transfer of a Family member's interest in the Partnership as a result of a failed marriage;
5. provide flexibility in business planning not available through trusts, corporations, or other business entities;
6. promote the Family's knowledge of and communication about Family Assets

B. Purposes Allowed by the Act.

The Partnership is authorized to engage the radio broadcasting business and all business permitted by the Act. If the Partnership qualifies to do business in a foreign jurisdiction, it may transact all business permitted in that jurisdiction. There is no jurisdictional restriction upon the Partnership's Property or activities.

C. Partnership's Authority.

To accomplish the Partnership Purposes, the Partnership's authority includes the following:

1. The purchase, sale and investment in radio station operation and facilities.
2. The purchase, sale and investment in real estate, which will include the following activities:
 - a. the acquisition, ownership, development, operation and sale of real estate, either as operator, managing agent, principal, agent, partner, stockholder, syndicate member, associate, joint venturer, participant, or otherwise; and

- b. the leasing, mortgaging or pledging of its real estate holdings.
3. The purchase, sale and investment in the following securities, commercial paper and commodities:
 - a. stocks;
 - b. bonds (corporate and/or governmental);
 - c. notes;
 - d. other evidences of indebtedness of any person, domestic or foreign;
 - e. other obligations of any governmental entity, domestic or foreign;
 - f. bills of exchange and commercial paper; and
 - g. gold, silver, grain, cotton, and other commodities and provisions traded on exchanges or over-the-counter markets.
4. The following activities involving various business entities:
 - a. formation of any and all types of business entities or trusts to make or hold investments and to carry on trades or businesses;
 - b. the acquisition of general or limited partnership interests, membership interests in limited liability companies, joint ventures, or interests in any syndication.
5. The purchase, sale, exchange, acquisition, transfer, assignment, leasing, development, management, and/or operation of oil, gas, and other mineral interests, either alone or together with others.
6. The issuance of guarantees in connection with the financial transactions of others, with or without charging a fee.
7. The borrowing or raising of money by:
 - a. issuing, accepting, endorsing, or executing notes, drafts, bills of exchange, warrants, bonds, debentures, instruments or evidences of indebtedness;
 - b. securing the indebtedness by mortgage, pledge, transfer, or assignment in trust of all or any part of the Property; and
 - c. selling, pledging, or disposing of the Partnership's obligations.

8. The operation of one or more offices, the leasing or acquisition of office space, engagement of personnel, and the power to do all things necessary to operate offices and businesses.
9. The acquisition of insurance as the Partnership deems necessary and appropriate.
10. The making, entering into, delivery and performance of all contracts, agreements, or undertakings as necessary to carry on its investment and business activities.
11. The payment of all costs and expenses deemed appropriate in carrying on its investment and business activities.

D. General Partner's Authority.

The General Partner may take any action permitted by this Agreement and the Act to accomplish the Partnership Purposes. These permitted activities include any act customary or reasonably related to acquiring, owning, managing, selling, investing in, reinvesting in, or financing its Property. These customary activities include buying and selling options, short sales, hedging, and purchases on margin.

V. TERM

This Partnership shall be a term-of-years partnership pursuant to the Act. The Partnership will begin on the Effective Date and will end on December 31, 2054 (called the "initial term"). The Partnership may continue, by Unanimous Consent, from calendar year to calendar year until terminated as provided in this Agreement (called the "secondary term"). The secondary term may not, however, extend beyond December 31, 2104. The Partnership may be terminated and dissolved at any time during the initial term or a secondary term by Unanimous Consent unless sooner terminated and wound up in accordance with the Act or this Agreement.

VI. MANAGEMENT

A. Management by General Partner.

1. Powers of General Partner.

a. Exclusive Management.

The General Partner is exclusively responsible for managing, operating, and controlling the Partnership's business and affairs. The General Partner will act as a "Manager" of the Partnership. If there is more than one General Partner, all of the General Partner's obligations under this Agreement will be joint and several, and any actions taken by the General Partner shall be valid if approved by the General Partner.

- b. General Partner's Authority.
The General Partner may do all things appropriate in carrying out the Partnership Purposes, including:
- (1) Entering into contracts and business undertakings to further the Partnership Purposes.
 - (2) Opening and maintaining bank and investment accounts and arrangements; drawing checks and other orders for the payment of money; and the designation of individuals with authority to sign or give instructions with respect to those accounts and arrangements.
 - (3) Maintaining its Property in good order.
 - (4) Collecting sums due the Partnership.
 - (5) Paying all Partnership debts, obligations, and expenses.
 - (6) Acquiring, utilizing, operating, improving, developing, and disposing of any Property.
 - (7) Borrowing money, financing, refinancing, or otherwise incurring obligations for the Partnership's account and pledging, mortgaging, and granting security interests in its Property.
 - (8) Selecting, removing, and changing the authority and responsibility of lawyers, accountants, and other advisers and consultants to the Partnership. The fact that a Partner is directly or indirectly any person's affiliate will not prohibit that person from being employed by or dealing with the Partnership as a consultant or professional.
 - (9) Acquiring and determining amounts of insurance coverages in connection with the Partnership, its Property, or businesses.
 - (10) Making distributions of Distributable Cash subject to other provisions of this Agreement.
 - (11) Selling, exchanging, assigning, conveying, leasing, and transferring legal and equitable title to the Property on terms and conditions deemed reasonable by the General Partner.
 - (12) Retaining, without liability, any property in the form it is received without regard to its productivity or the proportion that any one asset or class of assets may bear to the whole.

- (13) Registering or taking title to Partnership assets in the Partnership's name or as Trustee, with or without disclosing the identity of his or her principal; or permitting the securities to be registered in "street name" under a custodial arrangement with an established securities brokerage firm, trust department, or other custodian.
- (14) Carrying out the Partnership Purposes through other partnerships, corporations, limited liability companies, and other entities.
- (15) Compromising claims against the Partnership.
- (16) Making any election under any tax law in such manner as the General Partner deems advisable, with impunity.
- (17) Executing and accepting any instrument, conveyance, or agreement incident to the Partnership's business or property without the Partners' joinder, ratification, or consent.
- (18) Performing the Partnership's obligations, and exercising all the Partnership's rights, under any agreement to which the Partnership or its nominee is a party.
- (19) Loaning funds to any Partner on terms and conditions deemed reasonable by the General Partner.
- (20) Advancing any monies to the Partnership required for the Partnership's business, but with no obligation to do so.
- (21) Investing and reinvesting Property to accomplish Partnership Purposes, including investing the Property in accordance with the Modern Portfolio Theory.
- (22) Executing and filing certificates or instruments as required or permitted by the Act, any other laws of the State of Texas or any other jurisdiction where the Partnership does business, as well as with the FCC..
- (23) Withholding any funds due to a Limited Partner who is a foreign person as may be required by the Internal Revenue Code and regulations promulgated thereunder.

2. Restrictions on General Partner's Powers.

The General Partner may not enter into any of the following transactions without the Unanimous Consent of the Partners:

- (1) Incurring total Partnership indebtedness resulting in a loan to value ratio in excess of 50% (measured using book value).
- (2) The sale of substantially all the Property of the Partnership before the Partnership has voted to liquidate and terminate.
- (3) Compromising any claim or dispute in an amount, or having a value, that exceeds 50% of the total value of the Partnership's Property.
- (4) Confessing a judgment against the Partnership.
- (5) Any act that violates this Agreement.
- (6) Assign the rights of the Partnership or its Partners in a specific Property for other than a Partnership Purpose.
- (7) Make, execute, or deliver any assignments for the benefit of creditors, or for an Assignee's promise to pay Partnership debt.
- (8) Do any act for which the Limited Partners' consent is required under the Act.
- (9) Terminate, liquidate, or wind up the Partnership, except as otherwise provided in Subsection XIII.A.2. of this Agreement.
- (10) Admit additional or substitute partners except as otherwise provided in Article VIII. of this Agreement.
- (11) Do any act that makes it impossible to carry on the Partnership's Purposes and the Partnership's business. Selling or otherwise disposing of any Property will not, however, be deemed to be an act that makes it impossible for the Partnership to carry on its business.
- (12) Engage in any business activity other than an activity consistent with the Partnership's Purposes.
- (13) Amend this Agreement except as specifically provided for elsewhere in this Agreement.

B. Action by General Partner; Delegation of Authority and Duties.

1. Managing Partner Designated.

If there is more than one General partner, the General Partners by their unanimous consent may designate a managing partner ("Manager"). A designated Manager will serve until

the designation is revoked or the Manager ceases to serve for any other reason. If a Manager is designated, the Manager is authorized and directed to manage and control the Partnership's assets and business. The Manager may exercise all of the powers which could be exercised by the consent of a Majority of the General Partners. If a Manager is designated, any reference to "General Partner" in this Agreement includes "Manager" if applicable.

2. Delegation of Authority.

The General Partner may hire employees or agents for the Partnership, appoint any individual as a Partnership officer, and delegate to officers, employees, and agents any power or duty of the General Partner.

3. Continuing Responsibility of General Partner.

The General Partner will remain responsible to the Partnership for the acts or omissions of a Manager, agent, or employee and for the performance of the duties of the General Partner provided for in this Agreement or the Act and assigned by the General Partner to any of the aforesaid persons.

4. Reliance by Third Parties.

- a. Any person dealing with the Partnership, other than a Partner, may rely on the General Partner's authority to take any action in the Partnership's name without making an inquiry into the provisions of this Agreement. Any document executed by the General Partner can be relied upon by any third party as the act of the Partnership. No purchaser, tenant, transferee, or obligee will have any obligation to see to the application of payments made to the General Partner.
- b. Any person dealing with the Partnership or the General Partner may rely upon a certificate signed by the General Partner as to:
 - (1) the identity of the Partners;
 - (2) any conditions precedent to acts by the Partnership;
 - (3) the persons who are authorized to execute any documents and bind the Partnership; and
 - (4) any other matter involving the Partnership or any Partner.

C. Compensation and Reimbursement of General Partner.

The General Partner shall spend the time necessary to manage the Partnership and to serve the Partnership Purposes and to perform all of the duties of a General Partner provided for in this Agreement and the Act. A General Partner is not, however, required to devote his full

time to managing the Partnership. A General Partner shall be entitled to reasonable compensation for services rendered to the Partnership, provided any such compensation must comply with Code Section 704(e), if applicable. A General Partner's compensation will be treated as a guaranteed payment for services rendered. A General Partner shall also be entitled to reimbursement for all reasonable and necessary business expenses incurred in managing the Partnership. A General Partner's compensation may be adjusted by a Super Majority in Interest of the Limited Partners, based upon the General Partner's performance and dedication of time to the Partnership's business. If the partnership's cash flow is insufficient to pay a General Partner's compensation, the unpaid portion of the compensation may be deferred and if deferred will bear interest at the Default Interest Rate.

