OMNIBUS GUIDELINES

Adopted by the NASAA membership on March 29, 1992, Amended May 7, 2007

I. INTRODUCTION

A. Application.

1. These Omnibus Guidelines (the "Guidelines") apply to the registration and qualification of PROGRAMS for which statements of policy have not been adopted by the North American Securities Administrators Association.

2. While applications not conforming to the standards contained herein shall be looked upon with disfavor, where good cause is shown, certain Guidelines may be modified or waived by the ADMINISTRATOR.

B. Definitions.

1. ACQUISITION EXPENSES--Expenses, including but not limited to legal fees and expenses, travel and communication expenses, costs of appraisals, non-refundable option payments on assets not acquired, accounting fees and expenses, and miscellaneous expenses relating to the purchase or acquisition of assets, whether or not acquired.

2. ACQUISITION FEES--The total of all fees and commissions paid by any party in connection with the initial purchase or acquisition of assets by the PROGRAM. Included in the computation of such fees or commissions shall be any commission, selection fee, supervision fee, financing fee, non-recurring management fee or any fee of a similar nature, however designated.

3. ADMINISTRATOR--The official or agency administering the securities laws of a state, province, or commonwealth.

4. AFFILIATE--An AFFILIATE of another PERSON includes any of the following:

   (a) Any PERSON directly or indirectly owning, controlling, or holding with power to vote ten percent or more of the outstanding voting securities of such other PERSON.

   (b) Any PERSON ten percent or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held, with power to vote, by such other PERSON.

   (c) Any PERSON directly or indirectly controlling, controlled by, or under common control with such other PERSON.
(d) Any executive officer, director, trustee or partner of such other PERSON.

(e) Any legal entity on which such PERSON acts as an executive officer, director, trustee, or partner.

5. ASSESSMENTS--Additional amounts of capital which may be mandatorily required of, or paid voluntarily by, a PARTICIPANT beyond his or her subscription commitment excluding deferred payments.

6. CAPITAL CONTRIBUTIONS--The total investment, including the original investment and amounts reinvested pursuant to distribution reinvestment plan in a PROGRAM by a PARTICIPANT or by all PARTICIPANTS, as the case may be. Unless otherwise specified, CAPITAL CONTRIBUTIONS shall be deemed to include principal amounts to be received on account of deferred payments.

7. CASH AVAILABLE FOR DISTRIBUTION--CASH FLOW plus cash funds available for distribution from PROGRAM reserves less amounts set aside for restoration or creation of reserves.

8. CASH FLOW--PROGRAM cash funds provided from operations, without deduction for depreciation, but after deducting cash funds used to pay all other expenses, debt payments, capital improvements and replacements. Cash withdrawn from reserves is not CASH FLOW.

9. CONTROLLING PERSON--Includes, but is not limited to, all PERSONS, whatever their titles, who perform functions for the SPONSOR similar to those of: (a) chairman or member of the board of directors; (b) executive officers; and (c) those holding ten percent or more equity interest in the SPONSOR or a PERSON having the power to direct or cause the direction of the SPONSOR, whether through the ownership of voting securities, by contract, or otherwise.

10. CROSS REFERENCE SHEET--A compilation of the Guideline sections, referenced to the page of the PROSPECTUS and PROGRAM agreement, or other exhibits, and justification for any deviation from the Guidelines. Such compilation shall comply with the provisions set forth on the CROSS REFERENCE SHEET.

11. FRONT END FEES--Fees and expenses paid by any party for any services rendered to organize the PROGRAM and to acquire assets for the PROGRAM, including ORGANIZATION AND OFFERING EXPENSES, ACQUISITION FEES, ACQUISITION EXPENSES, and any other similar fees, however designated by the SPONSOR.

12. INDEPENDENT EXPERT--A PERSON with no material current or prior business or personal relationship with the SPONSOR who is engaged to a substantial extent in the business of rendering opinions
regarding the value of assets of the type held by the PROGRAM, and who is qualified to perform such work.

13. INVESTMENT IN PROGRAM ASSETS--The amount of capital contributions actually paid or allocated to the purchase or development of assets acquired by the PROGRAM (including working capital reserves allocable thereto, except that working capital reserves in excess of three percent shall not be included) and other cash payments such as interest and taxes, but excluding FRONT-END FEES.

14. NET ASSET FEE--An annual fee equal to a percentage of the PROGRAM'S annual ending net assets (assets less liabilities) determined in accordance with generally accepted accounting principles.

15. NET WORTH--The excess of total assets over total liabilities as determined by generally accepted accounting principles.

16. ORGANIZATIONAL AND OFFERING EXPENSES--All expenses incurred by and to be paid from the assets of the PROGRAM in connection with and in preparing a PROGRAM for registration and subsequently offering and distributing it to the public, including, but not limited to, total underwriting and brokerage discounts and commissions (including fees of the underwriter's attorneys), expenses for printing, engraving, mailing, salaries of employees while engaged in sales activity, charges of transfer agents, registrars, trustees, escrow holders, depositories, experts, expenses of qualification of the sale of its securities under Federal and State laws, including taxes and fees, accountants' and attorneys' fees.

17. PARTICIPANT--The holder of a PROGRAM INTEREST.

18. PAYOUT--The point in time when all PARTICIPANTS have received cash distributions from the PROGRAM in an amount equal to their total CAPITAL CONTRIBUTIONS.

19. PERSON--Any natural PERSON, partnership, corporation, association, trust or other legal entity.

20. PROGRAM--A limited or general partnership, joint venture, unincorporated association or similar organization other than a corporation formed and operated for the primary purpose of investment in and the operation of or gain from and interest in the assets to be acquired by such entity.

21. PROGRAM INTEREST--The limited partnership unit or other indicia of ownership in a PROGRAM.
22. PROMOTIONAL INTEREST--A percentage interest of the SPONSOR in all PROGRAM revenues, costs and expenses, other than FRONT END FEES, for which the SPONSOR is not obligated to make a CAPITAL CONTRIBUTION in the form of cash or tangible property.

23. PROSPECTUS--Shall have the meaning given to that term by section 2(10) of the Securities Act of 1933, including a preliminary PROSPECTUS; provided, however, that such term as used herein shall also include an offering circular as described in Rule 256 of the General Rules and Regulations under the Securities Act of 1933 or, in the case of an intrastate offering, any document by whatever name known, utilized for the purpose of offering and selling securities to the public.

24. ROLL-UP--A transaction involving the acquisition, merger, conversion or consolidation, either directly or indirectly, of the PROGRAM and the issuance of securities of a ROLL-UP ENTITY. Such term does not include:

(a) a transaction involving securities of the PROGRAM that have been for at least 12 months listed on a national exchange or that are traded through the National Association of Securities Dealers Automated Quotation--National Market System; or

(b) a transaction involving the reorganization to corporate, trust or association form of only the PROGRAM if, as a consequence of the proposed reorganization, there will be no significant adverse change in any of the following:

   (i) PARTICIPANT’S voting rights;
   (ii) the term of existence of the PROGRAM;
   (iii) SPONSOR compensation; or
   (iv) the PROGRAM’S investment objectives.

25. ROLL-UP ENTITY--A partnership, trust, corporation or other entity that would be created or survive after the successful completion of a proposed ROLL-UP transaction.

26. SPECIFIED ASSET PROGRAM--A PROGRAM where, at the time a securities registration is ordered effective, at least 75% of the net proceeds from the sale of PROGRAM INTERESTS are allocable to the purchase, construction, renovation, or improvement of individually identified assets or assets that provide a reasonably objective basis in conformity with the Guidelines of the American Institute of Certified Public Accountants to allow the issuance of prospective financial statements. Reserves shall not be included in the 75%.
27. **SPONSOR**—Any PERSON directly or indirectly instrumental in organizing, wholly or in part, a PROGRAM or any PERSON who will control, manage or participate in the management of a PROGRAM, and any AFFILIATE of such PERSON. Not included is any PERSON whose only relation with the PROGRAM is that of an independent manager of a portion of PROGRAM assets, and whose only compensation is as such. "SPONSOR" does not include wholly independent third parties such as attorneys, accountants, and underwriters whose only compensation is for professional services rendered in connection with the offering of PROGRAM INTERESTS. A PERSON may also be deemed a SPONSOR of the PROGRAM by:

(a) taking the initiative, directly or indirectly, in founding or organizing the business or enterprise of the PROGRAM, either alone or in conjunction with one or more other PERSONS;

(b) receiving a material participation in the PROGRAM in connection with the founding or organizing of the business of the PROGRAM, in consideration of services or property, or both services and property;

(c) having a substantial number of relationships and contacts with the PROGRAM;

(d) possessing significant rights to control PROGRAM properties;

(e) receiving fees for providing services to the PROGRAM which are paid on a basis that is not customary in the industry; or

(f) providing goods or services to the PROGRAM on a basis which was not negotiated at arm's length with the PROGRAM.

