

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT OF LEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

LINDA VISTA VILLAGE LTD.

(LESSEE), dated October 23, 1979 and filed in the Office of the City Clerk as Document RR 250484, and amended, hereby consents to the Assignment of that Lease Agreement to

TECOLOTE INVESTORS, LLC;
RIVER PARADISE PARTNERSHIP;
FOX FAMILY TRUST;
HARP FAMILY TRUST;
AND MATTHEW FOLLET, AS THE MANAGING MEMBER

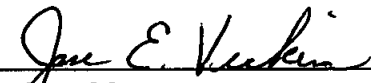
(ASSIGNEE) in accordance with the terms and conditions of the above referenced lease agreement and the Option/Sale Agreement entered into by LESSEE and said ASSIGNEE, dated April 14, 1997 and in accordance with additional conditions as follows:

This assignment in no way modifies or alters the terms and conditions as specified in the original lease as amended.

The existing terms of the above referenced lease will remain in full force and effect.

THE CITY OF SAN DIEGO

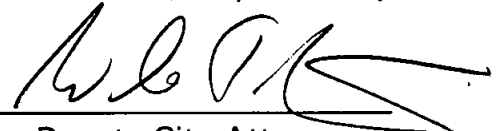
Dated July 31, 1997

By 
City Manager

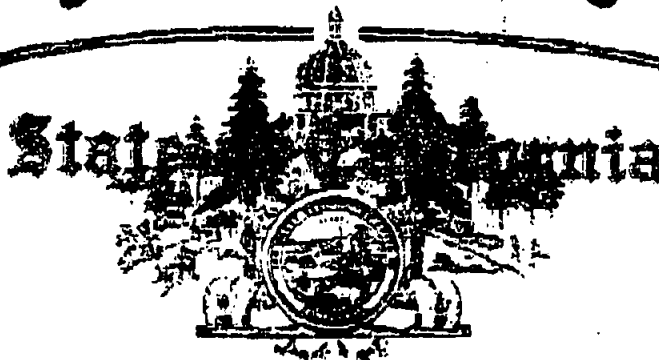
APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated 7/31/97

By 
Deputy City Attorney

DWE:csn
7/31/97



SECRETARY OF STATE
CERTIFICATE OF STATUS
CALIFORNIA LIMITED LIABILITY COMPANY

I, **BILL JONES**, Secretary of State of the State of California, hereby certify:

That on the 27th day of June, 19 97

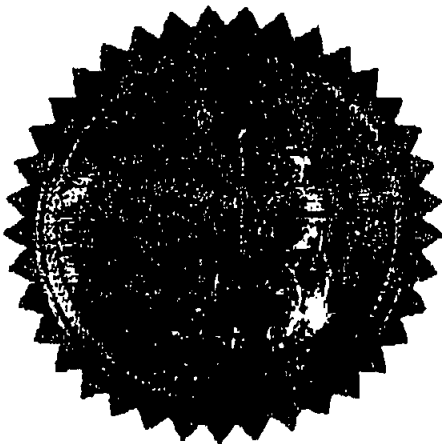
TECOLOTE INVESTORS, LLC

became recognized under the laws of the State of California by filing its Articles of Organization in this office; and

That no record exists in this office of a certificate of cancellation of said limited liability company nor of a court declaring cancellation thereof; and

That according to the records of this office, the said limited liability company is authorized to exercise all its powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition of this limited liability company.



IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this
27th day of June, 1997

Bill Jones
Secretary of State

LLC-201

RECORDING REQUESTED BY:
RECORDED BY CHICAGO TITLE
SUBDIVISION MAPPING DEPT.