D. Waiver of Self-Dealing and Conflicts of Interest.

1. Provided the terms of a transaction are no less favorable than those the Partnership may obtain from unrelated third parties, the General Partner may enter into any transaction on the Partnership's behalf despite the fact that another party to the transaction may be:

- a. a trust of which a Partner is a trustee or beneficiary;
- b. an estate of which a Partner is a personal representative or beneficiary;
- c. a business controlled by one or more Partners, or a business of which any Partner is also a director, officer, or employee;
- d. an affiliate, employee, stockholder, associate, manager, partner, or business associate of a partner;
- e. a Partner; or
- f. a relative of a Partner.

2. It is expressly understood that each Partner may invest the Partner's personal assets for the Partner's own account and may conduct the Partner's personal affairs and investments without regard to whether they constitute a Partnership "opportunity."

3. A Partner may engage in or possess an interest in any other business or venture of any nature and description, independently, or with others, excluding ones in competition with the Partnership. The Partner has no obligation to offer to the Partnership, or any other Partner, the right to participate in such other business or venture. Neither the Partnership nor its Partners has by virtue of this Agreement any right in any independent venture of a Partner or its income or Profits.

E. Removal of a General Partner.

A General Partner may not be removed unless there is at least one remaining General Partner, or a successor General Partner as provided in XIII.C. Except as otherwise provided in

this Agreement, a current General Partner may be removed by the vote of a Super Majority of the Partners other than the Partner being removed. If a General Partner is removed for any reason, the GP Units held by the General Partner being removed, and classified as GP Units, must be sold by the removed General Partner and purchased in accordance with VIII.B.2. of this Agreement. Notwithstanding the foregoing, a General Partner may be removed by a Super Majority in Interest if:

1. a General Partner materially breaches the General Partner's obligations and does not cure, or commence and diligently prosecute curing the breach within 90 days after notice of the breach by any Limited Partner; or
2. a General Partner commits any act of fraud or malfeasance to the Partnership's injury.

F. Power of Attorney.

1. Appointment of an Agent.

Each Limited Partner, and any assignee or transferee of a Limited Partner's interest in the Partnership, irrevocably constitutes and appoints the General Partner as his true and lawful attorney-in-fact and agent. The agent may execute, acknowledge, swear to, deliver, record, and file, in the Partner's, assignee's, or transferee's name, place, and stead, all instruments, documents and certificates that may from time to time be required by law to:

- a. effectuate, implement, and continue the Partnership's valid existence as organized and operated in accordance with this Agreement, including all certificates and other instruments (including counterparts) that the General Partner may deem appropriate to reflect any amendment, change, or modification of this Agreement;
 - b. reflect the Partnership's dissolution and termination in accordance with this Agreement, including the writing required by the Act to cancel the Partnership's certificate filed with the Texas Secretary of State; and
 - c. comply with the fictitious or assumed name statutes in effect in Texas and all other jurisdictions in which the Partnership conducts or plans to conduct business.
2. Limitations on and Extent of Agent's Authority.

The agent and attorney-in-fact may not, however, amend, extend the term, or modify this Agreement when acting in an agent's capacity. The power of attorney granted in this Agreement:

- a. will be deemed to be coupled with an interest;
- b. will be irrevocable;

- c. will survive the death, dissolution, incapacity, or legal disability of a Partner and will bind the Partners' heirs, executors, successors, and assigns; and
- d. may be exercised by the agent and attorney-in-fact in any manner, including by facsimile signature, as the agent and attorney-in-fact may deem appropriate.

3. General Partners' Powers Not Enlarged.

Nothing in this Article, however, is intended to enlarge the powers granted to the General Partner as General Partner under any other term of this Agreement.

G. Amendment to Certificate of Limited Partnership.

If a General Partner is unwilling or unable to sign a required amendment to the Certificate of Limited Partnership, the amended certificate may be signed by any remaining or successor General Partner(s). Each General Partner appoints his, her, or its successor and/or any remaining General Partners, if any, as his, her, or its attorney-in-fact to sign an amended certificate.

H. Limited Partnership as Registered Limited Liability Partnership.

The General Partner may register this Partnership as a registered limited liability partnership as provided for in Sections 3.08(b) and 3.08(d) of the Texas Revised Partnership Act. Upon registering as a limited liability partnership, the Partnership will add to the end of its name the words "registered limited liability partnership" or the abbreviation "L.L.P." Upon the Partnership's registration as a registered limited liability partnership, Section 3.08(a) of the Texas Revised Partnership Act applies to its General Partners and to any of its Limited Partners who, under other provisions of the Act, are liable for the debts or obligations of the Limited Partnership. The General Partner, in the General Partner's discretion, may also withdraw a prior registration of the partnership as a limited liability partnership.

VII. PARTNERS

A. Admission of New Partners.

1. Initial Partners.

The initial Partners are those Partners who executed this Agreement as General and Limited Partners on the Effective Date.

2. Additional Partners.

After the Effective Date, no person may be admitted as a Partner except as provided in this Agreement and the Act. Once a person is admitted as a Partner, the person has the rights and obligations of a Limited Partner or General Partner, as applicable. Additional General Partners may be admitted as provided in XIII.C.3.

3. Admission Requirements.

Any new Partner will be required to accept and assume, in writing, this Agreement's terms and conditions.

4. Classification of Partners as General Partners or Limited Partners.

A Partner's interest in the Partnership is determined under this Agreement according to whether the Partner holds GP Units or LP Units. A Partner holding GP and LP Units will be treated as a General Partner with respect to the Partner's GP Units, and as a Limited Partner with respect to the Partner's LP Units.

B. Indemnification and Limitations on General Partner's Liability.

1. To the extent Texas law will permit, a General Partner who succeeds another:

- a. will be responsible only for the Property and records delivered by or otherwise acquired from the preceding General Partner; and
- b. may accept as correct the preceding General Partner's records without duty to audit the records or to inquire further into the predecessor's administration and without liability for a predecessor's errors and omissions.

2. No General Partner will be liable for any act or omission except those resulting from gross negligence, fraud, bad faith, or willful misconduct.

3. A General Partner will not have liability for loss of income from, or depreciation in, the value of any Property retained in the form that the General Partner receives it.

4. The General Partner is entitled to all indemnification authorized in the Act.

5. The General Partner owes no fiduciary duty to the Partnership or to any Partner. The General Partner does owe a duty of loyalty and a duty of care to the Partnership.

6. Each General Partner will indemnify the Partnership and each Limited Partner from any loss, damage, claim, or liability incurred by them, including reasonable attorneys' fees and expenses, due to or arising from the General Partner's gross negligence, fraud, bad faith, or gross of willful misconduct.

7. In accordance with the Act, the Partnership will indemnify the General Partner, its affiliates, officers, directors, partners, employees, and agents. This indemnification includes direct and indirect costs and reasonable attorneys' fees and expenses, which will be satisfied from Partnership assets only. The indemnity will be from any loss, damage, claim or liability incurred by them because of any act (other than an act of gross negligence, fraud, gross or willful misconduct, or bad faith) performed by the General Partner:

- a. on the Partnership's behalf; or
- b. in furtherance of the Partnership Purposes.

8. The Partnership may purchase insurance to minimize all or part of any indemnification risk.

9. For purposes of this Section the term "General Partner" shall also refer to a General Partner's heirs, administrators, executors, successors and assigns.

C. Confidentiality of Information.

1. Restrictive Information from Some Members.

Each Partner is entitled to all information under the circumstances and subject to the conditions stated in this Agreement and the Act. The Partners agree, however, that the General Partner or a Majority in Interest of Limited Partners may determine, due to contractual obligations, business concerns, or other considerations:

- a. that certain information regarding the business, affairs, Property, and/or the Partnership's financial condition will be kept confidential and will not be provided to some or all Limited Partners; and
- b. that it is not just or reasonable for those Partners, Assignees, or representatives to examine or copy that information.

2. Agreement to Keep Information Confidential.

The Partners acknowledge that they may receive information regarding the Partnership in the nature of trade secrets or that is otherwise confidential. They acknowledge that the release of this information may be damaging to the Partnership or persons with which it does business. Therefore, each Partner will hold in strict confidence any information it receives regarding the Partnership that is identified as being confidential (and if that information is provided in writing, that is so marked). The Partners acknowledge that breaching this Section's provisions may cause irreparable injury to the Partnership for which monetary damages are inadequate, difficult to compute, or both. Accordingly, the Partners agree that this Section's provisions may be enforced by specific performance. No Partner may disclose confidential information to any person other than another Partner, except the following disclosures:

- a. disclosures compelled by law. But the Partner must notify the General Partner or a Majority in Interest of Limited Partners, as appropriate, promptly of any request for that information, before disclosing it, if practicable.
- b. disclosures to advisers or representatives of the Partner or the Partner's Assignees, but only if they have agreed to be bound by this Section's provisions.
- c. disclosures of information the Partner also has received from a source independent of the Partnership that the Partner reasonably believes obtained that information without breaching any confidentiality obligation.

D. Authority.

The Limited Partners may not take part in managing or controlling the business, transact any Partnership business, or have power to sign for or to bind the Partnership. This provision may not, however, prevent a Limited Partner from acting in a capacity or exercising a power enumerated in Section 3.03(b) of the Act.

E. Classes.

This Partnership will have only one class of Partnership Interest.

F. Voting.

1. Limited Partners may vote upon the matters listed below:
 - a. removing the General Partner;
 - b. electing a successor General Partner;
 - c. terminating and dissolving the Partnership;
 - d. amending this Agreement;
 - e. extending the Partnership's term; and
 - f. any matter requiring the Limited Partners' vote as set out elsewhere in this Agreement or in the Act.

2. Those matters to be voted on by the Limited Partners may be done by written consent. A written consent may be utilized at any meeting of the Partners, or it may be utilized in obtaining approval of the Partners without a meeting.

G. Meetings.

1. At least once a year, as soon as possible after the financial statements are completed, a meeting may be held for all Partners. The General Partner will review and discuss the financial statements at the meeting and report to the Limited Partners on the Partnership's financial condition. The annual meeting will be held at a place designated by the General Partner on or before the first Tuesday in May each year. All partners must receive prior notice of the meeting date, time, and place. Failure to have an annual meeting, however, is not a breach of this Agreement.