**II. REQUIREMENTS OF SPONSOR**

A. **Experience.** The SPONSOR, the general partner, or their chief operating officers shall have at least three years relevant experience demonstrating the knowledge and experience to acquire and manage the type of assets being acquired, and any of the foregoing, or any AFFILIATE providing services to the PROGRAM, shall have had not less than four years relevant experience in the kind of service being rendered or otherwise must demonstrate sufficient knowledge and experience to perform the services proposed.

COMMENT: "Relevant experience" should be interpreted to include actual direct experience by the chief executive officer, or other PERSONS at the management level, either as a principal or agent in performing the services to be provided to the PROGRAM. This would include acquiring and managing assets
for one’s own account or acting as an agent in acquiring and managing assets comparable to that which the PROGRAM will acquire.

B. **Financial Condition.** The financial condition of the SPONSOR liable for the debts of the PROGRAM must be commensurate with any financial obligations assumed in connection with the offering and the operation of the PROGRAM. As a minimum, such SPONSOR shall have an aggregate financial NET WORTH, exclusive of home, automobiles, and home furnishings, of the greater of either $100,000, or 5.0% of the first $20 million of both the gross amount of securities currently being offered and the gross amount of any originally issued direct participation PROGRAM securities sold by the SPONSOR within the prior 12 months, plus 1.0% of all amounts in excess of the first $20 million. In determining NET WORTH for this purpose, evaluation will be made of contingent liabilities and the use of promissory notes, to determine the appropriateness of their inclusion in the computation of NET WORTH. Promissory notes may be included in NET WORTH if the maker can demonstrate the ability to pay upon demand and the terms of the notes are satisfactory to the ADMINISTRATOR. The gross amount of an offering includes the principal amounts to be received on account of deferred payments.

C. **Reports.** Each application for registration shall contain a commitment, executed by the SPONSOR, to submit to the ADMINISTRATOR, upon request, reports and statements required to be distributed to PARTICIPANTS pursuant to section VI. C.

   **COMMENT:** The SPONSOR need not file with the ADMINISTRATOR all reports that will be distributed to PARTICIPANTS, but should retain copies of such reports of information and make them available to the ADMINISTRATOR as required.

D. **Fiduciary Duty of SPONSOR.** The PROGRAM agreement shall provide that the SPONSOR shall have a fiduciary responsibility for the safekeeping and use of all funds and assets of the PROGRAM, whether or not in the SPONSOR’s immediate possession or control, and that the SPONSOR shall not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the PROGRAM. In addition, the PROGRAM shall not permit the PARTICIPANT to contract away the fiduciary obligation owed to the PARTICIPANT by the SPONSOR under common law.

E. **Termination of SPONSOR.**

1. The SPONSOR may not voluntarily withdraw from the PROGRAM without 120 days prior written notice to the PARTICIPANTS. If the PARTICIPANTS or any remaining SPONSOR elect to continue the PROGRAM, the withdrawing SPONSOR shall pay all expenses incurred as a result of its withdrawal.
2. Upon termination of the SPONSOR, the PROGRAM may be required to pay to the terminated SPONSOR all amounts then accrued and owing to the terminated SPONSOR. Additionally, the PROGRAM may terminate the SPONSOR's interest in PROGRAM revenues, expenses, income, losses, distributions, and capital by payment of an amount equal to the then present fair market value of the terminated SPONSOR's interest, determined by agreement of the terminated SPONSOR and the PROGRAM, or, if they cannot agree, by arbitration in accordance with the then current rules of the American Arbitration Association. The expense of arbitration shall be borne equally by the terminated SPONSOR and the PROGRAM.

3. The method of payment to the terminated SPONSOR must be fair and must protect the solvency and liquidity of the PROGRAM. When the termination is voluntary, the method of payment will be presumed to be fair if it provides for a non-interest bearing unsecured promissory note with principal payable, if at all, from distributions which the terminated SPONSOR otherwise would have received under the program agreement had the SPONSOR not been terminated. When the termination is involuntary, the method of payment will be presumed to be fair if it provides for an interest bearing promissory note maturing in not less than five years with equal installments each year.

4. The agreement should also provide for a successor SPONSOR where the only SPONSOR of the PROGRAM is an individual.

F. Tax Ruling or Opinion. The SPONSOR shall, if the ADMINISTRATOR deems it appropriate, have a tax ruling from the U.S. Internal Revenue Service or an opinion of qualified independent tax counsel concerning the flow-through of tax benefits and other tax consequences to the PARTICIPANT. An opinion of counsel shall be in a form and substance satisfactory to the ADMINISTRATOR and shall be unqualified except to the extent permitted by the ADMINISTRATOR. Also included shall be, an opinion of independent counsel to the effect that the securities being offered are duly authorized and validly issued INTERESTS in the issuer, and that the liability of the public investors will be limited to their respective total agreed upon investment in the issuer.

COMMENT: An opinion meeting the requirements of ABA Formal Opinion 346 (Revised) of the American Bar Association Standing Committee on Ethics and Professional Responsibility and any applicable law shall be deemed satisfactory.

G. Liability and Indemnification.

1. The PROGRAM shall not provide for indemnification of the SPONSOR for any liability or loss suffered by the SPONSOR, nor shall it provide that the SPONSOR be held harmless for any loss or liability
suffered by the PROGRAM, unless all of the following conditions are met:

(a) The SPONSOR has determined, in good faith, that the course of conduct which caused the loss or liability was in the best interests of the PROGRAM.

(b) The SPONSOR was acting on behalf of or performing services for the PROGRAM.

(c) Such liability or loss was not the result of negligence or misconduct by the SPONSOR.

(d) Such indemnification or agreement to hold harmless is recoverable only out of PROGRAM net assets and not from PARTICIPANTS.

2. Notwithstanding anything to the contrary contained in Section II.G.1., the SPONSOR and any person acting as broker-dealer shall not be indemnified for any losses, liabilities or expenses arising from or out of an alleged violation of federal or state securities laws unless one or more of the following conditions are met:

(a) There has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee.

(b) Such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee.

(c) A court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made, and the court of law considering the request for indemnification has been advised of the position of the Securities and Exchange Commission and the published position of any state securities regulatory authority in which securities of the PROGRAM were offered or sold as to indemnification for violations of securities laws.

3. The PROGRAM may not incur the cost of that portion of liability insurance which insures the SPONSOR for any liability as to which the SPONSOR is prohibited from being indemnified under this section.

4. The advancement of PROGRAM funds to a SPONSOR or its AFFILIATES for legal expenses and other costs incurred as a result of any legal action for which indemnification is being sought is permissible only if all of the following conditions are satisfied:
(a) The legal action relates to acts or omissions with respect to the performance of duties or services on behalf of the PROGRAM.

(b) The legal action is initiated by a third party who is not a PARTICIPANT, or the legal action is initiated by a PARTICIPANT and a court of competent jurisdiction specifically approves such advancement.

(c) The SPONSOR or its AFFILIATES undertake to repay the advanced funds to the PROGRAM, together with the applicable legal rate of interest thereon, in cases in which such PERSON is found not to be entitled to indemnification.

H. *Arbitration Provisions.* The PROGRAM agreement may contain provisions relating to the use of arbitration as a means of dispute resolution; provided however, it may not require arbitration for allegations involving breach of contract, negligence, violations of state or federal securities laws, breach of fiduciary duty or other misconduct by the SPONSOR, nor shall it provide for mandatory venue. PROGRAM agreements which contain arbitration provisions shall prominently disclose such fact on the cover page of the PROGRAM agreement. Allocation of the cost of arbitration may be made a matter for determination in the proceedings. This Section II.H is not intended to prohibit arbitration agreements entered into as a condition for opening or maintaining an account with a broker-dealer, who may also be a SPONSOR. In addition, this section II.H should not be interpreted to prohibit separate arbitration agreements between SPONSORS and PARTICIPANTS if the agreements are not a condition of making an investment in the PROGRAM.

