

- (i) Legal and Accounting fees and expenses.
 - (ii) Taxes (except net income taxes payable by the Partners), insurance premiums and interest.
- (d) For the purpose of this Agreement, the term "Cash flow" shall mean net profits (losses) as shown on the books of the Partnership increased by:
- (i) The amount of depreciation deductions taken on computing such net profits (losses), and
 - (ii) Any non-taxable income or receipts of the Partnership excluding capital contributions and the proceeds of any mortgages or of any Partnership obligations or loans.
 - (iii) Any other funds, including funds obtained from financing and amounts previously set aside as reserves by the General Partners where and to the extent the General Partners no longer regard such reserves as reasonably necessary in the efficient conduct of the Partnership business, deemed available for distribution and designated as net cash flow by the General Partners.
- and reduced by:
- (iv) Payments upon the principal of any mortgages upon the Property or of any other Partnership obligations,
 - (v) Expenditures for the acquisition of the Property and for capital improvements and/or replacements except to the extent financed through capital contributions, mortgages on the Property or any other Partnership obligations or loans, or reserves previously set aside by the Partnership for such purposes,
 - (vi) Such reserves for new construction, capital improvements, and/or replacements and for repairs and to meet anticipated expenses as the General Partners shall deem to be reasonably necessary in the efficient conduct of the Partnership business.
- (e) A separate profit and loss account shall be maintained for each Partner. Except as otherwise provided in this Agreement, all profits and losses accruing and all items of deduction, credit, income and profit for each calendar year arising from the business of the Partnership and ownership of the Project shall be allocated to the Partners in accordance with their interest as specified on Exhibit "C".

6.2 Sale of Assets or Refinancing

Notwithstanding anything to the contrary contained herein, in the event of the sale (pursuant to Article 10.2) of all or substantially all of the assets of the Partnership, refinancing of the Project, condemnation by governmental authority, or receipt of insurance funds from casualty, the net proceeds realized shall be allocated as follows:

- (i) To pay any debts and liabilities of the Partnership,
- (ii) To establish any reserve which the General Partners deem reasonably necessary to provide for any contingent or unforeseen liabilities or obligations of the Partnership provided, however, that at the expiration of such period as the General Partners shall deem advisable, the balance of such reserve remaining shall be distributed in the manner set forth in this Section 6.2.