H. Withdrawal and Other Restrictions of Limited Partners.

1. No Limited Partner may withdraw from the Partnership or receive a return of any of its contributions to the Partnership until the Partnership is terminated and its affairs wound up in accordance with this Agreement and Section 8.04 of the Act. A Limited Partner who breaches this Agreement will be liable to the Partnership for damages caused by the breach. The Partnership may offset for damages against any distributions or return of capital to the Limited Partner who has breached this Agreement. A Limited Partner will breach this Agreement if the Limited Partner:

- a. attempts to withdraw from the Partnership;
- b. interferes in the management of the Partnership;
- c. engages in conduct that may result in the Partnership losing its tax status as a partnership;
- d. engages in conduct that tends to bring the Partnership into disrepute;
- e. owns a Partnership Interest that becomes subject to a charging order, attachment, garnishment, or similar legal proceedings;
- f. breaches any confidentiality provisions of this Agreement; or
- g. fails to meet any commitment to the Partnership.

2. No Limited Partner may cause the Partnership's dissolution and winding up by court decree or otherwise.

I. Liability to Third Parties.

No Limited Partner will be personally liable for any debts or other Partnership obligations.

J. Ownership of Property.

All Property will be owned by and in the Partnership's name. Each Partner expressly waives the right to require partition of any Property. The Partners will execute any documents necessary to reflect the Partnership's ownership of its Property and will record the documents in those public offices where necessary or desirable. No Partner may demand or receive Property other than cash in return for the Partner's contribution to the Partnership.

K. Life Insurance Owned by Partnership.

If the Partnership owns any life insurance policy insuring any Partner's life or possesses any incident of ownership with respect to any policy, the insured Partner may not exercise or participate in exercising any incident of ownership with respect to the policy. The insured Partner may not borrow from the insurance company or use the policy as collateral for borrowing from any other persons. Additionally, the insured Partner may not surrender the policy or any portion of the policy for its cash surrender value or cancel or terminate any policy. Any exercise of any incident of ownership in any policy may be exercised only by a majority of the Partners other than the insured Partner. Any decision by the Partnership to acquire or dispose of a life insurance policy insuring any Partner's life may be made by a Majority in Interest of the Partners other than the insured Partner and without any participation by the insured Partner.

VIII. RESTRICTIONS UPON PARTNERSHIP INTERESTS

The ownership and transferability of interests in the Partnership are substantially restricted. Neither record title, nor beneficial ownership, of any Partner's Partnership Interest may be transferred or encumbered except as otherwise set forth in this Agreement.

A. Generally.

This Partnership is formed by those who know and trust one another. They will have surrendered certain management rights (in exchange for limited liability in a Limited Partner's case), or will have assumed management responsibility and risk (in a General Partner's case) based upon their relationship and trust. Capital is material to the Partnership's business and investment objectives and its federal tax status. An unauthorized transfer of a Partner's interest could create a substantial hardship to the Partnership, jeopardize its capital base, and adversely affect its tax structure. These restrictions upon ownership and transfer are not intended as a penalty, but as a method to protect and preserve existing relationships based upon trust, as well as the Partnership's capital and its financial ability to continue. Except as provided in Subsection VIII.B., neither record title nor beneficial ownership of a Partnership Interest may be transferred without the unanimous consent of the Partners.

1. Assignments.

In addition, no Assignee of a Partnership Interest may assign any transferred interest except as provided in this Article VIII. To be a valid assignment, in addition to meeting Article VIII's other requirements, the assignment must be in writing, and its terms must not be in contravention of any of the provisions of the Agreement. Additionally, the assignment must be received by the Partnership and recorded on the Partnership's books to be effective. Until the effective date of an assignment of a transferred interest, both the Partnership and the Partners may treat the assignor of the transferred interest as the absolute owner of the transferred interest in all respects. The Partnership will not be required to recognize the interest of any transferee who has obtained an interest as the result of a transfer or assignment that is not authorized by this Agreement and the transfer and assignment will be null and void for all purposes.

2. Doubt as to Ownership.

If there is a doubt as to ownership of a Partnership Interest, or who is entitled to Distributable Cash, liquidating proceeds, or other Property, the General Partner may accumulate Distributable Cash, liquidation proceeds, or other Property until the issue is resolved to the General Partner's satisfaction.

B. Disclosures, Limitations, and Exceptions.

The ownership and transfer or assignment of a Partnership Interest is further subject to the following disclosures, limitations and exceptions:

1. Federal Law Disclosure and Limitations.

The Partnership Interests have not, and will not be, registered under federal or state securities laws. Partnership Interests may not be offered for sale, sold, pledged, or otherwise transferred unless so registered, or unless an exemption from registration exists. The availability of any exemption from registration must be established by an opinion of counsel, whose opinion must be satisfactory to the General Partner.

2. Withdrawal of a General Partner.

Upon a General Partner's withdrawal as a result of death or otherwise, in accordance with Section 4.02(a) of the Act, the following will occur:

- a. A deceased General Partner may transfer the deceased General Partner's GP Units by will or by a validly executed beneficiary designation to a Permitted Transferee. A Permitted Transferee who receives an assignment of GP Units from a deceased General Partner may qualify to become a General Partner with the Consent of a Super Majority in Interest of the Partners.

- b. A General Partner who is not deceased and commits an act of withdrawal in accordance with Section 4.02(a) of the Act, or a Permitted Transferee who has received an assignment of GP Units, but who does not qualify to become a General Partner, must sell all of the GP Units of the withdrawing or deceased General Partner or the nonqualifying Permitted Transferee to the remaining General Partners, if any, pro rata. If there are no remaining General Partners and there is a named successor General Partner, the named successor General Partner must purchase all the GP Units of the withdrawing or deceased General Partner, or the nonqualifying Permitted Transferee. If there are no remaining General Partner(s) and no named successor General Partner(s), a successor General Partner, selected by a Super majority in Interest of the Partners, must purchase all the GP Units of the withdrawing or deceased General Partner, or of the nonqualifying Permitted Transferee. A Limited Partner who purchases GP Units in accordance with this Subsection will automatically qualify as a General Partner.
 - c. The purchase price of the GP Units of a withdrawing or deceased General Partner, or nonqualifying Permitted Transferee will be the fair market value of those GP Units. The fair market value will be determined by an Appraisal as of the date a General Partner dies or withdraws. The sale of GP Units will close at the Partnership's principal office at 10 o'clock a.m. on the first Tuesday of the month following the month in which the Appraisal is rendered. The purchaser of the GP Units will have the option, to be exercised in writing delivered at closing, to pay the purchase price in 5 equal annual installments (or the Partnership's remaining term if less than 5 years) with interest at the Default Interest Rate. The first installment of principal, with interest, will be due and payable on the first day of the calendar year following closing. Subsequent annual installments, with accrued interest, will be due and payable on the first day of each succeeding calendar year until the entire obligation is paid. The purchaser of the GP Units may prepay all or any part of the purchase money obligation at any time without penalty.
 - d. In no event will GP Units ever be converted to LP Units or a General Partnership Interest be converted to a Limited Partnership Interest.
3. Death or Incapacity of a Limited Partner.
- a. Transfers by Limited Partner at Death. A Limited Partner who is an individual may transfer his Limited Partner's LP Units to a Permitted Transferee without Required Consent at the Limited Partner's death. An individual beneficiary of a trust who has a power of appointment under a trust, may transfer the trust's Limited Partner's LP Units to a Permitted Transferee without Required Consent, if allowed to do so under the terms of the power and the trust. The transfer may be accomplished:

- (1) in accordance with a Limited Partner's properly probated last will;
- (2) in accordance with the terms for a Permitted Transferee;
- (3) in accordance with the exercise of a limited or unlimited power of appointment or beneficiary designation of any trust; or
- (4) in accordance with a written and acknowledged assignment and designation of a beneficiary delivered by a Limited Partner to a General Partner before the Partner's death, to be effective as of the Limited Partner's death.

b. Personal Representative Has the Status of an Assignee. The executor, administrator, guardian, conservator, or legal representative of a deceased or incapacitated Limited Partner will have an Assignee's status. In accordance with Section 7.05 of the Act, that person may exercise for the deceased or incapacitated Limited Partner all of the rights and powers of an Assignee, including an Assignee's right to become a Limited Partner by obtaining Required Consent. A deceased or incapacitated Limited Partner's estate may not, however, become a Substitute Limited Partner except as may be provided in this Article VIII.

4. Estate-Planning Transfers.

A Limited Partner may transfer the Limited Partner's LP Units to a Permitted Transferee with or without consideration and without Required Consent. An individual beneficiary of a trust who has a power of appointment under a trust, may transfer the trust's Limited Partner's LP Units to a Permitted Transferee without Required Consent, if allowed to do so under the terms of the power and the trust. (Whether a Permitted Transferee is a Substitute Limited Partner or is an Assignee is determined elsewhere in this Agreement.)

5. Nonrecognition of an Unauthorized Transfer.

The Partnership will not be required to recognize the interest of any Assignee or transferee who has obtained a purported Partnership Interest as the result of a transfer or assignment that is not authorized by this Agreement. If there is a doubt as to ownership of a Partnership Interest or as to who is entitled to Distributable Cash or liquidating proceeds, the General Partner may accumulate Distributable Cash or liquidation proceeds until the issue is resolved to the General Partner's satisfaction.

6. Acquisition of an Interest Conveyed to Another Without Authority.

a. The General Partner will have the option to acquire the interest of a transferee or Assignee in any GP Units, or any portion thereof, if:

- (1) any person acquires a Partnership Interest, or becomes an Assignee, as the result of a court order that the Partnership is required by law to recognize;
 - (2) a Partner's interest in the Partnership is subjected to a lawful "charging order"; or
 - (3) a Partner makes an unauthorized transfer or assignment of a Partnership Interest that the Partnership is required by law (and by a court order) to recognize.
- b. The Partnership will have an option to acquire the interest of a transferee or Assignee in any LP Units, or any portion thereof.
- c. A General Partner or the Partnership may exercise an option under a. or b. above on the following terms or conditions:
- (1) The Partnership or the General Partner, as the case may be, will exercise its option to acquire the interest by giving written notice to the transferee or Assignee that it intends to purchase the interest within 90 days from the date it is finally determined that the Partnership is required to recognize the transfer or assignment.
 - (2) The valuation date for determining the purchase price of the interest will be the first day of the month following the month in which notice is delivered.
 - (3) Unless the Partnership or the General Partner and the transferee or Assignee agree otherwise, the purchase price for the interest, or any fraction to be acquired by the Partnership or the General Partner, will be its fair market value as determined by an Appraisal.
 - (4) The closing of a sale will occur at the Partnership's principal office at 10 o'clock a.m. on the first Tuesday of the month following the month in which the Appraisal is rendered.
 - (5) In order to reduce the burden upon the resources of the Partnership or the General Partner, the Partnership or the General Partner will have the option to pay its purchase money obligation in 15 equal annual installments with interest at the Default Interest Rate. If the Partnership's remaining term is less than 15 years, the obligation must be paid in the number of annual installments equal to the number of years remaining in the Partnership's term. The option to pay the purchase price in annual installments must be exercised in writing delivered at closing. The first installment of principal, with

interest, will be due and payable on the first day of the calendar year following closing. Subsequent annual installments, with accrued interest, will be due and payable on the first day of each succeeding calendar year until the entire obligation is paid. The Partnership or the General Partner may prepay all or any part of the purchase money obligation at any time without penalty.