WHEN RECORDED MAIL TO:

Matthew N. Follett
Follett Investment Properties
11344 Coloma Road, Suite 480
Gold River, CA 95670

904

F8
8F

DOC # 1997-0388583
AUG 13, 1997 2:40 PM

OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
GREGORY J. SMITH, COUNTY RECORDER
FEES: 28.00

733066-USD

ASSIGNMENT OF LEASE

This Assignment is made as of August 13, 1997, by and between LINDA VISTA VILLAGE, LTD., a California limited partnership ("Assignor"), and TECOLOTE INVESTORS, LLC, a California Limited Liability Company, C.H. HARP and JOAN E. HARP, TRUSTEES OF THE HARP FAMILY TRUST DATED MAY 5, 1989, RIVER PARADISE PARTNERSHIP, a California general partnership and STEPHEN LEONARD FOX and LYNDA K. FOX, AS TRUSTEES OF THE FOX REVOCABLE TRUST (collectively, "Assignees"). AKA LINDA RUTH
*C.H. **DATED JULY 18, 1977 FOX

RECITALS

A. THE CITY OF SAN DIEGO, a municipal corporation ("Lessor"), and J. GEORGE HARRISON dba CAL-WEST DIVERSIFIED and LINDA VISTA VILLAGE, a general partnership (collectively, the "Original Lessees"), executed a lease (the "Lease") dated October 24, 1979, with respect to certain real property situated in the City of San Diego, California;

B. The Lease was recorded as File No. 79-532974 of the Official Records of the County Recorder of San Diego County, California, and subsequently amended by two unrecorded Amendments dated January 25, 1983, and September 2, 1986, respectively;

March 31, 1986,

C. The Lease, as so amended (referred to herein as the "Amended Lease"), was assigned to Linda Vista Village, Ltd., a California limited partnership ("Assignor"), by an Assignment of Lessee's Interest which assigned the Original Lessees' interest under the Lease to Assignor and which was subsequently recorded on September 19, 1986 as File No. 86-414802 of the Official Records of the County Recorder of San Diego County, California;

D. Assignor's leasehold created by the Lease and the Amended Lease (the "Leasehold") is more particularly described on Exhibit "A" to this Assignment;

E. Assignor now desires to assign the Leasehold and its entire interest as the Lessee under the Amended Lease to Assignees, and Assignees desire to accept the assignment thereof; and

three
7/14/2008

F. Assignees desire to hold undivided interests as Lessees in the Leasehold in the following percentages: TECOLOTE INVESTORS, LLC, a California Limited Liability Company- 27%; C.H. HARP and JOAN E. HARP, TRUSTEES OF THE HARP FAMILY TRUST DATED MAY 5, 1989- 23%; RIVER PARADISE PARTNERSHIP, a California general partnership- 18%; and STEPHEN LEONARD FOX and LYNDIA K. FOX, AS TRUSTEES OF THE FOX REVOCABLE TRUST- 32%. AKA LINDA RUTH FOX

*C.H. DATED JULY 18, 1977

NOW, THEREFORE, Assignor and Assignees agree as follows:

1. Assignor hereby assigns and transfers to Assignees, in the undivided percentage interests set forth in Recital F above, all of Assignor's right, title, and interest in and to the Leasehold as amended by the Amended Lease.

2. Assignees hereby agree, jointly and severally, to and do accept the assignment of the Leasehold from Assignor, and Assignees expressly assume and agree to keep, perform, and fulfill all the terms, covenants, conditions, and obligations, required to be kept, performed, and fulfilled by Assignor under the Amended Lease, including the making of all payments due to or payable on behalf of the Lessor under the Amended Lease when due and payable. If Assignees default in the performance of any obligation under the Amended Lease and, within twenty (20) days after any notice is given by Lessor of the default as required by the Amended Lease, fail to cure the default or (to the extent a longer cure period is permitted by the Amended Lease) fail to proceed diligently to cure the default, Assignor shall, in addition to all other rights and remedies available to Assignor under law, have the right to reenter and retake possession of the premises from Assignees and to cure any default so noticed by Lessor which is then uncured. Assignor's rights hereunder shall at all times, however, be subordinate and inferior to the rights or interests of any bona fide lender then holding a recorded lien upon the Leasehold. If Assignees shall hereafter obtain Lessor's full and unconditional release of Assignor and Assignor's partners from further liability under the Amended Lease, the rights reserved herein by Assignor to reenter and retake possession of the premises shall automatically terminate.