### III. SUITABILITY OF PARTICIPANTS

**A. General Policy.**

1. The SPONSOR shall establish minimum income and net worth standards for PERSONS who purchase PROGRAM INTERESTS.

2. The SPONSOR shall propose minimum income and net worth standards which are reasonable given the type of PROGRAM and the risks associated with the purchase of PROGRAM INTERESTS. PROGRAMS with greater investor risk shall have minimum standards with a substantial NET WORTH requirement. The ADMINISTRATOR shall evaluate the standards proposed by the SPONSOR when the PROGRAM’S application for registration is reviewed. In evaluating the proposed standards, the ADMINISTRATOR may consider the following:

   (a) the PROGRAM’S use of leverage;
(b) tax implications;
(c) mandatory deferred payments;
(d) assessments;
(e) balloon payment financing;
(f) potential variances in cash distributions;
(g) potential PARTICIPANTS;
(h) relationship between potential PARTICIPANTS and the SPONSOR;
(i) liquidity of PROGRAM INTERESTS;
(j) performance of SPONSOR'S prior programs;
(k) financial condition of the SPONSOR;
(l) potential transactions between the PROGRAM and the SPONSOR; and
(m) any other relevant factors.

B. Income and Net Worth Standards.

1. Unless the ADMINISTRATOR determines that the risks associated with the PROGRAM would require lower or higher standards, each PARTICIPANT shall have:

   (a) a minimum annual gross income of $70,000 and a minimum NET WORTH of $70,000; or

   (b) a minimum NET WORTH of $250,000.

2. NET WORTH shall be determined exclusive of home, home furnishings, and automobiles.

3. In the case of sales to fiduciary accounts, these minimum standards shall be met by the beneficiary, the fiduciary account, or by the donor or grantor who directly or indirectly supplies the funds to purchase the PROGRAM INTERESTS if the donor or grantor is the fiduciary.

4. The SPONSOR shall set forth in the final PROSPECTUS:

   (a) the investment objectives of the PROGRAM;

   (b) a description of the type of PERSON who might benefit from an investment in the PROGRAM; and
(c) the minimum standards imposed on each PARTICIPANT in the PROGRAM.

C. Determination that Sale to PARTICIPANT is Suitable and Appropriate.

1. The SPONSOR and each PERSON selling PROGRAM INTERESTS on behalf of the SPONSOR or PROGRAM shall make every reasonable effort to determine that the purchase of PROGRAM INTERESTS is a suitable and appropriate investment for each PARTICIPANT.

2. In making this determination, the SPONSOR or each PERSON selling PROGRAM INTERESTS on behalf of the SPONSOR or PROGRAM shall ascertain that the prospective PARTICIPANT:

(a) meets the minimum income and net worth standards established for the PROGRAM;

(b) can reasonably benefit from the PROGRAM based on the prospective PARTICIPANT'S overall investment objectives and portfolio structure;

(c) is able to bear the economic risk of the investment based on the prospective PARTICIPANT'S overall financial situation; and

(d) has apparent understanding of:

(i) the fundamental risks of the investment;

(ii) the risk that the PARTICIPANT may lose the entire investment;

(iii) the lack of liquidity of PROGRAM INTERESTS;

(iv) the restrictions on transferability of PROGRAM INTERESTS;

(v) the background and qualifications of the SPONSOR or the PERSONS responsible for directing and managing the PROGRAM; and

(vi) the tax consequences of the investment.

3. The SPONSOR or each PERSON selling PROGRAM INTERESTS on behalf of the SPONSOR or PROGRAM will make this determination on the basis of information it has obtained from a prospective PARTICIPANT. Relevant information for this purpose will include at least the age, investment objectives, investment experience, income, NET WORTH, financial situation, and other investments of the prospective PARTICIPANT, as well as any other pertinent factors.
4. The SPONSOR or each PERSON selling PROGRAM INTERESTS on behalf of the SPONSOR or PROGRAM shall maintain records of the information used to determine that an investment in PROGRAM INTERESTS is suitable and appropriate for each PARTICIPANT. The SPONSOR or each PERSON selling PROGRAM INTERESTS on behalf of the SPONSOR or PROGRAM shall maintain these records for at least six years.

5. The SPONSOR shall disclose in the final PROSPECTUS the responsibility of the SPONSOR and each PERSON selling PROGRAM INTERESTS on behalf of the SPONSOR or PROGRAM to make every reasonable effort to determine that the purchase of PROGRAM INTERESTS is a suitable and appropriate investment for each PARTICIPANT, based on information provided by the PARTICIPANT regarding the PARTICIPANT'S financial situation and investment objectives.

D. Subscription Agreements.

1. The ADMINISTRATOR may require that each PARTICIPANT complete and sign a written subscription agreement.

2. The SPONSOR may require that each PARTICIPANT make certain factual representations in the subscription agreement, including the following:
   
   (a) The PARTICIPANT meets the minimum income and net worth standards established for the PROGRAM.
   
   (b) The PARTICIPANT is purchasing the PROGRAM INTERESTS for his or her own account.
   
   (c) The PARTICIPANT has received a copy of the PROSPECTUS.
   
   (d) The PARTICIPANT acknowledges that the investment is not liquid.

3. The PARTICIPANT must separately sign or initial each representation made in the subscription agreement. Except in the case of fiduciary accounts, the PARTICIPANT may not grant any PERSON a power of attorney to make such representations on his or her behalf.

4. The SPONSOR and each PERSON selling PROGRAM INTERESTS on behalf of the SPONSOR or PROGRAM shall not require a PARTICIPANT to make representations in the subscription agreement which are subjective or unreasonable and which:
(a) might cause the PARTICIPANT to believe that he or she has surrendered rights to which he or she is entitled under federal or state law; or

(b) would have the effect of shifting the duties regarding suitability, imposed by law on broker-dealers, to the PARTICIPANT.

5. Prohibited representations include, but are not limited to the following:

   (a) The PARTICIPANT understands or comprehends the risks associated with an investment in the PROGRAM.

   (b) The investment is a suitable one for the PARTICIPANT.

   (c) The PARTICIPANT has read the PROSPECTUS.

   (d) In deciding to invest in the PROGRAM, the PARTICIPANT has relied solely on the PROSPECTUS, and not on any other information or representations from other PERSONS or sources.

6. The SPONSOR may place the content of the prohibited representations in the subscription agreement in the form of disclosures to the PARTICIPANT. The SPONSOR may not place these disclosures in the PARTICIPANT representation section of the subscription agreement.

E. Completion of Sale.

1. The SPONSOR or any person selling PROGRAM INTERESTS on behalf of the SPONSOR or PROGRAM may not complete a sale of PROGRAM INTERESTS to a PARTICIPANT until at least five business days after the date the PARTICIPANT receives a final prospectus.

2. The SPONSOR or the PERSON designated by the SPONSOR shall send each PARTICIPANT a confirmation of his or her purchase.

F. Minimum Investment.

The ADMINISTRATOR may require a minimum initial and subsequent cash investment amount.

IV. FEES, COMPENSATION, AND EXPENSES

A. Introduction.

1. The total amount of consideration of all kinds which may be paid directly or indirectly to all parties shall be reasonable.

2. The PROSPECTUS must fully disclose and itemize all consideration which may be received in connection with the PROGRAM directly or
indirectly by the SPONSOR and underwriters, what the consideration is for and how and when it will be paid. This shall be set forth in one location in tabular form.

3. This Section of these Guidelines will ordinarily not be applied to PROGRAMS being registered by a SPONSOR which has qualified repetitive PROGRAMS with a permitted structure of fees, compensation and expenses prior to the effective date of these Guidelines. This Section of these Guidelines should be applied in a flexible manner to all other PROGRAMS to take into consideration competition against PROGRAMS with ongoing variance from the provisions of this Section and characteristics of the particular plan of business of each PROGRAM including whether it requires intensive continuing management activities by the SPONSOR.

B. FRONT END FEES.

1. All FRONT END FEES shall be reasonable and generally will not be allowed to exceed 18% of the gross proceeds of the offering, regardless of the source of payment. Any reimbursement to the SPONSOR for deferred ORGANIZATIONAL AND OFFERING EXPENSES, including any interest thereon, if any, will be included within the 18% limitation.

2. All items of compensation to underwriters or dealers, including, but not limited to, selling commissions, expenses, rights of first refusal, consulting fees, finders’ fees and all other items of compensation of any kind or description paid by the PROGRAM, directly or indirectly, shall be taken into consideration in computing the amount of allowable selling commissions.