- (6) After obtaining the written Unanimous Consent of all of the Partners, other than the consent of the Partner whose interest is to be acquired, the General Partner may assign the Partnership's option to purchase to one or more of the remaining Partners. When done, any rights or obligations imposed upon the Partnership will instead become, by substitution, the rights and obligations of the Partners who are assigned the option.
- (7) Neither the transferee nor Assignee of an unauthorized transfer or assignment, or the Partner causing the transfer or assignment, may vote on Partnership matters during the prescribed option period. If the option to purchase is timely exercised, they may not vote until the sale is closed.

7. Admitting Substitute Limited Partners.

- a. Requirements to Become a Substitute Limited Partner. A Permitted Transferee will be admitted to the Partnership as a Substitute Limited Partner upon satisfying condition (1) below. Any other successor to a Limited Partner's Partnership Interest will be admitted to the Partnership as a Substitute Limited Partner only upon satisfying both conditions (1) and (2) below:

- (1) Furnishing to the General Partners:

- a. a written acceptance, in a form satisfactory to the General Partners, of all of the terms and conditions of this Agreement; and
- b. such other documents and instruments as may be required to effect the successor's admission as a Limited Partner.

- (2) Obtaining the consent of a Super Majority in Interest of the Partners, which may be withheld or granted in the sole discretion of the Partners.

- b. Effective Date of Transfer. A Permitted Transferee or other successor to a Limited Partner's Partnership interest will be admitted to the Partnership as a Substitute Limited Partner as of the latest effective date of those documents to be delivered to the Partnership as a condition of the transfer pursuant to Section 7.a. above.

C. Partnership Interest Pledge or Encumbrance.

Except as otherwise provided in this Agreement, no Partner may grant a security interest in or otherwise pledge, hypothecate, or encumber an interest in the Partnership or the Partner's distributions without the written Unanimous Consent of the Partners. It is understood that the Partners are under no obligation to give consent nor are they subject to liability for withholding consent.

IX. CAPITAL CONTRIBUTIONS

A. Initial Capital Accounts and Partnership Interests.

As noted throughout this Agreement, Partnership interests will be evidenced by Units. The Partnership will initially issue 100,000 Units, 1,000 Units for each one percent (1%) interest in the Partnership. The initial General Partner will be issued 1000 GP Units, which will be equal to a one percent (1%) Partnership interest, and the balance of all Units issued will be LP Units. The initial GP and LP Units held by each Partner and each Partner's corresponding percentage interest in the Partnership will be reflected on Schedule A.

B. Optional Contributions.

The Partners may make additional Capital Contributions to the Partnership on a pro rata or non-pro rata basis. Optional Capital Contributions by a Limited Partner will be subject to the General Partner's consent. Optional Capital Contributions by a General Partner will be subject to the unanimous consent of the Limited Partners. The required consent need not be in writing. Any optional Capital Contributions will be presumed to have been made with the required consent unless there is clear and convincing evidence to the contrary. Schedule A will and must be amended from time to time to reflect the description and Gross Asset Value of additional Capital Contributions; and GP and LP Units, or both, will be adjusted correspondingly.

C. Required Contributions.

All Partners.

If required, in the General Partner's discretion, the Partners will be required to make additional Capital Contributions to the Partnership to cover the Partnership's operating expenses. The additional Capital Contributions must be made within 30 days from date of written notice by the General Partner. Any required Capital Contributions will be made pro rata, in accordance with the Partners' Percentage Interest unless otherwise agreed to by all Partners in writing.

D. Failure to Contribute.

1. Partnership's Remedies if Partner Fails to Make Required Capital Contribution.

If a Partner fails to make a Capital Contribution by the time required, that Partner is a "Delinquent Partner." On notice to the Delinquent Partner, the Partnership may exercise one or more of the following remedies:

- a. Take any action (including court proceedings) necessary to obtain payment from the Delinquent Partner of the portion of the Delinquent Partner's Capital Contribution requirement that is in default. In addition, the Partnership may collect interest on the delinquent amount at the Default Interest Rate from the date the Capital Contribution was due until the date it is made. Any action taken will be at the Delinquent Partner's cost and expense.
- b. Permit the other Partners (the "Lending Partner," whether one or more), to advance the portion of the Delinquent Partner's Capital Contribution that is in default. The Lending Partners will advance funds in such proportions as they may agree. The following rights and duties will arise with respect to any funds advanced hereunder:
 - (1) The sum advanced will constitute a loan from the Lending Partner to the Delinquent Partner. Additionally, the sum advanced will constitute a Capital Contribution of that sum to the Partnership by the Delinquent Partner in accordance with the applicable provisions of the Regulations.
 - (2) The principal balance of the loan and its accrued interest will be due on the tenth day after written demand by the Lending Partner(s) to the Delinquent Partner.
 - (3) Any loan balance will bear interest at the Default Interest Rate from the day the advance is made until the loan, and all accrued interest, is repaid in full.
 - (4) As long as a loan is outstanding, all distributions from the Partnership that otherwise would be made to the Delinquent Partner (whether before or after the Partnership's dissolution) will instead be paid to the Lending Partner(s). Any such distributions will be credited first to accrued interest and then to the principal of an outstanding loan.
 - (5) The payment of a loan and accrued interest will be secured by a security interest in the Delinquent Partner's Partnership Interest, as more fully set forth in this Section.
 - (6) The Lending Partner may take any action (including court proceedings) necessary to obtain payment from the Delinquent

Partner of the loan and all accrued interest. Any necessary action taken will be at the Delinquent Partner's cost and expense.

2. **Delinquent Partner Grants Security Interest in Partnership Interest.**

Each Delinquent Partner grants to the Partnership and each Lending Partner a security interest in its Partnership Interest and its proceeds under the Texas Uniform Commercial Code. The security interest granted will secure payment of all Capital Contributions the Delinquent Partner has agreed to make and all loans and any accrued interest thereon made by a Lending Partner(s) to the Delinquent Partner. On any default in the payment of a Capital Contribution or a loan or its accrued interest, the Partnership or the Lending Partner(s), as applicable, shall have all rights and remedies of a secured party under the Texas Uniform Commercial Code. Each Partner must execute and deliver to the Partnership and for the Lending Partner(s) (as applicable), upon their request, all financing statements and other instruments necessary to effectuate the preceding provisions of this Section. At the option of a Lending Partner(s) or the General Partner, the original or a copy of this Agreement may serve as a financing statement.

E. Return of Contributions.

No Partner may demand the return of all or any part of that Partner's Capital Contributions.

F. Advances.

If any Partner advances any funds or makes any other payment to or on the Partnership's behalf, not required by this Agreement, to cover the Partnership's operating or capital expenses that cannot be paid from the Partnership's operating revenues, any advance or payment will be deemed a loan to the Partnership by the Partner. The loan will bear interest at the Default Interest Rate from the date the advance or payment is made until the loan is repaid. All Distributable Cash distributions will first be distributed to Partners making such loans until the loans are repaid in full, together with interest. If distributions are insufficient to repay all loans as provided above, the funds available will first be applied to repay accrued interest on any loan. Any remaining funds will then be applied to pay remaining loan balances, beginning with the oldest outstanding loans. Loans with the same origination date will be repaid on a pro rata basis in the proportion that the loan bears to the total loans made on that date.

G. Adjustments to Percentage Interest.

To simplify Partnership accounting, any adjustment to a Partner's Percentage Interest caused by required or optional Capital Contributions will be made as of the end of the calendar quarter in which the contributions are made.

X. CAPITAL ACCOUNTS

A. Establishing the Capital Accounts.

Each Partner has a "Capital Account," which will be maintained at all times throughout the Partnership's existence in a manner so as to correspond with the rules set forth in the Regulations under Code Section 704(b). The Partner's Capital Account will not earn interest.

A Partner's Capital Account will be:

1. increased by:
 - a. the amount of the Partner's Capital Contributions to the Partnership; and
 - b. allocations of income or gain to the Partner in accordance with Article XI.

A Partner's Capital Account will be:

2. reduced by:
 - a. the amount of money distributed to the Partner by the Partnership;
 - b. the Agreed Value of any property distributed to the Partner by the Partnership; and
 - c. allocations of deductions or losses to the Partner in accordance with Article XI.

B. Adjustments to or Transfer of Capital Accounts.

1. Adjusting the Capital Accounts.
 - a. The Capital Accounts of the Partners and the Carrying Value of all Property will be adjusted upward or downward to reflect any unrealized gains or losses if either of the following events occur:
 - (1) any additional Partnership Interests are to be issued in consideration for a contribution of Property or cash (other than a de minimis amount); or
 - (2) any Property or cash (other than a de minimis amount) is to be distributed in the liquidation of the Partnership or a Partnership Interest.
 - b. The adjustment will be consistent with the provisions of Code Section 704(b) and the Regulations. The upward or downward adjustment will be

as if the Unrealized Gain or Unrealized Loss had been recognized upon actual sale of the Property upon the Partnership's liquidation immediately before issuance of Partnership interests or a distribution.

2. Adjusting the Capital Account Upon the Transfer of a Partnership Interest.

If any portion of a Partnership Interest is transferred to a Permitted Transferee as a gift or deemed gift, the Partners' Capital Accounts and the Carrying Value of all Property will, immediately before the transfer, be adjusted upward or downward. The adjustment will be made to reflect any Unrealized Gain or Unrealized Loss attributable to the Property in a manner similar to that set forth in Subsection X.B.1. of this Agreement.

3. Transferee's Capital Account.

Except as otherwise required by the Regulations under Code Section 704(b), if any interest in the Partnership is transferred in accordance with this Agreement, the transferee will succeed to the transferor's Capital Account to the extent it relates to the transferred interest.

C. Deficit Capital Accounts.

No Partner will be required to restore a deficit in his Capital Account upon liquidation of the Partnership or the Partner's Partnership Interest.

D. General Partner's Capital Account.

A General Partner's General Partnership Adjusted Capital Account will be maintained separately from any Limited Partnership Adjusted Capital Account the General Partner may also have.

XI. ALLOCATIONS

A. General.

Except as otherwise provided in this Article XI., for federal income tax purposes, each item of income, gain, loss and deduction will be allocated among the Partners in the same manner as its correlative items of "book" income, gains, losses or deductions are allocated in accordance with this Article XI.