3. This Assignment may be executed in counterparts, and all counterparts together shall be construed as one document.

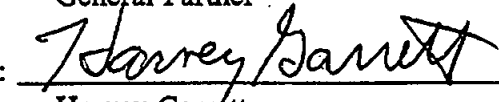
ASSIGNOR:

LINDA VISTA VILLAGE, LTD.
a California limited partnership

By:


J. George Harrison,
General Partner

By:


Harvey Garrett,
General Partner

[SIGNATURES CONTINUED ON NEXT PAGE]

[SIGNATURE CONTINUATION PAGE TO
ASSIGNMENT OF LEASE]

ASSIGNEES:

TECOLOTE INVESTORS, LLC,
a California Limited Liability Company

By: Matthew N. Follett, Manager
Matthew N. Follett, Manager

C.H.

THE/HARP FAMILY TRUST
DATED MAY 5, 1989

C.H. Harp, Trustee
C.H. HARP, Trustee

Joan E. Harp, Trustee
JOAN E. HARP, Trustee

RIVER PARADISE PARTNERSHIP,
a California general partnership

By: STEVEN V. DAVIES FAMILY 1989
TRUST, Its General Partner

Stephen V. Davies, Trustee
By: by Charles A. Lee, his attorney in fact
STEVEN V. DAVIES, Trustee
BY CHARLES A. LEE,
Attorney-in-Fact

THE FOX REVOCABLE TRUST DATED JULY 18, 1977

By: Stephen Leonard Fox, Trustee
Stephen Leonard Fox, Trustee

By: Lynda K. Fox, Trustee
Lynda K. Fox, Trustee AKA LINDA RUTH FOX

EXHIBIT "A"

DESCRIPTION OF LEASEHOLD

A LEASEHOLD ESTATE as created by that certain Lease dated October 24, 1979 made by and between City of San Diego, as lessor and J. George Harrison, dba Cal-West Diversified and Linda Vista Village, a general partnership, as lessee for the term of 55 years and upon the terms and conditions contained in said Lease Agreement recorded on December 21, 1979 as File No. 79-532974 of Official Records, as amended by an unrecorded ~~Amendment~~ ^{***} to Lease dated January 25, 1983, and an unrecorded ~~Second~~ ^{***} Amendment to Lease dated September 2, 1986. The Lessee's interest under the Lease was assigned to Linda Vista Village, Ltd., a California limited partnership by an Assignment of Lease recorded on September 19, 1986 as File No. 86-414802 of Official Records.

The real property covered by the Lease Agreement, as amended, is more particularly described as follows:

LOTS 1, 2, 3 AND 4, INCLUSIVE, OF LINDA VISTA VILLAGE, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 9640, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MAY 2, 1980.

*** "Amendment to Lease dated March 31, 1980, an unrecorded Second*
...

**** "Third"*

A. R. Keale 7/14/2008

ACKNOWLEDGEMENT

STATE OF CALIFORNIA)

COUNTY OF Contra Costa) SS.

On August 7, 1997, before me, Aldo P. Guidotti a Notary Public in and for said County and State, personally appeared, **C.H. HARP** personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Aldo P. Guidotti
Notary's Signature

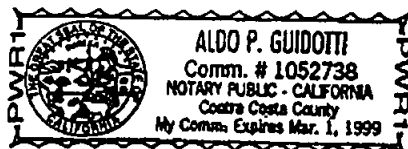
ACKNOWLEDGEMENT

STATE OF CALIFORNIA)

COUNTY OF Contra Costa) SS.

On August 7, 1997, before me, Aldo P. Guidotti, a Notary Public in and for said County and State, personally appeared, **JOAN E. HARP** personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Aldo P. Guidotti
Notary's Signature

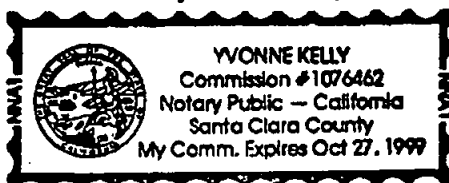
ACKNOWLEDGEMENT

STATE OF CALIFORNIA)

COUNTY OF Santa Clara) ss.