C. INVESTMENT IN PROGRAM ASSETS.

1. The SPONSOR shall commit a substantial percentage of the CAPITAL CONTRIBUTIONS toward INVESTMENT IN PROGRAM ASSETS. The remaining CAPITAL CONTRIBUTIONS may be used to pay FRONT END FEES.

2. The percentage of CAPITAL CONTRIBUTIONS committed to INVESTMENT IN PROGRAM ASSETS will generally be required to be at least 82 percent.

D. COMPENSATION FOR PROGRAM MANAGEMENT.

1. Any management compensation taken by the SPONSOR shall be reasonable, taking into account all relevant factors.

2. Management compensation will be considered presumptively reasonable if it complies with the following limitations:
(a) For Business Development Companies, it is limited to the participation in net gains allowed by the Investment Company Act of 1940.

(b) For other PROGRAMS, it is limited to either:

(i) a 5.0% PROMOTIONAL INTEREST prior to PAYOUT and a 15.0% PROMOTIONAL INTEREST after PAYOUT; or

(ii) A NET ASSET FEE of not more than 0.75%.

3. SPONSORS that elect to receive a NET ASSET FEE will not be entitled to any payment upon termination for NET ASSET FEES attributable to future periods.

4. SPONSORS that elect to receive a NET ASSET FEE may be allocated up to 1% of the PROGRAM'S profits and losses if such allocation is necessary to preserve the PROGRAM'S status for tax purposes.

E. Other Goods or Services. The SPONSOR may provide other goods or services to the PROGRAM in connection with the operation of PROGRAM assets as long as the SPONSOR, as a fiduciary, determines such self-dealing arrangement is in the best interest of the PROGRAM. The terms pursuant to which all goods or services are provided to the PROGRAM by the SPONSOR shall be embodied in a written contract, the material terms of which must be fully disclosed to the PARTICIPANTS. The contract may only be modified by vote of a majority of the then outstanding PROGRAM INTERESTS. The contract shall contain a clause allowing termination without penalty on 60 days notice.

1. At a minimum, arrangements must meet all of the following criteria:

(a) The SPONSOR must be independently engaged in the business of providing such goods or services to PERSONS other than AFFILIATES and at least 33% of the SPONSOR'S associated gross revenues must come from PERSONS other than AFFILIATES.

(b) The compensation, price or fee charged for providing such goods or services must be comparable and competitive with the compensation, price or fee charged by PERSONS other than AFFILIATES in the same geographic location who provide comparable goods or services which could reasonably be made available to the PROGRAM.

(c) Except in extraordinary circumstances, the compensation and other material terms of the arrangement must be fully disclosed in the PROSPECTUS. Extraordinary circumstances are limited to instances when immediate action is required and the goods or
services are not immediately available from PERSONS other than AFFILIATES.

2. If the SPONSOR is not engaged in the business to the extent required by Section IV.E.1.(a). above, the SPONSOR may provide other goods and services if all of the following additional conditions are met:

   (a) It can demonstrate the capacity and capability to provide such goods or services on a competitive basis.

   (b) The goods or services are provided at the lesser of cost or the competitive rate charged by PERSONS other than AFFILIATES in the same geographic location who are in the business of providing comparable goods or services.

   (c) The cost is limited to the reasonable necessary and actual expenses incurred by the SPONSOR on behalf of the PROGRAM in providing such goods or services, exclusive of expenses of the type which may not be reimbursed under Section IV.F.1.

   (d) Expenses are allocated in accordance with generally accepted accounting principles and are made subject to the special audit required by Section IV.F.2.

F. Expenses of the PROGRAM.

1. All expenses of the PROGRAM shall be billed to and paid by the PROGRAM. The SPONSOR may be reimbursed for the actual cost of goods and services used for or by the PROGRAM and obtained from PERSONS other than AFFILIATES. The SPONSOR may be reimbursed for the administrative services necessary to the prudent operation of the PROGRAM; provided, the reimbursement shall be the lower of the SPONSOR’S actual cost or the amount the PROGRAM would be required to pay PERSONS other than AFFILIATES for comparable administrative services in the same geographic location; and provided, further, that such costs are reasonably allocated to the PROGRAM on the basis of assets, revenues, time records or other method conforming with generally accepted accounting principles. No reimbursement shall be permitted for services for which the SPONSOR is entitled to compensation by way of a separate fee. Excluded from the allowable reimbursement shall be:

   (a) rent or depreciation, utilities, capital equipment, other administrative items of the SPONSOR; and

   (b) salaries, fringe benefits, travel expenses and other administrative items incurred or allocated to any CONTROLLING PERSON of the SPONSOR.
2. The annual PROGRAM report must contain a breakdown of the costs reimbursed to the SPONSOR. Within the scope of the annual audit of the SPONSOR’S financial statements, the independent certified public accountants must issue a special report on the allocation of such costs to the PROGRAM in accordance with the PROGRAM agreement. The special report shall be in accordance with the American Institute of Certified Public Accountants United States Auditing Standards relating to special reports. The additional costs of such special report will be itemized by said accountants on a PROGRAM by PROGRAM basis and may be reimbursed to the SPONSOR by the PROGRAM in accordance with this subparagraph only to the extent that such reimbursement, when added to the cost for administrative services rendered, does not exceed the competitive rate for such services as determined above. The special report shall at minimum provide:

(a) a review of the time records of individual employees, the costs of whose services were reimbursed; and

(b) a review of the specific nature of the work performed by each such employee.

COMMENT: The following is an illustration of a report prepared by ABC Accountants expressing an opinion on reimbursed costs of XYZ PROGRAM.

We have audited the accompanying schedule of cost reimbursed as defined in the PROGRAM agreement dated ____________ of XYZ PROGRAM as of December 31, 19XX. This schedule is the responsibility of the PROGRAM’s management. Our responsibility is to express an opinion of this schedule based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of cost reimbursed is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts of and disclosures in the schedule of cost reimbursed. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of cost reimbursed referred to above presents fairly, in all material respects, the cost reimbursed of XYZ PROGRAM as of December 31, 19XX as defined in the PROGRAM agreement referred to in the first paragraph.

3. The PROSPECTUS shall disclose in tabular form an itemized estimate of such proposed expenses for the next fiscal year together with a
breakdown by year of such expenses reimbursed in each of the last five public PROGRAMS formed by the SPONSOR.

V. CONFLICTS OF INTEREST AND INVESTMENT RESTRICTIONS

A. Sales and Leases to PROGRAM.

1. A PROGRAM shall not purchase or lease assets in which a SPONSOR has an interest unless all of the following conditions are met:

   (a) The transaction occurs at the formation of the PROGRAM and is fully disclosed in its PROSPECTUS.

   (b) The assets are sold upon terms fair to the PROGRAM and at a price not to exceed the lesser of cost or fair market value as determined by an INDEPENDENT EXPERT.

2. Notwithstanding provisions of Subsection 1 above, the SPONSOR may purchase assets in its own name (and assume loans in connection therewith) and temporarily hold title thereto, for the purposes of facilitating the acquisition of the assets, the borrowing of money, obtaining financing for the PROGRAM, or completion of construction of the assets, provided that all of the following conditions are met:

   (a) The assets are purchased by the PROGRAM for a price no greater than the cost of the assets to the SPONSOR.

   (b) All income generated by, and expenses associated with, the assets so acquired shall be treated as belonging to the PROGRAM.

   (c) There are no other benefits arising out of such transaction to the SPONSOR apart from compensation otherwise permitted by these Guidelines.

B. Sales and Leases to SPONSOR.

1. A SPONSOR shall not acquire assets from the PROGRAM unless approved by the PARTICIPANTS in accordance with subsection VI.B.1(d).

2. A PROGRAM may lease assets to the SPONSOR only if both of the following are met:

   (a) The transaction occurs at the formation of the PROGRAM, and is fully disclosed in the PROSPECTUS.

   (b) The terms of the lease are fair to the PROGRAM.

C. Loans. No loans may be made by the PROGRAM to the SPONSOR.
D. **Exchange of PROGRAM INTERESTS.** The PROGRAM may not acquire assets in exchange for PROGRAM INTERESTS.

E. **Exclusive agreement.** The PROGRAM shall not give the SPONSOR an exclusive right to sell or exclusive employment to sell assets for the PROGRAM.

F. **Commissions on financing, refinancing or reinvestment.** A PROGRAM shall not pay, directly or indirectly, a commission or fee to a SPONSOR (except as permitted under Section IV.B.1) in connection with the reinvestment of CASH AVAILABLE FOR DISTRIBUTION or of the proceeds of the resale, exchange, or refinancing of PROGRAM assets.