B. Profits and Losses.

1. Allocating Profits and Losses.

Profits and Losses will be allocated as follows:

- a. First, Losses will be allocated to a Partner in accordance with and in proportion to the Partner's Percentage Interest, but only to the extent of the Partner's Adjusted Capital Account.
- b. Second, to the extent that the allocation of Losses to a Partner creates an Adjusted Capital Account Deficit for that Partner, those Losses will be allocated to the General Partner. The Adjusted Capital Account Deficit is the deficit balance, if any, in a Partner's Adjusted Capital Account.
- c. Third, Profits will be allocated to a General Partner in a cumulative amount equal to the cumulative Losses allocated to the General Partner under Subsection XI.B.1.b. of this Agreement.
- d. Fourth, Profits will be allocated to a Partner in accordance with the Partner's Percentage Interest.
- e. To the extent the General Partner deems it necessary to insure that this Agreement and the allocations under this Agreement meet the requirements of Code Section 704 and the Allocation Regulations, the following allocations (in the following priority) will be made to the appropriate Partners in the necessary and required amounts as set forth in the Regulations under Code Section 704(b) before any other allocations are made under Section XI.B. of this Agreement:
 - (1) Partner nonrecourse debt minimum gain chargeback under Regulations Section 1.704-2(I).
 - (2) Partnership minimum gain chargeback under Regulations Section 1.704-2(f). The General Partner may, in its sole discretion, however, seek a waiver of the chargeback in appropriate circumstances under Regulations Section 1.704-2(f)(4).
 - (3) If a Partner unexpectedly receives any adjustment, allocation, or distribution described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6), items of Partnership income and gain shall be allocated to the Partner in an amount and manner sufficient to eliminate the deficit balance in his Capital Account created by the adjustment, allocation, or distribution as quickly as possible and in a manner that complies with Regulations Section 1.704-1(b)(2)(ii)(d). Amounts a Partner is obligated to restore under this Agreement or is treated as obligated to restore in accordance with Regulations Sections 1.704-1(b)(2)(ii)(c), 1.704-1(b)(2)(ii)(h), 1.704-2(g), or 1.704-2(I)(5) are, however, excluded from the deficit balance.
 - (4) Partner nonrecourse deductions under Regulations Section 1.704-2(I) that will in all cases be allocated to the Partner who bears economic risk of loss for the indebtedness to which the deductions are attributable.

- (5) To the extent an adjustment to the Property's adjusted tax basis under Code Sections 734(b) or 743(b) is required to be taken into account in determining Capital Accounts under Regulations Section 1.704(b)(2)(iv)(m), the amount of the adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis). The gain or loss will be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted under Regulations Section 1.704-1(b)(2)(iv)(m).

2. Reallocations to Compensate for Distortions Caused by the Regulatory Allocations.

The allocations set forth in Subsection XI.B.1.e. of this Agreement (the "Regulatory Allocations") are intended to comply with certain requirements of Regulations Sections 1.704-1(b) and 1.704-2. The Regulatory Allocations may affect results that are not consistent with the manner in which the Partners intend to divide Partnership distributions. Accordingly, the General Partner may allocate other items, Profit, Loss, etc. among the Partners to prevent the Regulatory Allocations from distorting the manner in which distributions are allocated among the Partners under Article XII. In general, the reallocation will be accomplished by specially allocating other Profits, Losses and other items, to the extent they exist, among the Partners so that the net amount of the Regulatory Allocations and the special allocations to each Partner is zero. The General Partner will have discretion to accomplish this result in any reasonable manner that is consistent with Code Section 704 and the related Regulations. In accordance with Regulations Section 1.752-3(a)(3), solely for determining each Partner's proportionate share of the Partnership's "excess nonrecourse liabilities," a Partners' respective interest in Profits will be equal to his Percentage Interest.

C. Transferor- Transferee Allocations; Section 754 Election.

Income, gains, losses, deductions, or credits attributable to any Interest in the Partnership that have been transferred will be allocated between the transferor and the transferee under any method allowed under Code Section 706 and as agreed to by the transferor and the transferee. Furthermore, the General Partner, in his discretion, may make an election under Code Section 754 and any corresponding provision of applicable state law.

D. Reliance on Advice of Accountants and Attorneys.

The General Partner will have no liability to the Limited Partners or the Partnership if the General Partner relies upon the written opinion of tax counsel or accountants retained by the Partnership with respect to all matters (including disputes) relating to computations and determinations required to be made under this Article XI. or other provisions of this Agreement. After all allocations under this Article XI. have been made, the General Partner, in its discretion, will reallocate income among the Partners to the least extent necessary to insure that the

provisions of Code Section 704(e) and the Regulations have been fulfilled, especially Regulations Section 1.704-1(e)(3).

E. Tax Allocations; Code Section 704(c).

With regard to income, gains, losses, depreciation, depletion, and cost recovery deductions for federal income tax purposes: (i) in the case of a Contributed Property, such items will be allocated among the Partners in the manner provided for in Section 704(c) of the Code and its Regulations to take account of the Built-in Gain and Built-in Loss at the time of contribution; and (ii) in the case of any Property the Carrying Value of which has been adjusted in accordance with Article X., the items will be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code and its Regulations to take into account differences between the Gross Asset Value and the property's adjusted tax basis at the time of the adjustment. Allocations under this Section XI.E. are solely for purposes of federal, state, and local taxes. They will not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of Profits, Losses, or other items or distributions under any provision of this Agreement.

F. Partner Acknowledgment.

The Partners agree to be bound by the provisions of this Article XI. in reporting Partnership income and loss for income tax purposes.

XII. DISTRIBUTIONS

A. Distribution in Kind.

No Partner may demand or receive a distribution from the Partnership in any form other than cash, regardless of the nature of the Partner's contribution.

B. Making Distributions.

Subject to Section XII.E. and other provisions of this Agreement, Distributable Cash may be distributed, at the General Partner's sole discretion, among the Partners pro rata in accordance with their Percentage Interests.

C. No Interest.

If a Partner elects not to withdraw the whole or any part of his share of any cash distribution made in accordance with Section XII.B., the Partner will not receive any interest on such cash balance unless the payment of interest is authorized by Unanimous Consent of the Partners other than the Partner electing not to withdraw. Furthermore, the amount not withdrawn will become an Optional Capital Contribution under Section IX.B., if permitted by this Agreement.

D. Transferor - Transferee Shares.

Unless otherwise agreed in writing by a transferor and transferee, Distributable Cash allocable to the transferred Partnership Interest that may have been transferred during any year will be distributed to the holder of the Partnership Interest who was recognized as the owner on the date the distribution was made, without regard to the results of Partnership operations during the year.

E. Limitations on General Partner's Discretion to Make Distributions.

1. Determining Distributable Cash.

In determining whether to distribute cash or property, with regard to Distributable Cash and Property, the General Partner will determine, in accordance with the General Partner's duty of care and loyalty to the Partnership, the Partnership's need for the cash and/or property in the operation of the Partnership's business. In this connection, the General Partner will consider:

- a. current needs for operating capital;
- b. prudent reserves for future operating capital;
- c. current investment opportunities; and
- d. prudent reserves for future investment opportunities.

2. Needed Reserves for Partnership Purposes.

Any Property contributed to or funds borrowed by the Partnership will be considered as needed for Partnership investment purposes. Any cash produced from selling Property contributed to the Partnership or from selling any Property purchased with borrowed funds, or any reinvestment of any of the Property, including the portion of the sale proceeds representing capital appreciation, will be considered as needed reserves for Partnership investment purposes. Any Distributable Cash derived from income will, to the extent deemed unnecessary for Partnership Purposes by the General Partner under the foregoing standard, be distributed in accordance with this Agreement.

XIII. DISSOLUTION

A. Events of Dissolution.

Any one of the following events will cause an immediate dissolution of the Partnership:

1. a withdrawal of a General Partner described in Section 4.02(a) of the Act;
2. a resolution to dissolve approved by Unanimous Consent of the Partners;

3. the entry of a decree of judicial dissolution under Section 8.02 of the Act;
4. the expiration of the term of the Partnership as stated in Article V.; or
5. any other event causing dissolution under the Act.

B. A Partner's Dissolution or Bankruptcy.

Upon a Partner's dissolution or bankruptcy, the Partner and the Partner's successors will from that time have an Assignee's status hereunder. For purposes of this Agreement, a Partner's "bankruptcy" will be deemed to have occurred upon the happening of any event described in Subsections (4) and (5) of Section 4.02(a) of the Act.

C. Withdrawals; Reconstitution.

Technical dissolutions may occur in accordance with Subsections XIII.A.1. and XIII.A.5.a. of this Agreement, but if there is a remaining General Partner, the Partnership may be reconstituted and continued.

1. General Partners Agree Not to Withdraw.

The General Partners each agree not to withdraw as a General Partner of the Partnership, in accordance with Section 6.02 of the Act, without first obtaining the Consent of a Super Majority in Interest of the Partners. Any withdrawal will be effective upon the later of: (i) 30 days after the necessary written consent is given by a Super Majority in Interest, or (ii) the date specified in the written consent. Upon the withdrawal, the GP Units held by the General Partner seeking to withdraw and classified as GP Units must be sold by the withdrawing General Partner and purchased in accordance with Subsection VIII.B.2. of this Agreement.

2. General Partner's Withdrawal Constitutes a Breach of this Agreement.

If a General Partner withdraws in violation of this Section, the withdrawal will be treated as breach of this Agreement. The Partnership may recover damages from the withdrawing Partner, including the reasonable cost of replacing the services of the withdrawing General Partner. The Partnership may, in addition to pursuing any remedies otherwise available under applicable law, recover from the withdrawing Partner by offsetting any damages against any amount otherwise distributable to the withdrawing Partner hereunder.

3. Appointing Successor General Partners.

If a General Partner ceases to serve for any reason, a Super Majority of the Limited Partners will elect a successor General Partner, within 90 days after the General Partners' withdrawal, elect a new General Partner from among the Limited Partners or any other persons. Each newly appointed General Partner will purchase the withdrawing General Partner's GP Units on a pro rata basis and in accordance with Subsection VIII.B.2.

4. Continuing the Partnership.

Subject to Article V., and provided that a General Partner remains after a dissolution event described in Subsection XIII.A.1., it is agreed that the Partnership is permitted to be reconstituted without being wound up, and the Partnership's business will then be carried on by the successor General Partners. If no General Partner remains after a dissolution event described in Subsection XIII.A.1., it is agreed that, within 90 days after the dissolution event occurs, all remaining Partners will elect new General Partners in accordance with Subsection XIII.C.3., and are permitted to reconstitute and continue the Partnership's business.