On August 7, 1997, before me, Yvonne KELLY, a Notary Public in and for said County and State, personally appeared, **STEPHEN LEONARD FOX** personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Yvonne Kelly
Notary's Signature

ACKNOWLEDGEMENT

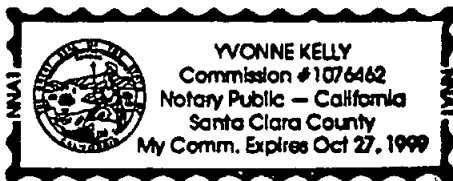
STATE OF CALIFORNIA)

COUNTY OF Santa Clara) ss.

On August 7, 1997, before me, Yvonne KELLY, a Notary Public in and for said County and State, personally appeared, **LYNDA K. FOX** personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

* LINDA RUTH FOX

WITNESS my hand and official seal.



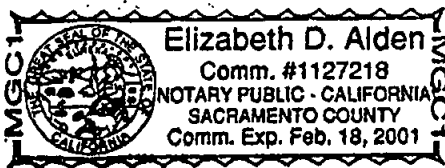
Yvonne Kelly
Notary's Signature

ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
) ss.
 COUNTY OF Sacramento)

On August 8, 1997, before me, Elizabeth D. Alden, a Notary Public in and for said County and State, personally appeared, **MATTHEW N. FOLLETT** personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



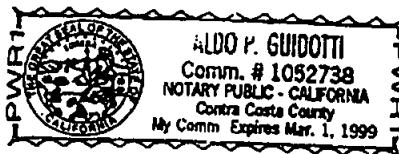
Elizabeth D. Alden
 Notary's Signature

ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
) ss.
 COUNTY OF Contra Costa)

On August 7, 1997, before me, Aldo P. Guidotti, a Notary Public in and for said County and State, personally appeared, **CHARLES A. LEE** personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Aldo P. Guidotti
 Notary's Signature

ASSIGN.LV8

OPTION AGREEMENT

This Option Agreement (this "Agreement") is made as of April 14, 1997, between LINDA VISTA VILLAGE LTD., a California limited partnership ("Optionor") and MATTHEW FOLLETT ("Optionee").

Recitals

A. Optionor is the ground lessee of the improved real property commonly known as Linda Vista Village (the "Leasehold Property") located in the City of San Diego, California. Optionor is the owner of the leasehold improvements now constructed on the Leasehold Property (the "Improvements") consisting of a mobile home park containing 220 spaces, the manager's mobile home (the "Manager's Home"), the vehicle (the "Vehicle") and certain other personal property (the "Personal Property") utilized in the operation of the Improvements. The Leasehold Property, the Improvements, the Manager's Home, the Vehicle, and the Personal Property are collectively referred to herein as the "Property".

B. Optionee desires to acquire the exclusive right to purchase the Property at an agreed price and under the specific terms in this Agreement.

For good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

1. **Option to Purchase.** Optionor grants to Optionee an option (the "Option") to purchase the Property on the terms and conditions of this Agreement and in the Real Estate Purchase Agreement attached as Exhibit "A" and incorporated by reference (the "Purchase Agreement").

2. **Consideration for Option.** Concurrently with the execution of this Agreement, Optionee has paid to Optionor as consideration for the Option (the "Option Consideration") the sum of Sixty-seven Thousand Five Hundred Dollars (\$67,500.00). As additional consideration for the granting of the Option, Optionee agrees to pay the entire cost incurred by Optionor (excepting only Optionor's attorneys' fees, if any) in obtaining a loan from Home Savings of America ("Home Savings") when and as those costs are billed to Optionor. If Optionor refinances the Property by a loan from Home Savings and, for any reason, the sums disbursed to Optionor from Home Savings are less than Four Million Eight Hundred Fifty Thousand Dollars (\$4,850,000.00), Optionee shall, at the time of funding of the loan by Home Savings, make a loan to Optionor in the difference between the amount loaned by Home Savings and \$4,850,000.00. The terms of any loan by Optionee to Optionor shall be as described on Exhibit "B" to this Agreement. If the Option is exercised, the Option Consideration of \$67,500.00 shall be applied to or credited against the purchase price of the Property.

 JFH 

3. **Term.** This Agreement shall be effective as of the date of this Agreement and shall expire at 5:00 p.m. Pacific Time on the first business day following the date which is ninety (90) days following the date of this Agreement (the "Option Term"). The term "business day" shall mean a business day as defined by California Civil Code §9.