G. **Rebates, Kickbacks, and Reciprocal Arrangements.**

1. No rebates or give-ups may be received by the SPONSOR nor may the SPONSOR participate in any reciprocal business arrangements which would circumvent these Guidelines. Furthermore, the PROSPECTUS and PROGRAM agreement shall contain language prohibiting the above, as well as language prohibiting reciprocal business arrangements which would circumvent the restrictions against dealing with AFFILIATES or promoters.

2. No SPONSOR shall directly or indirectly pay or award any commissions or other compensation to any PERSON engaged to sell PROGRAM INTERESTS or give investment advice to a potential PARTICIPANT; provided, however, that this clause shall not prohibit the payment to a registered broker-dealer or other properly licensed PERSON of normal sales commissions for selling PROGRAM INTERESTS.

H. **Commingling.** The funds of a PROGRAM shall not be commingled with the funds of any other PERSON. Nothing contained in this section shall prohibit the SPONSOR from establishing a master fiduciary account pursuant to which separate sub-trust accounts are established for the benefit of AFFILIATED PROGRAMS, provided that PROGRAM funds are protected from the claims of such other PROGRAMS and creditors of the PROGRAMS. The prohibition of this Section shall not apply to investments meeting the requirements of Section V.I.

I. **Investment in Other PROGRAMS.**

1. The PROGRAM shall be permitted to invest in general partnerships or joint ventures with non-AFFILIATES that own and operate specific assets, if the PROGRAM, alone or together with any publicly registered AFFILIATE of the PROGRAM meeting the requirements of Subsection (b) below, acquires a controlling interest in such a general partnership or joint venture, but in no event shall duplicate fees be permitted. For purposes of this section, "controlling interest" means an equity interest.
possessing the power to direct or cause the direction of the management and policies of the general partnership or joint venture, including the authority to:

(a) review all contracts entered into by the general partnership or joint venture that will have a material effect on its business or assets;

(b) cause a sale or refinancing of the assets or its interest therein subject, in certain cases where required by the partnership or joint venture agreement, to limits as to time, minimum amounts and/or a right of first refusal by the joint venture partner or consent of the joint venture partner;

(c) approve budgets and major capital expenditures, subject to a stated minimum amount;

(d) veto any sale or refinancing of the assets, or alternatively, to receive a specified preference on sale or refinancing proceeds; and

(e) exercise a right of first refusal on any desired sale or refinancing by the joint venture partner of its interest in the assets, except for transfer to an AFFILIATE of the joint venture partner.

2. The PROGRAM shall be permitted to invest in general partnerships or joint ventures with other publicly registered AFFILIATES of the PROGRAM if all of the following conditions are met:

(a) The PROGRAMS have substantially identical investment objectives.

(b) There are no duplicate fees.

(c) The compensation payable by the general partnership or joint venture to the SPONSORS in each PROGRAM that invests in such partnership or joint venture is substantially identical.

(d) Each PROGRAM has a right of first refusal to buy if the other PROGRAM wishes to sell assets held in the joint venture.

(e) The investment of each PROGRAM is on substantially the same terms and conditions.

(f) The PROSPECTUS discloses the potential risk of impasse on joint venture decisions since no PROGRAM controls, and the potential risk that while a PROGRAM may have the right to buy the assets from the partnership or joint venture, it may not have the resources to do so.
3. The PROGRAM shall be permitted to invest in general partnerships or joint ventures with AFFILIATES other than publicly registered AFFILIATES of the PROGRAM only if all of the following conditions are met:

   (a) The investment is necessary to relieve the SPONSOR from any commitment to purchase the assets entered into in compliance with Section V.A.2. prior to the closing of the offering period of the PROGRAM.

   (b) There are no duplicate fees.

   (c) The investment of each entity is on substantially the same terms and conditions.

   (d) The PROGRAM has a right of first refusal to buy if the SPONSOR wishes to sell assets held in the joint venture.

   (e) The PROSPECTUS discloses the potential risk of impasse on joint venture decisions.

4. PROGRAMS structured to conduct operations through separate single-purpose entities managed by the SPONSOR (multi-tier arrangements) shall be permitted provided that the terms of any such arrangements do not result in the circumvention of any of the requirements or prohibitions contained in these Guidelines. In particular, all such PROGRAM agreements shall accompany the PROSPECTUS, if available, and shall contain provisions which assure that all of the following restrictions will be present:

   (a) There will be no duplication or increase in ORGANIZATION AND OFFERING EXPENSES, SPONSOR's compensation, program expenses or other fees and costs.

   (b) There will be no substantive alteration in the fiduciary and contractual relationship between the SPONSOR and the PARTICIPANTS.

   (c) There will be no diminishment in the voting rights of PARTICIPANTS.

5. Other than as specifically permitted in Subsections (2), (3) and (4) above, the PROGRAM shall not be permitted to invest in general partnerships or joint ventures with AFFILIATES.

6. A PROGRAM shall be permitted to invest in general partnership interests of limited partnerships only if the PROGRAM, alone or together with any publicly registered AFFILIATE of the PROGRAM meeting the requirements of Subsection (2) above, acquires a "controlling interest"
as defined in Subsection (1), no duplicate fees are permitted, no additional compensation beyond that permitted by the ADMINISTRATOR is paid to the SPONSOR, and the PROGRAM agreement complies with Section V.

COMMENT: Nothing contained in Section V.I. may be used to circumvent or abrogate the restrictions and requirements of these Guidelines, including, but not limited to, Section V.A.

J. Lending Practices. On financing made available to the PROGRAM by the SPONSOR, the SPONSOR may not receive interest in excess of the lesser of the SPONSOR's cost of funds or the amounts which would be charged by unrelated lending institutions on comparable loans for the same purpose. The SPONSOR shall not impose a prepayment charge or penalty in connection with such financing and the SPONSOR shall not receive points or other financing charges. The SPONSOR shall be prohibited from providing permanent financing for the PROGRAM. For purposes of this Section, "permanent financing" shall mean any financing with a term in excess of 12 months.

K. Minimum Capitalization. The minimum amount of funds to activate a PROGRAM shall be sufficient to accomplish the objectives of the PROGRAM, including "spreading the risk". Where it appears unlikely that the stated objectives of the PROGRAM can be achieved with the minimum subscriptions, the ADMINISTRATOR may require a greater amount or a lesser amount based on the stated objectives of the PROGRAM. All funds received prior to activation of the PROGRAM must be deposited in an interest bearing account with an independent custodian, trustee, or escrow agent whose name and address shall be disclosed in the PROSPECTUS. Provision must be made for the return to public investors of 100% of paid subscriptions, including interest earned, in the event that the established minimum to activate the PROGRAM is not reached.

L. Statement of Objectives. The PROSPECTUS must state specific investment objectives of the PROGRAM. It should indicate whether the primary objective is to obtain current income, tax benefits, or capital appreciation for its PARTICIPANTS.

M. Multiple PROGRAMS. The method for the allocation of the acquisition of properties by two or more PROGRAMS of the same SPONSOR seeking to acquire similar types of assets shall be reasonable. The method also shall be described in the PROSPECTUS.

N. Period of Offering and Expenditure of Proceeds. The offering period of PROGRAM INTERESTS in a PROGRAM may not exceed one year from the date of effectiveness unless permitted by the ADMINISTRATOR. While the proceeds of an offering are awaiting INVESTMENT IN PROGRAM ASSETS, the proceeds may be temporarily placed into short-
term, highly liquid investments which afford appropriate safety of principal, such as U.S. Treasury Bonds or Bills. Any proceeds of the offering of PROGRAM INTERESTS not committed for investment within the later of two years from the date of effectiveness or one year from termination of the offering, unless a longer period is permitted by the ADMINISTRATOR, shall be distributed pro rata to the PARTICIPANTS as a return of capital without deduction of FRONT END FEES.