XIV. LIQUIDATION AND TERMINATION

A. Liquidation.

1. Liquidation Upon Termination.

If the Partnership is dissolved under Subsections XIII.A.2. or XIII.A.3., or if the General Partner(s) have withdrawn and no successors have been chosen in accordance with Subsection XIII.C., a Liquidator must be appointed to wind up the Partnership's affairs and to liquidate and sell its assets. The Partners will continue to share operating Profits and Losses and other items of income, gain, loss, and deduction during the liquidation period. The Liquidator will proceed, as promptly as practicable, to liquidate and sell all of the Partnership's remaining assets. The Liquidator will use the Liquidator's best judgment to obtain the best price for the Partnership's assets. If appropriate, the Liquidator, in the Liquidator's discretion, may distribute Property in kind to satisfy creditors or Partners. The Liquidator may be required by the Partners (at the Partnership's expense) to give a bond to assure that the Liquidator faithfully performs the Liquidator's duties. The Liquidator may receive compensation for his or its services, payable from the Partnership's assets. The Liquidator may resign at any time by giving 30 days' written notice to the Partners. The Liquidator may be removed at any time upon written notice of removal given by Unanimous Consent of the Partners. In the event of the Liquidator's death, dissolution, removal, or resignation, a successor Liquidator will, within 30 days, be appointed in the same manner as the original Liquidator. The successor Liquidator will have and succeed to all the original Liquidator's rights, powers, and duties. The right to appoint a successor Liquidator will be recurring and will continue for so long as the Liquidator's functions and services are needed.

2. Appointing a Liquidator.

If, within 30 days following the Partnership's dissolution, no person has agreed to serve as the Liquidator or if, within 30 days after the need for a successor Liquidator arises, no successor has been appointed and accepted appointment as the successor Liquidator, any interested Partner may make application to a State or Federal District Judge to appoint a Liquidator. If no State or Federal District Judge is willing to make the appointment, the Local Administrative Judge for the county in which the Partnership's principal office is located may appoint a Liquidator. The Judge, acting in a judicial capacity, will be fully authorized to appoint the Liquidator.

B. The Liquidator's Powers.

Subject to Subsection XIV.A., the Liquidator will have the powers of the General Partner to the extent necessary to carry out the Liquidator's duties and functions, including, but not by way of limitation, the following powers:

1. The power to continue to manage any Partnership business during the liquidation, including the power to enter into contracts that may extend beyond the liquidation.
2. The power to execute deeds, bills of sale, assignments, and transfers to convey Property to third parties or to the Partners incident to the final distribution of Partnership Property. The Liquidator may not, however, impose personal liability upon any Partner or their legal representatives or successors in interest under any warranty of title contained in any such instrument of conveyance.
3. The power to borrow funds, if in the Liquidator's best judgment borrowing is reasonably required to pay any Partnership obligations, and to execute security documents encumbering Property as security for such borrowings. The Liquidator may not, however, personally obligate any Partner or any Partner's successors in interest to repay indebtedness other than from available proceeds from foreclosure or sales of the Property as to which a lien is granted.
4. The power to settle, compromise, or adjust any claim asserted to be owing by or due to the Partnership, and the right to file, prosecute, or defend lawsuits and legal proceedings in connection with any such matters.

C. Liquidating Distributions.

1. Distribution at Liquidation.

The sales proceeds from liquidated Property, unliquidated Property, and all other Partnership funds will be distributed in the following order:

- a. to pay all the Partnership's liabilities, other than those to any Partner, including the expenses of liquidation;
- b. to set up any reserves that the Liquidator may deem necessary for any contingent or unforeseen liabilities or obligations of the Partnership;
- c. to pay and discharge any Partnership liabilities to any Partner; and
- d. after all allocations of income, gains, losses, and deductions in accordance with Article XI., to the Partners in payment of their positive balances in their Capital Accounts.

2. **Liability for Indebtedness Secured by Assets Distributed in Kind.**

If the Partnership makes distributions in kind of Property that secures indebtedness, each Partner receiving the distribution of Property subject to the indebtedness will be severally liable to each other, but not to third parties, for a share of the indebtedness proportionate to the share of the Property distributed to them. No Partner will, however, be deemed to have assumed any liability on any indebtedness secured by Property distributed to any Partner for which the Partner was not already individually liable under the terms of the instrument creating the indebtedness. Additionally, each Partner's liability to other Partners for indebtedness secured by Property distributed to the Partner will be limited to the value of the Partner's interest in the Property. Indebtedness secured by Property distributed to Partners in kind need not be discharged from the Partnership's liquidation proceeds prior to its distribution.

D. Compliance With Timing Requirements of Treasury Regulation.

If the Partnership is "liquidated" within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), distributions will be made under this Article XIV. to the Partners as provided in Section XIV.C. in compliance with Regulations Section 1.704-1(b)(2)(ii)(b)(2).

E. Final Accounting.

Within a reasonable time after completing the Partnership's liquidation, the Liquidator must supply to each Partner a statement prepared by the Partnership's accountant that will set forth:

1. the Partnership's assets and liabilities as of the liquidation date;
2. each Partner's share of distributions in accordance with the liquidation; and
3. the amount, if any, retained as reserves in accordance with Section XIV.C.

F. Partnership Termination.

Once the Partnership's liquidation is completed and all Property is distributed, the Partnership will terminate. The Liquidator may then execute and record all documents required to effectuate the Partnership's dissolution and termination.

G. Rights of Lender.

The rights and powers granted to the Partners and the Liquidator with respect to any Property of the Partnership are subject to the rights and powers of the holders of first mortgage liens (if any) against such Property.

XV. TAXES, ACCOUNTING, BOOKS, AND RECORDS

A. Fiscal Year; Accounting Records.

The Partnership's fiscal period will be the calendar year. The Partnership's accounting records will be kept using the cash receipts and disbursements method of accounting or in accordance with generally accepted accounting principles, at the General Partner's discretion. All books, records, accounts, papers, and memoranda in any manner relating to the Partnership (including those records required by the Act) will be kept at the Partnership's principal office. Subject to the provisions of Section VII.C. of this Agreement, each Partner will have access to inspect and copy Partnership records, at the Partner's expense (unless otherwise required by the Act) during normal business hours.

B. Financial Statements and Reports.

1. Reports to Be Delivered.

The General Partners will cause to be delivered to each Partner the following:

- a. Within 90 days after each fiscal year end, an unaudited balance sheet and operations statement reflecting the Partners' equity in the Partnership, and changes in its financial position, which must be prepared in accordance with the accounting method as provided in Section XV.A. above; and
- b. Within 90 days after each fiscal year end:
 - (1) U.S. federal income tax Form K-1s and any similar forms required by any state or local taxing authority; and
 - (2) any other information concerning the Partnership reasonably necessary for a Partner to prepare his personal federal and state income tax returns.

2. Extending Time to Deliver Reports.

The General Partner, upon showing good cause, may reasonably extend the 90-day period for delivery of the items described in Section XV.B. "Good cause" will be determined without regard to the foreseeability of the cause. All financial statements and reports will be prepared at the Partnership's expense.

C. Tax-Matters Partner; Tax Elections.

The General Partner will be the initial "Tax-Matters Partner" for federal income tax purposes. If there are multiple General Partners, a General Partner appointed by majority vote of the General Partners will serve as the Tax-Matters Partner. If there is no General Partner appointed, the General Partner with the largest combined General and Limited Partnership Interest will be the Tax-Matters Partner. Unless otherwise agreed to by a Majority in Interest, the

Partnership will make the elections and adopt accounting methods and procedures for federal and state income tax purposes as the Tax-Matters Partner deems to be in the Partnership's best interest.

D. Tax Audit.

If the Partnership is audited by the Internal Revenue Service, the costs and expenses incurred to defend and comply with the audit will be the Partnership's expense. Any audit of any individual Partner will not be deemed to be the Partnership's audit, unless specifically limited to a Partnership matter.

**XVI. ALTERNATIVE DISPUTE RESOLUTION ("ADR");
BINDING ARBITRATION**

A. Agreement to Use Procedure.

The Partners have entered into this Agreement in good faith and in the belief that it is mutually advantageous to them. It is with that same spirit of cooperation that they pledge to attempt to resolve any dispute amicably without the necessity of litigation. Accordingly, they agree if any dispute arises between them relating to this Agreement (the "Dispute"), they will first utilize the procedures specified in this Article XVI. (the "Procedure") before resorting to any Additional Proceedings.

B. Initiation of Procedure.

The Partner seeking to initiate the Procedure (the "Initiating Partner") will give written notice to the other Partners. The notice must describe in general terms the nature of the Dispute and the Initiating Partner's claim for relief. Additionally, the notice must identify one or more individuals with authority to settle the Dispute on the Partner's behalf. The Partners receiving the notice (the "Responding Partner," whether one or more) will have five business days within which to designate by written notice to the Initiating Partner, one or more individuals with authority to settle the Dispute on the responding Partner's behalf. The individuals so designated will be known as the "Authorized Individuals." The Responding Partner may designate himself or herself as an Authorized Individual. The Initiating Partner and the Responding Partner will collectively be referred to as the "Disputing Partners" or individually as a "Disputing Partner."

C. Direct Negotiations.

The Authorized Individuals may investigate the Dispute as they deem appropriate. But they agree to promptly, and in no event later than 30 days from the date of the Initiating Partner's written notice, to meet to discuss possible resolution of the Dispute. The Authorized Individuals will meet at such times and places and with such frequency as they may agree upon. If the Dispute has not been resolved within 30 days from their initial meeting date, the Disputing Partners will cease direct negotiations and will submit the Dispute to mediation in accordance with the following procedure.

D. Mediator Selection.

The Authorized Individuals will have five business days from the date they cease direct negotiations to submit to each other a written list of acceptable qualified attorney mediators not affiliated with any Partner. Within five days from the date the list is received, the Authorized Individuals will rank the mediators in numerical order of preference and exchange the rankings. If one or more names are on both lists, the highest ranking person will be designated as the mediator. If no mediator is selected under this procedure, the Disputing Partners agree jointly to request a State or Federal District Judge of their choosing to supply within ten business days a list of potential qualified attorney/mediators. If they cannot agree upon a State or Federal Judge, the Local Administrative Judge for the county in which the Partnership's principal office is located may supply the list. Within five business days from the date the list is received, the Authorized Individuals will again rank the proposed mediators in numerical order of preference and will simultaneously exchange the list and will select as the mediator the individual receiving the highest combined ranking. If the mediator is not available to serve, they will proceed to contact the mediator who was next highest in ranking until they are able to select a mediator.

E. Mediation Time and Place.

In consultation with the mediator selected, the Authorized Individuals will promptly designate a mutually convenient time and place for the mediation. Unless circumstances require otherwise, the time for mediation may not be later than 45 days after selecting the mediator.

F. Information Exchange.

If any Disputing Partner to this Agreement has need of information in the possession of another Disputing Partner's in order to prepare for the mediation, all Disputing Partners will attempt in good faith to agree to procedures to expeditiously exchange the information, with the mediator's help if required.

G. Summary of Views.

At least seven days before the first scheduled mediation session, each Disputing Partner will deliver to the mediator and to the other Disputing Partners a concise written summary of such Partner's views on the matter in Dispute and of other matters required by the mediator. The mediator may also request that each Disputing Partner submit a confidential issue paper.

H. Parties to be Represented.

In the mediation, each Disputing Partner will be represented by an Authorized Individual and may be also represented by counsel. Additionally, each Disputing Partner may, with the mediator's permission, bring such additional persons as the Disputing Partner may need to respond to questions and to contribute information.

I. Conduct of Mediation.

1. Mediation Format.

The mediator will determine the format for the meetings. The format must be designed to assure that:

- a. both the mediator and the Authorized Individuals have an opportunity to hear an oral presentation of each Disputing Partner's views on the matter in dispute; and
 - b. the authorized parties engage in negotiation to resolve the matter in dispute.
2. Commitment to Participate in Mediation in Good Faith.

The mediator is authorized to conduct both joint meetings and separate private caucuses with the Disputing Partners. The mediation session will be private. The mediator will keep confidential all information learned in private caucus with any Disputing Partner unless specifically authorized by the Disputing Partner to disclose the information to the other Disputing Partner. The Disputing Partners agree to sign a document agreeing that the mediator will be governed by Chapter 154 of the Texas Civil Practice and Remedies Code and the other rules as the mediator will prescribe. Furthermore, the Disputing Partners are hereby committed to participate in the proceedings in good faith with the intention of resolving the Dispute.

J. Termination of Procedure.

1. Procedure to Terminate Mediation.

The Disputing Partners agree to participate in the mediation procedure to its conclusion. The mediation will be terminated by:

- a. executing a settlement agreement between the Disputing Partners;
 - b. declaring jointly to the mediator that the mediation is terminated; or
 - c. upon a Disputing Partner's unilateral written declaration that the mediation process is terminated once one full day's mediation session is concluded.
2. If Dispute is Not Resolved.

Even if the mediation is terminated without resolution, the Disputing Partners agree not to terminate negotiations and not to commence any Additional Proceedings for five days following the mediation, unless an applicable statute of limitations period would run prior to the expiration of such five-day period.

K. Mediation Fees; Disqualification.

The mediator's fees and expenses will be shared equally by the Disputing Partners. The mediator will be disqualified as a witness, consultant, expert, or counsel for any Disputing Partner with respect to the Dispute and any related matters.

L. Confidentiality.

Mediation is a compromise negotiation for purposes of Federal and State Rules of Evidence and constitutes privileged communication under Texas law. The entire mediation process is confidential, and no stenographic, visual, or audio record will be made. All conduct, statements, promises, offers, views, and opinions, whether oral or written, made in the mediation's course by any Disputing Partner, their agents, employees, representatives or other invitees and by the mediator are confidential and will, in addition and where appropriate, be deemed privileged. The conduct, statements, promises, offers, views, and opinions will not be discoverable or admissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties. It will not be disclosed to anyone that is not a Partner's agent, employee, expert, witness, or representative. Evidence otherwise discoverable or admissible is not, however, excluded from discovery or admission as a result of its use in the mediation.

M. Arbitration.

The parties agree to participate in good faith in the alternative dispute resolution (ADR) effort to its conclusion. If the Disputing Partners are not successful in resolving the dispute through the ADR, then the Disputing Partners agree that the dispute shall be settled by arbitration in accordance with the provisions of the Texas General Arbitration Act, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction ("Additional Proceedings").

XVII. MISCELLANEOUS

A. Amending or Modifying the Agreement.

This Agreement may be modified or amended at any time by a written Unanimous Consent of the Partners.

B. Notices.

All notices under this Agreement must be in writing and must be given to the Partner entitled to receive the notice by personal service or by certified or registered mail, return receipt requested, except that service of any meeting notice may be accomplished by regular mail. Any notice will be deemed received:

1. 24 hours after the postmark date on the notice if it is deposited with the U.S. Postal Service in accordance with the above (if mailed); or

2. when personally received if the U.S. Postal Service is not used.

C. Construction.

Whenever the context so requires, the gender of all words used in this Agreement includes the masculine, feminine, and neuter, the singular includes the plural, and conversely. All references to Articles, Sections, Subsections, or Subparagraphs are to provisions of this Agreement unless the context dictates otherwise.

D. Counterparts.

This Agreement may be executed in several counterparts. All executed counterparts constitute one Agreement binding on all parties, whether or not all parties are signatories to the original or to the same counterpart.

E. Binding Nature.

The terms and provisions of this Agreement will be binding upon and inure to the benefit of each Partner's heirs, executors, administrators, successors and assigns.

F. Severance.

If any sentence or Paragraph of this Agreement is declared by a court to be void or by the Internal Revenue Service to be ineffective, that sentence or Paragraph will be deemed severed from the remainder of the Agreement, and the balance of the Agreement will remain in effect. To the extent applicable, the Act's default provisions will govern in the place of the severed sentence or Paragraph. This provision will not prohibit the Partnership or any Partner from contesting a determination of ineffectiveness of any provision of this Agreement by the Internal Revenue Service.

G. Governing Law.

This Agreement and all rights and liabilities of the parties with reference to the Partnership are to be governed by the Act and all other applicable Texas laws.

H. Headings.

The headings used in this Agreement are for convenience only and will not be construed in interpreting this Agreement.

I. Entire Agreement.

This Agreement contains the entire agreement among the Partners with respect to the matters of this Agreement and will supersede and govern all prior agreements, written or oral.

J. Waiver.

No failure by any Partner to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement or to exercise any right or remedy consequent upon a breach of this Agreement constitutes waiver of any breach or any other covenant, duty, agreement, or condition.

K. Foreign Qualification.

Before the Partnership qualifies to conduct business in any jurisdiction other than Texas, the General Partners will cause the Partnership to comply, to the extent procedures are available and those matters are reasonably within the General Partners' control, with all requirements necessary to qualify the Partnership as a foreign limited partnership in that jurisdiction. At the General Partners' request, each Partner will execute, acknowledge, swear to, and deliver all certificates and other instruments conforming with this Agreement's terms that are necessary or appropriate to qualify, continue, and terminate the Partnership as a foreign limited partnership in all jurisdictions in which the Partnership may conduct business.

L. Further Action.

The parties to this Agreement will execute and deliver all documents, provide all information, and take or refrain from taking action as may be necessary or appropriate to achieve this Agreement's purposes.

M. Attorney Fees.

Subject to Article XVI. of this Agreement, if a dispute arises between any Partner and the Partnership or between the Partners themselves, the prevailing party may recover reasonable attorney's fees and court costs incurred.

N. Creditors.

No provision of this Agreement will be for the benefit of or enforceable by any creditor of the Partnership, creditor of a Partner, or other third party.

O. Offset.

Whenever the Partnership is to pay any sum to any Partner, any amounts that the Partner owes the Partnership may be offset against that sum before payment.

P. Disclosure.

Each Partner acknowledges that he, she, or it:

1. was urged in advance by the Attorney who prepared this Agreement to secure separate independent legal counsel in connection with signing and making this Agreement and its effect upon each of them and their marital Property;
2. has carefully read and understood this Agreement;
3. understands that his or her marital rights in real property may be adversely affected by this Agreement;
4. is signing and making this Agreement voluntarily;
5. has been provided a fair and reasonable disclosure of the property and financial obligations of the Partners; and
6. hereby voluntarily and expressly waives any right to disclosure of the property and the financial obligations of the other Partners beyond the disclosure provided.

XVIII. DEFINITIONS

The use of any of the following defined terms in their uncapitalized form shall indicate that the words have their normal meaning.

A. Act means the Texas Revised Limited Partnership Act, as amended and any successor statute.

B. Adjusted Capital Account is intended to comply with the provisions of Regulations Sections 1.704-1(b)(2)(ii)(d) and 1.704-2, and will be interpreted consistently with those provisions. It means, with respect to a Partner, that Partner's Capital Account after:

1. crediting to the Capital Account any amount that the Partner is deemed to be obligated to restore in accordance with the penultimate sentence of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5);
2. crediting to the Capital Account any amount that a Partner is unconditionally obligated to contribute to the Partnership under applicable law; and
3. debiting to the Capital Account those items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5), and (6).

C. Agreement means this Agreement of Limited Partnership as amended.

D. Allocation Regulations means Treasury Regulations promulgated under Code Sections 704(b) and 704(e).

E. Appraisal means, unless the context indicates otherwise, a written valuation report by an Appraiser that describes and values the fair market value of an ownership interest in the Partnership.

F. Appraiser means a person or firm qualified to perform business Appraisals of partnerships and ownership interests in partnerships.

G. Assignee means a person who has acquired all or a portion of an interest in a Partnership Interest by assignment as of the date the assignment of the Partnership Interest has become "effective." As used in this Agreement, the assignment of a Partnership Interest becomes "effective" as of the date on which all requirements of an assignment expressed in this Agreement, particularly Article VIII., will have been met. An Assignee has only the rights granted under Section 7.02 of the Act. An Assignee may not become a partner except as provided in this Agreement and/or in Section 7.04 of the Act.

H. Built-In-Gain with respect to any Property means:

1. as of the time of contribution, the excess of the Gross Asset Value of any Contributed Property over its adjusted basis for federal income tax purposes; and
2. in the case of any adjustment to the Carrying Value of any Property in accordance with Subsection X.B.1. of this Agreement, the Unrealized Gain.

I. Built-In-Loss with respect to any Property means:

1. as of the time of contribution, the excess of the adjusted basis for federal income tax purposes of any Contributed Property over its Gross Asset Value; and
2. in the case of any adjustment to the Carrying Value of any Property in accordance with Subsection X.B.1. of this Agreement, the Unrealized Loss.

J. Capital Contribution means with respect to any Partner, the Agreed Value of any property and any cash amount contributed to the Partnership. Any reference in this Agreement to a Partner's Capital Contribution will include a Capital Contribution made by any prior Partner with respect to the Partner's Partnership Interest.

K. Carrying Value means:

1. with respect to any Contributed Property, the property's Gross Asset Value reduced as of the time of determination by all Depreciation and an appropriate amount to reflect any sales, retirements, or other dispositions of assets that comprise the property; and
2. with regard to other Property, the property's adjusted basis for federal income tax purposes as of the time of determination.