O. **ASSESSMENTS.** Mandatory ASSESSMENTS of any kind shall be prohibited.

P. **Appraisal and Compensation.**

1. In connection with a proposed ROLL-UP, an appraisal of all PROGRAM assets shall be obtained from a competent INDEPENDENT EXPERT. If the appraisal will be included in a PROSPECTUS used to offer the securities of a ROLL-UP ENTITY, the appraisal shall be filed with the Securities and Exchange Commission and the ADMINISTRATOR as an Exhibit to the Registration Statement for the offering. Accordingly, an issuer using the appraisal shall be subject to liability for violation of Section 11 of the Securities Act of 1933 and comparable provisions under State law for any material misrepresentations or material omissions in the appraisal. PROGRAM assets shall be appraised on a consistent basis. The appraisal shall be based on all relevant information and shall indicate the value of the PROGRAM's assets as of a date immediately prior to the announcement of the proposed ROLL-UP. The appraisal shall assume an orderly liquidation over a 12 month period. The terms of the engagement of the INDEPENDENT EXPERT shall clearly state that the engagement is the benefit of the PROGRAM and its PARTICIPANTS. A summary of the independent appraisal, indicating all material assumptions underlying the appraisal, shall be included in a report to the PARTICIPANTS in connection with a proposed ROLL-UP.

2. In connection with a proposed ROLL-UP, the PERSON sponsoring the ROLL-UP shall offer to PARTICIPANTS who vote "no" on the proposal the choice of:

   (a) accepting the securities of the ROLL-UP ENTITY offered in the proposed ROLL-UP; or

   (b) one of the following:

      (i) remaining as PARTICIPANTS in the PROGRAM and preserving their INTERESTS therein on the same terms and conditions as existed previously; or
(ii) receiving cash in an amount equal to the PARTICIPANTS’ pro rata share of the appraised value of the net assets of the PROGRAM.

COMMENT: With respect to the options specified in Subsection V.P.2.(b), the PERSON sponsoring the ROLL-UP needs only offer one of these alternatives to dissenting investors who do not wish to accept the security of the ROLL-UP ENTITY.

3. The PROGRAM shall not participate in any proposed ROLL-UP which, if approved, would result in PARTICIPANTS having democracy rights in the ROLL-UP ENTITY which are less than those provided for under Sections VI. A. and VI. B. of these Guidelines. If the ROLL-UP ENTITY is a corporation, the democracy rights of PARTICIPANTS shall correspond to the democracy rights provided for in these Guidelines to greatest extent possible.

4. The PROGRAM shall not participate in any proposed ROLL-UP which includes provisions which would operate to materially impede or frustrate the accumulation of shares by any purchaser of the securities of the ROLL-UP ENTITY (except to the minimum extent necessary to preserve the tax status of the ROLL-UP ENTITY). The PROGRAM shall not participate in any proposed ROLL-UP which would limit the ability of a PARTICIPANT to exercise the voting rights of its securities of the ROLL-UP ENTITY on the basis of the number of PROGRAM INTERESTS held by that PARTICIPANT.

5. The PROGRAM shall not participate in any proposed ROLL-UP in which PARTICIPANTS’ rights of access to the records of the ROLL-UP ENTITY will be less than those provided for under Section VI. D. of these Guidelines.

6. The PROGRAM shall not participate in any proposed ROLL-UP in which any of the costs of the transaction would be borne by the PROGRAM if the ROLL-UP is not approved by the PARTICIPANTS.

VI. Rights and Obligations of PARTICIPANTS

A. Meetings. Meetings of the PROGRAM may be called by the SPONSOR or the PARTICIPANTS holding ten percent or more of the then outstanding PROGRAM INTERESTS, for any matters for which the PARTICIPANTS may vote as set forth in the PROGRAM agreement. Upon receipt of a written request, either in PERSON or by certified mail, stating the purpose(s) of the meeting, the SPONSOR shall provide all PARTICIPANTS within ten days after receipt of said request, written notice, either in PERSON or by mail, of a meeting and the purpose of such meeting to be held on a date not less than fifteen nor more than sixty days
after distribution of such notice, at a time and place specified in the request, or if none is specified, at a time and place convenient to PARTICIPANTS.

B. *Voting Rights of PARTICIPANTS*

1. The PROGRAM agreement must provide that a majority of the then outstanding PROGRAM INTERESTS may, without the necessity for concurrence by the SPONSOR, vote to:

   (a) amend the PROGRAM agreement;
   (b) dissolve the PROGRAM;
   (c) remove the SPONSOR and elect a new SPONSOR; and
   (d) approve or disapprove the sale of all or substantially all of the assets of the PROGRAM, when such sale is to be made other than in the ordinary course of the PROGRAM's business.

2. Without concurrence of a majority of the outstanding PROGRAM INTERESTS, the SPONSOR may not:

   (a) amend the PROGRAM agreement except for amendments which do not adversely affect the rights of PARTICIPANTS;
   (b) voluntarily withdraw as a SPONSOR unless such withdrawal would not affect the tax status of the PROGRAM and would not materially adversely affect the PARTICIPANT;
   (c) appoint a new SPONSOR;
   (d) sell all or substantially all of the PROGRAM's assets other than in the ordinary course of the PROGRAM's business; or
   (e) cause the merger or other reorganization of the PROGRAM.

3. With respect to any PROGRAM INTERESTS owned by the SPONSOR, the SPONSOR may not vote or consent on matters submitted to the PARTICIPANTS regarding the removal of the SPONSOR or regarding any transaction between the PROGRAM and the SPONSOR. In determining the existence of the requisite percentage in interest of PROGRAM INTERESTS necessary to approve a matter on which the SPONSOR may not vote or consent, any PROGRAM INTERESTS owned by the SPONSOR shall not be included.

C. *Reports to PARTICIPANTS.* The PROGRAM agreement shall provide that the SPONSOR shall cause to be prepared and distributed to PARTICIPANTS during each year the following reports:
1. In the case of PROGRAM registered under Section 12(g) of the Securities Exchange Act of 1934, within sixty days after the end of each quarter of the PROGRAM, a report containing the same financial information contained in the PROGRAM's Quarterly Report on Form 10-Q filed by the PROGRAM under the Securities Exchange Act of 1934.

2. In the case of all other PROGRAMS, within sixty days of the end of the first six months of each fiscal year, a report, prepared on the same accounting basis to be utilized in the annual reports, containing:

   (a) a balance sheet, which may be unaudited;

   (b) a statement of income for the period then ended, which may be unaudited;

   (c) a statement of PARTICIPANTS’ equity for the period then ended, which may be unaudited;

   (d) a statement of CASH FLOW for the period then ended, which may be unaudited; and

   (e) other pertinent material regarding the PROGRAM and its activities during the period covered by the report.

3. In the case of all PROGRAMS, within 120 days after the end of each PROGRAM'S fiscal year, an annual report containing:

   (a) a balance sheet as of the end of each fiscal year and statements of income, PARTICIPANTS’ equity, and CASH FLOW, for the year then ended, all of which shall be prepared in accordance with generally accepted accounting principles and accompanied by an auditor's report containing an opinion of an independent certified public accountant;

   (b) a report of the activities of the PROGRAM during the period covered by the report;

   (c) where forecasts have been provided to the PARTICIPANTS, a table comparing the forecasts previously provided with the actual results during the period covered by the report; and

   (d) a report setting forth distributions to PARTICIPANTS for the period covered thereby and separately identifying distributions from:

       (i) CASH FLOW from operations during the period,

       (ii) CASH FLOW from operations during a prior period which have been held as reserves,
(iii) proceeds from disposition of PROGRAM assets, and

(iv) reserves from the gross proceeds of the offering originally obtained from the PARTICIPANTS.

4. In the case of all PROGRAMS, within 75 days after the end of each PROGRAM'S fiscal year, all information necessary for the preparation of the PARTICIPANTS' federal income tax returns.

5. Where PROGRAM INTERESTS have been purchased on a deferred payment basis, on which there remains an unpaid balance during any period covered by any report required by Subsections 1, 2, and 3, hereof; then such report shall contain a detailed statement of the status of all deferred payments, actions taken by the PROGRAM in response to any defaults, and a discussion and analysis of the impact on capital requirements of the PROGRAM.

D. Access to PROGRAM Records.

Every PARTICIPANT shall at all times have access to the records of the PROGRAM and may inspect and copy any of them. However, the ADMINISTRATOR may consider the appropriateness of including a clause in the PROGRAM agreement to restrict access to trade secrets relating to PROGRAM investments. The limited partnership agreement, by-laws or other PROGRAM agreement shall include the following provisions regarding access to the list of PARTICIPANTS:

1. An alphabetical list of the names, addresses and business telephone numbers of the PARTICIPANTS of the PROGRAM along with the number of PROGRAM INTERESTS held by each of them (the "PARTICIPANT list") shall be maintained as a part of the books and records of the PROGRAM and shall be available for inspection by any PARTICIPANT or its designated agent at the home office of the PROGRAM upon the request of the PARTICIPANT.

2. The PARTICIPANT list shall be updated at least quarterly to reflect changes in the information contained therein.

3. A copy of the PARTICIPANT list shall be mailed to any PARTICIPANT requesting the PARTICIPANT list within ten days of the request. The copy of the PARTICIPANT list shall be printed in alphabetical order, on white paper, and in a readily readable type size (in no event smaller than 10-point type). A reasonable charge for copy work may be charged by the PROGRAM.

4. The purposes for which a PARTICIPANT may request a copy of the PARTICIPANT list include, without limitation, matters relating to PARTICIPANTS' voting rights under the PROGRAM agreement and the exercise of PARTICIPANTS' rights under federal proxy laws.
5. If the SPONSOR of the PROGRAM neglects or refuses to exhibit, produce, or mail a copy of the PARTICIPANT list as requested, the SPONSOR shall be liable to any PARTICIPANT requesting the list for the costs, including attorneys' fees, incurred by that PARTICIPANT for compelling the production of the PARTICIPANT list, and for actual damages suffered by any PARTICIPANT by reason of such refusal or neglect. It shall be a defense that the actual purpose and reason for the requests for inspection or for a copy of the PARTICIPANT list is to secure such list of PARTICIPANTS or other information for the purpose of selling such list or copies thereof, or of using the same for a commercial purpose other than in the interest of the applicant as a PARTICIPANT relative to the affairs of the PROGRAM. The SPONSOR may require the PARTICIPANT requesting the PARTICIPANT list to represent that the list is not requested for a commercial purpose unrelated to the PARTICIPANT'S interest in the PROGRAM. The remedies provided hereunder to PARTICIPANTS requesting copies of the PARTICIPANT list are in addition to, and shall not in any way limit, other remedies available to PARTICIPANTS under federal law, or the laws of any state.

E. Admission of PARTICIPANTS. Admission of PARTICIPANTS to the PROGRAM shall be subject to the following:

1. Admission of Original PARTICIPANTS. Upon the original sale of PROGRAM INTERESTS, the purchasers should be admitted as PARTICIPANTS not later than the last day of the calendar month following the date their subscription was accepted by the PROGRAM. Subsequent subscriptions shall be accepted or rejected by the program within 30 days of their receipt; if rejected, all subscription monies should be returned to the subscriber within 10 business days.

2. Admission of Substituted PARTICIPANTS and Recognition of Assignees. The PROGRAM shall amend its records at least once each calendar quarter to effect the substitution of substituted PARTICIPANTS, although the SPONSOR may elect to do so more frequently. In the case of assignments, where the assignee does not become a substituted PARTICIPANT, the PROGRAM shall recognize the assignment not later than the last day of the calendar month following receipt of notice assignment and required documentation.

3. Except where deemed inappropriate by the ADMINISTRATOR, PERSONS holding PROGRAM INTERESTS for the purpose of assigning all or a portion of such interests (hereinafter "Assignor") shall be expressly granted the same rights as if they were PARTICIPANTS except as prohibited by applicable law, including but not limited to, the rights enumerated under Article VI of these Guidelines. The assignment agreement and PROSPECTUS shall provide that the Assignor's management shall have fiduciary responsibility for the safekeeping and
use of all funds and assets of the Assignees, whether or not in the Assignor management's possession or control, and that the management of the Assignor shall not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the Assignees. In addition, the agreement shall not permit the Assignees to contract away the fiduciary duty owed to the Assignees by the Assignor's management under the common law of agency.

F. **Redemption of PROGRAM INTERESTS.** Ordinarily, the PROGRAM and the SPONSOR are not obligated to redeem or repurchase any of the PROGRAM INTERESTS. However, the PROGRAM and the SPONSOR are not precluded from voluntarily repurchasing or redeeming the PROGRAM INTERESTS if such repurchase or redemption does not impair the capital or operations of the PROGRAM. A PROGRAM may provide for mandatory redemption rights under the following circumstances:

1. death or legal incapacity of the PARTICIPANT, or
2. a substantial reduction in the PARTICIPANT'S NET WORTH or income provided that all of the following are met:

   (a) the PROGRAM has sufficient cash to make the purchase.
   (b) the purchase will not be in violation of applicable legal requirements.
   (c) not more than 15% of the outstanding units are purchased in any year.

A penalty may be assessed on the redemption of the PROGRAM INTEREST if the penalty accrues to the benefit of the PROGRAM. The SPONSOR is prohibited from receiving a fee on the redemption of PROGRAM INTERESTS by the PROGRAM. Where the purchase price is not mutually agreed upon, the matter may be submitted to arbitration.

G. **Transferability of PROGRAM INTEREST.** Restrictions on assignment of PROGRAM INTERESTS or a substitution of limited partners are generally disfavored and such restrictions will be allowed only to the extent necessary to preserve the tax status of the partnership or the characterization or treatment of income or loss. Any restriction must be affirmatively supported by an opinion of counsel. A charge may be imposed by the PROGRAM to cover its actual, necessary and reasonable administrative and filing expenses incurred in connection with a transfer. Such a charge shall be disclosed in the PROSPECTUS.

H. **Distribution Reinvestment Plans.** A PROGRAM may offer PARTICIPANTS the opportunity to elect to have cash distributions
reinvested in the PROGRAM or subsequent PROGRAMS if all of the following conditions are met:

1. The PROGRAM and subsequent PROGRAMS in which the PARTICIPANTS reinvest are registered or exempted under applicable state securities laws.

2. No sales commissions or fees shall be deducted directly or indirectly from the reinvested funds by the SPONSOR.

3. The subsequent PROGRAM has substantially identical investment objectives as the original PROGRAM.

4. The PARTICIPANTS are free to elect or revoke reinvestment within a reasonable time and such right is fully disclosed in the offering documents.

5. The PARTICIPANTS shall have received a PROSPECTUS for the PROGRAM in which the PARTICIPANTS are reinvesting, which is current as of the date of each such reinvestment.

6. The broker-dealer or the issuer assumes responsibility for blue sky compliance and performance of due diligence responsibilities and has contacted the PARTICIPANTS to ascertain whether the PARTICIPANTS continue to meet the applicable states' suitability standard for participation in each reinvestment.

I. Reinvestment of CASH AVAILABLE FOR DISTRIBUTION. Reinvestment of CASH AVAILABLE FOR DISTRIBUTION will be allowed if the PROGRAM'S structure requires that CASH AVAILABLE FOR DISTRIBUTION be reinvested for all PARTICIPANTS upon the same terms and does not create differing classes of PROGRAM INTERESTS resulting from inequitable allocations of tax or economic benefits. CASH AVAILABLE FOR DISTRIBUTION reinvested pursuant to this subsection are not considered to be "investments" in the PROGRAM for purposes of calculating CAPITAL CONTRIBUTIONS.

J. Reinvestment of Proceeds. Reinvestment of proceeds resulting from the sale or refinancing of PROGRAM assets may take place if sufficient cash will be distributed to pay state and federal income tax, if any, (assuming investors are in a specified tax bracket) created by the sale or refinancing of such assets. Proceeds reinvested pursuant to this subsection are not considered to be "investments" in the PROGRAM for purposes of calculating CAPITAL CONTRIBUTIONS.

K. Quarterly Distribution. From time to time and not less than quarterly, the SPONSOR must review the PROGRAM'S accounts to determine whether cash distributions are appropriate. The PROGRAM shall distribute pro rata to the PARTICIPANTS funds received by the PROGRAM and allocated to
their accounts which the SPONSOR deems unnecessary to retain in the PROGRAM. In no event, however, shall funds be advanced or borrowed for purpose of distributions, if the amount of such distributions would exceed the partnership’s accrued and received revenues for the previous four quarters, less paid and accrued operating costs with respect to such revenues and costs shall be made in accordance with generally accepted accounting principles, consistently applied. Cash distributions from the PROGRAM to the SPONSOR shall only be made in conjunction with distributions to PARTICIPANTS and only out of funds properly allocated to the SPONSOR’S account.

L. **Distributions in Kind.** Distributions in kind shall not be permitted, except for:

1. distributions of readily marketable securities;

2. distributions of cash from a liquidating trust established for the dissolution of the PROGRAM and the liquidation of its assets in accordance with the terms of the PROGRAM agreement; or

3. distributions of in-kind property which meet all of the following conditions:

   (a) The SPONSOR advises each PARTICIPANT of the risks associated with direct ownership of the property;

   (b) The SPONSOR offers each PARTICIPANT the election of receiving in-kind property distributions; and

   (c) The SPONSOR distributes in-kind property only to those PARTICIPANTS who accept the SPONSOR’S offer.