The Carrying Values will be further adjusted, however, as provided in Article X. of this Agreement. At the time of adjustment, the property will from that time be deemed to be a Contributed Property contributed as of the adjustment date.

- L. Code means the Internal Revenue Code of 1986, as amended.
- M. Contributed Property means any property other than cash contributed to the Partnership.
- N. Default Interest Rate means the rate per annum equal to the lesser of:
 - 1. the Wall Street Journal prime rate as quoted in the Wall Street Journal's money rates section, which is also the base rate on corporate loans at large United States money center commercial banks; and
 - 2. the maximum rate permitted by applicable law.
- O. Depreciation means, for each taxable year or other period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for the year or other period. If an asset's Gross Asset Value differs from its adjusted basis for federal income tax purposes at the beginning of the year or other period, however, Depreciation will be an amount that bears the same ratio to the beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction of the year or other period bears to the beginning adjusted tax basis. If the federal income tax depreciation, amortization, or other cost recovery deduction for the year or other period is zero, however, Depreciation will be determined with reference to the beginning Gross Asset Value using any reasonable valuation method selected by the General Partner.
- P. Distributable Cash means, at the time of determination for any period (on the cash receipts and disbursements method of accounting), all Partnership cash derived from the conduct of the Partnership's business, including distributions from entities owned by the Partnership, cash from operations or investments, and cash from the sale or other disposition of Property, other than:
 - 1. Capital Contributions together with interest earned pending its utilization;
 - 2. proceeds of borrowing;
 - 3. reserves for working capital; and
 - 4. other amounts that the General Partner reasonably determines needs to be retained by the Partnership in accordance with the General Partner's discretion under Section XII.E of this Agreement.
- Q. Family means Audrey Malkan, Matthew Malkan and Hope Malkan, and their descendants. "Family Member" means any person who is included in the definition of "Family."

R. Family Assets means all Property owned by the Family, individually, or in combination with others, that has been contributed to or acquired by the Partnership.

S. General Partner means Malkan Broadcasting Management, L.L.C., and any successor General Partners appointed in accordance with the terms of this Agreement. "General Partner" or does not, however, include any person who has ceased to be a General Partner in the Partnership.

T. General Partner Units or GP Units means the number of Participating Units reflecting a General Partnership Interest.

U. General Partnership Interest means the Partnership Interest owned by a General Partner. If a General Partnership Interest is described as an x% General Partnership Interest, "x%" stands for the percentage of the entire Partnership in the form of a General Partnership Interest, and not "x% of all of the General Partnership Interests."

V. Gross Asset Value means:

1. with regard to property contributed to the Partnership, the property's fair market value on the date of contribution; and
2. as to any property the Carrying Value of which is adjusted in accordance with Article X., the property's fair market value as of the adjustment date as determined by the General Partner using any reasonable method.

W. Limited Partner or Limited Partners means the person or persons admitted to the Partnership as original, additional, or Substituted Limited Partners as reflected on Schedule A, as from time to time amended. If a Limited Partnership Interest is described as an x% Limited Partnership Interest, "x%" stands for the percentage of the entire Partnership in the form of a Limited Partnership Interest, and not "x% of all of the Limited Partnership Interests."

X. Limited Partner Units or LP Units means the number of Participating Units reflecting a Limited Partnership Interest.

Y. Limited Partnership Interest means the Partnership Interest owned by a Limited Partner.

Z. Liquidator means the General Partner who will commence to wind up the Partnership's affairs and to liquidate and sell its properties when there has been a dissolution or termination without reconstituting the Partnership, or if there are no remaining General Partners, a person or committee selected by a Majority in Interest of Limited Partners, as well as any successor or substitute Liquidator.

AA. Majority in Interest means those Partners who hold GP Units or LP Units that exceed 50% of the Partnership's total outstanding Participating Units.

BB. Majority in Interest of Limited Partners means those Limited Partners who hold LP Units that exceed 50% of the total number of outstanding LP Units in the Partnership.

BB1. Majority in Interest of General Partners means those General Partners who hold GP Units that exceed 50% of the total number of outstanding GP Units in the Partnership.

CC. Participating Units means one or more types of units each Partner will receive for cash or property contributed by each Partner as reflected on Schedule A, as from time to time amended.

DD. Partner means a partner (whether limited or general) of the Partnership. "Partners" means all the Partnership's General and Limited Partners.

EE. Partnership means the limited partnership formed under this Agreement, as constituted or amended.

FF. Partnership Interest means the ownership interest and rights of a Partner in the Partnership, including the Partner's right to a distributive share of the Partnership's Profits and Losses, distributions, and Property.

GG. Partnership Purposes are those purposes set out in Article IV. of this Agreement.

HH. Percentage Interest of each Partner means the percentage of the Partnership's total outstanding Participating Units owned by the Partner.

II. Permitted Transferee means:

1. a Partner's descendant, including descendants by adoption if the adoption was a court adoption of a minor under five years of age;
2. a Partner's parent or sibling;
3. a descendant of a Partner's sibling including those by adoption as defined above;
4. a trust created for the benefit of anyone in (1) through (3) above; and
5. a person who is a partner at the time of the transfer.

A Permitted Transferee, upon receiving a transfer of a Limited Partnership Interest, shall be an Assignee. A Permitted Transferee who has become an Assignee shall have the right to become a Substitute Limited Partner by Required Consent.

JJ. Person (whether or not capitalized) means any individual, estate, partnership, corporation, trust, unincorporated association, limited liability company, joint venture or any other entity.

KK. Profits and Losses means for each fiscal year or other period, an amount equal to the Partnership's taxable income or loss for the year or period, determined in accordance with Code

Section 703(a). For this purpose all items of income, gain, loss, or deduction required to be stated separately in accordance with Code Section 703(a)(1), and any guaranteed payments paid to the General Partner, will be included in taxable income or loss, with the following adjustments:

1. Any Partnership income that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses in accordance with this definition will be added to the taxable income or loss.
2. Any Partnership expenditures described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures in accordance with Regulations Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Profits or Losses in accordance with this definition will be subtracted from the taxable income or loss.
3. Gain or loss resulting from any Property's disposition with respect to which gain or loss is recognized for federal income tax purposes will be computed by reference to the Carrying Value of the property disposed of, as the case may be, notwithstanding that the property's adjusted tax basis differs from its Carrying Value.
4. In lieu of depreciation, amortization, and other cost recovery deductions taken into account in computing taxable income or loss, there will be taken into account Depreciation for the taxable year or other period.
5. If any Property's Carrying Value is adjusted under Article X., the adjustment will be taken into account as gain or loss from the asset's disposition for computing Profits or Losses.
6. Any items that are specially allocated in accordance with Subsection XI.B.1.e. of this Agreement will not be taken into account in computing Profits or Losses.

LL. Property means all real and personal property that has been contributed to or acquired by the Partnership and all increases and decreases applicable to the Property.

MM. Regulations means Treasury Regulations promulgated under the Code as amended.

NN. Super Majority in Interest means those Partners who hold GP Units or LP Units that exceed 65% of the Partnership's total Participating Units

OO. Unanimous Consent means the consent of all Partners.

PP. Unrealized Gain attributable to Property means the excess of the Property's Gross Asset Value over the Property's Carrying Value as of the determination date.

QQ. Unrealized Loss attributable to a Property means the excess of the Property's Carrying Value over its Gross Asset Value as of the determination date.

RR. Withdrawal from the Partnership has the meaning used in the Act, generally means that the interest of the withdrawing Partner ceases to exist, and is not synonymous with a transfer of that interest.

SS. Since an assignment is a form of transfer, a transferee may, depending on the facts, be an Assignee.

The date of this Agreement, for purposes of identification, is the 19 day of July, 2004.

MALKAN BROADCASTING MANAGEMENT, L.L.C.,
General Partner

Date Signed: 7/19/04

By: Matthew Malkan
Matthew Malkan

Accepted and Approved By Limited Partners:

MALKAN FAMILY TRUST

Date Signed: 7/19/04

By: Audrey Malkan
Audrey Malkan, as Trustee of the Malkan
Malkan Family Trust

Date Signed: 7/19/04

Audrey Malkan
Audrey Malkan

Date Signed: 7/19/04

Matthew Malkan
Matthew Malkan

Date Signed: 7/22/04

Hope Malkan
Hope Malkan

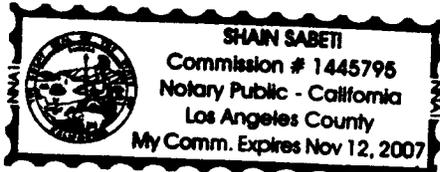
STATE OF CALIFORNIA §
COUNTY OF LOS ANGELES §



This instrument was acknowledged before me on the 19th day of JULY, 2004, by Audrey Malkan as Trustee of the Malkan Family Trust.

Shain Sabeti
Notary Public, State of CALIFORNIA

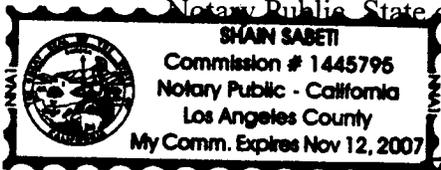
STATE OF CALIFORNIA §
COUNTY OF LOS ANGELES §



This instrument was acknowledged before me on the 19th day of JULY, 2004, by Audrey Malkan.

Shain Sabeti
Notary Public, State of CALIFORNIA

STATE OF CALIFORNIA §
COUNTY OF LOS ANGELES §

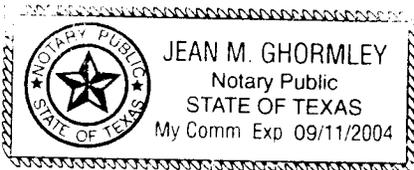


This instrument was acknowledged before me on the 19th day of JULY, 2004, by Matthew Malkan.

Shain Sabeti
Notary Public, State of CALIFORNIA

STATE OF TEXAS §
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 22nd day of July, 2004, by Hope Malkan.



Jean M Ghormley
Notary Public, State of TEXAS

SCHEDULE "A"
To Agreement of Limited Partnership
MALKAN AM ASSOCIATES, L.P.

The initial Partners and their respective percentage interests in the Partnership are as follows:

<u>NAME OF PARTNER</u>	<u>PROFIT SHARING PERCENTAGE</u>
General Partners:	
Malkan Broadcasting Management, L.L.C.	.5%
 Limited Partners:	
Audrey Malkan	50.03%
Matthew Malkan	10.05%
Hope Malkan	9.85%
Malkan Family Trust	29.57%