VII. DISCLOSURE AND MARKETING

A. **Sales Material.** Sales material, including without limitations, books, pamphlets, movies, slides, article reprints, television and radio commercials, materials prepared for broker/dealer use only, sales presentations (including prepared presentations to prospective PARTICIPANTS at group meetings) and all other advertising used in the offer or sale of units shall conform in all applicable respects to filing, disclosure, and adequacy requirements under any applicable state regulations. Statements made in sales material communicated directly or indirectly to the public may not conflict with, or modify, risk factors or other statements made in the PROSPECTUS.

B. **PROSPECTUS and Its Contents.**
1. **PROSPECTUS.** A PROSPECTUS which is not part of a Registration Statement declared effective by the Securities and Exchange Commission pursuant to the Securities Act of 1933 shall generally conform to the disclosure requirements which would apply if the offering were so registered. The format and information requirements of applicable Guide(s) promulgated by the Securities and Exchange Commission shall be followed, with appropriate adjustments made for the different business of the PROGRAM.

2. **Prohibited Representations.**

   (a) In connection with the offering and sale of INTERESTS in a PROGRAM, neither the SPONSOR(S) nor the underwriter(s) may, in writing or otherwise, directly or indirectly, represent or imply that an administrator has approved the merits of the investment or any aspects thereof.

   (b) Any reference to the PROGRAM'S compliance with these Guidelines or any provisions herein which connotes or implies compliance shall not be allowed.

3. **Forecasts and Projections.**

   (a) Neither the PROSPECTUS nor any sales material communicated directly or indirectly to the public shall contain a quantitative estimate of a PROGRAM'S anticipated economic performance or anticipated return to PARTICIPANTS, in the form of investment objectives, cash distributions, tax benefits or otherwise, except as permitted by this Section of these Guidelines.

   (b) The presentation of predicted future results of operations of PROGRAMS shall be permitted but not required for SPECIFIED ASSET PROGRAMS and shall be prohibited for all other PROGRAMS. The cover of the PROSPECTUS must contain in bold face language one of the following statements:

      (i) for SPECIFIED ASSET PROGRAMS with forecasts: "Forecasts are contained in this prospectus. Any representations to the contrary and any predictions, written or oral, which do not conform to that contained in the prospectus shall not be permitted"; or

      (ii) for all other PROGRAMS: "The use of forecasts in this offering is prohibited. Any representations to the contrary and any predictions, written or oral, as to the amount or certainty of any present or future cash benefit or tax consequence which may flow from an investment in this program is not permitted".
(b) Content of Forecasts. Forecasts for SPECIFIED ASSET PROGRAMS may be included in the PROSPECTUS, and sales material of the PROGRAM only if they comply with the following requirements:

(i) Generally, forecasts shall be realistic in their predictions and shall clearly identify the assumptions made with respect to all material features of the presentation. Forecasts should be examined by an independent certified public accountant in accordance with the Guide for Prospective Financial Statements and the Statement on Standards for Accountant's Services on Prospective Financial Information as promulgated by the American Institute of Certified Public Accountants. The report of the independent certified public accountant must be included in the PROSPECTUS.

(ii) If any part of the forecast appears in the sales material, the entire forecast must be presented.

(iii) Forecasts shall generally be for a period equivalent to the anticipated holding period for PROGRAM assets. Forecasts which do not extend through the expected term of the PROGRAM'S life must show the effects of a hypothetical liquidation of PROGRAM assets under good and bad conditions. Yield information may not be presented for Forecasts which do not extend through the expected term of the PROGRAM'S life.

(iv) Forecasts shall disclose possible undesirable tax consequences of an early sale of program assets, such as depreciation recapture, the loss of prior year tax credits or the possible failure to generate sufficient cash from the disposition to pay the associated tax liabilities.

(v) In computing any rate of return or yield to investors, only realized gains in value may be included.

VIII. MISCELLANEOUS

A. Deferred Payments. Arrangements for deferred payments on account of the purchase price of PROGRAM INTERESTS may be allowed when warranted by the investment objectives of the PROGRAM. Such arrangements shall be subject to all of the following conditions:

1. The period of deferred payments coincides with the anticipated cash needs of the PROGRAM;
2. Deferred payments shall be evidenced by a promissory note of the investor. Such notes shall be with recourse and shall not be negotiable and shall be assignable only subject to defenses of the maker. Such notes shall not contain a provision authorizing a confession of judgment;

3. Selling commissions and FRONT END FEES paid upon deferred payments are collectible when payment is made on the note;

4. The PROGRAM shall not sell or assign the deferred obligation notes at a discount to meet financing needs of the PROGRAM;

5. In the event of a default in the payment of deferred payments by PARTICIPANTS, their interests may be subjected to a reasonable penalty.

B. Reserves. Provisions should be made for adequate reserves in the future by retention of a reasonable percentage of proceeds from the offering and revenues for normal repairs, replacements and contingencies but not for payment of the sponsor fees. Normally, not less than 1% of the offering proceeds will be considered adequate.

C. Financial Information of SPONSOR and PROGRAM. The SPONSOR or the PROGRAM shall provide as an exhibit to the application, or where indicated below, shall provide as part of the prospectus all of the following financial information and financial statements:

1. Balance Sheet of the PROGRAM. A Balance sheet of the PROGRAM as of the end of its most recent fiscal year, prepared in accordance with generally accepted accounting principles and accompanied by an independent auditor's report containing no material qualification or explanatory paragraph relating to material uncertainties or going concern issues, and an unaudited balance sheet as of a date not more than 135 days prior to the date of filing. Such balance sheets shall be included in the PROSPECTUS.

2. Balance sheet of the SPONSOR.

   (a) Corporate and/or Partnership SPONSOR. A balance sheet of any corporate and/or partnership SPONSOR as of the end of its most recent fiscal year, prepared in accordance with generally accepted accounting principles and accompanied by an independent auditor's report containing no material qualification or explanatory paragraph relating to material uncertainties or going concern issues, and an unaudited balance sheet as of a date not more than 135 days prior to the date of filing. Such balance sheets shall be included in the PROSPECTUS.

   (b) Individual SPONSOR. A statement of financial condition as of a time not more than 135 days prior to the date of filing an
Such statement of financial condition shall be prepared in accordance with generally accepted accounting principles and reviewed and reported upon by an independent certified public accountant or independent public accountant under the review standards as set forth by the American Institute of Certified Public Accountants. A representation of the amount of such NET WORTH must be included in the PROSPECTUS.

3. Filing of Other Statements. The ADMINISTRATOR may, where consistent with the protection of investors, request additional financial statements of the SPONSOR, ADVISOR, PROGRAM BROKER or any AFFILIATE thereof, or permit the omission of one or more of the statements required under this Section and the filing, and substitution thereof, of appropriate statements verifying financial information having comparable relevance to an investor in determining whether he or she should invest in the PROGRAM.

D. Provisions of the PROGRAM Agreement. The requirements and/or provisions of appropriate portions of the following sections shall be included in the PROGRAM agreement: I.B.; II.B.; II.D; II.E; II.G.; III.B.; III.C.; III.F.; IV.B.; IV.C.; IV.D.; IV.E.; IV.F.; V.A.; V.B.; V.C.; V.D.; V.E.; V.F.; V.G.; V.H.; V.I.; V.J.; V.N.; V.O.; V.P.; VI.A.; VI.B.; VI.C.; VI.D.; VI.E.; VI.F.; VI.G.; VI.H.; VI.I.; VI.J.; VI.K.; VI.L; VIII.A.; VIII.B.;

E. Amendments and Supplements. A marked copy of all amendments and supplements to an application shall be filed with the ADMINISTRATOR as soon as the amendment or supplement is available.

F. CROSS REFERENCE SHEET Requirement. The attached CROSS REFERENCE SHEET shall be included with the application for registration.
General Instructions

1. This CROSS REFERENCE SHEET should be completed and submitted with the Application for Registration.

2. Sections which are not applicable should be noted as such.

3. Provisions of the PROGRAM which vary from the Guidelines must be explained by endnote; for example, if the PROGRAM uses a defined term which is different from the Guidelines’ definition, the variance must be explained. Endnotes should be numbered sequentially in the column designated "Endnotes" and should be presented on a rider identified as "Endnotes" with each endnote on the rider numerically corresponding to the endnote identified on the CROSS REFERENCE SHEET.

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### ADDITIONAL OR SUPPLEMENTAL CROSS REFERENCES

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