4. **Exercise.** Provided Optionee is not in default under this Agreement, this option may be exercised by Optionee's delivering to Optionor before the expiration of the Option Term written notice of the exercise (the "Exercise Notice"), which shall state that the option is exercised without condition or qualification. The Exercise Notice must be accompanied by two (2) copies of the Purchase Agreement executed by Optionee, with the first paragraph of the Purchase Agreement completed by insertion of the date of delivery to Optionor of the Exercise Notice.

5. **Execution of Purchase Agreement.** On receipt by Optionor of the Exercise Notice and two (2) copies of the Purchase Agreement executed by Optionee, Optionor shall promptly execute the Purchase Agreement and deliver an executed copy to Optionee. Optionor's failure to execute and deliver a copy of the Purchase Agreement in accordance with this Section shall not affect the validity of the Purchase Agreement. The Purchase Agreement shall be immediately effective and binding on both Optionor and Optionee without further execution by the parties, on exercise of the option in accordance with Section 4.

6. **Representations and Warranties.** Optionor warrants that Optionor is the Lessee under the Ground Lease described in Exhibit "A" to the Purchase Agreement (the "Ground Lease") clear of restrictions, leases, liens, and other encumbrances, except as permitted in the Purchase Agreement. If this option is exercised by Optionee, Optionor will convey title to the Property by the Assignment of Ground Lease described in the Option Agreement and execution and delivery of the other documents described in the Purchase Agreement. During the Option Term and until the Property is conveyed to Optionee, if this option is exercised, Optionor will not encumber the Property in any way nor grant any property or contract right relating to the Property without the prior written consent of Optionee, which shall not be unreasonably withheld. Optionee hereby confirms that Optionee has consented to Optionor's encumbrance of the Property to secure the repayment of the loans described in paragraph 2 of this Agreement which it is contemplated will be made to Optionor by Home Savings and/or Optionee in the amount of at least Four Million Eight Hundred Fifty Thousand Dollars (\$4,850,000.00) and agrees that any purchase of the Property shall be subject to those loans.

7. **Time of Essence.** Time is of the essence for this Option Agreement. If the option is not exercised in the manner provided in Section 4 before the expiration of the Option Term, Optionee shall have no interest in the Property and the option may not be revived by any subsequent payment or further action by Optionee.

8. Optionee's Rights During Option Term.

A. Right to Inspect Property Condition. Optionee shall have the right to inspect, investigate and approve, during the Option Term, in Optionee's sole discretion, and at Optionee's sole expense, the physical, structural, geological, and environmental condition and use of the Property, including without limitation, the availability of access, utility services, zoning, environmental risks, engineering, and soil conditions, and to obtain, at Optionee's sole expense, a Phase I Environmental Report and a Structural Pest Control Report. For the purpose of conducting physical inspections, Optionor agrees to provide reasonable access to the Property at reasonable times, upon three (3) business days' notice to Optionor, during the Inspection Period. Optionee shall conduct the inspections in a non-disruptive manner. Optionee agrees to indemnify Optionor and to hold Optionor, Optionor's agents and employees, and the Property harmless for any losses, costs, damages, claims, or liabilities, including but not limited to, mechanics' and materialmen's liens and attorney's fees, arising in connection with Optionee's entry upon the Property under this subsection. Optionee shall repair any damage caused by destructive testing and shall restore the Property and the improvements thereon to their condition prior to testing. Optionee's obligations under this Section shall survive the termination or expiration of this Agreement by the Close of Escrow.

c. Inspection of Optionor's Documents. During the Option Term, Optionee shall have the right to inspect a current rent roll, all documents, contracts and warranties to be assigned to or assumed by Optionee under paragraphs 4.a. (4), 4.b. (2) and 4.b. (3) of the Purchase Agreement, and all other documents held by Optionor with respect to the Property and the management of the Property (collectively, "Optionor's Disclosure Documentation"). Optionor's Disclosure Documentation shall be made available at reasonable times to Optionee at the Property, at the office of Optionor's property manager for the Property (the "Property Manager"), or at the office of Optionor's Managing General Partner, for Optionee's inspection and copying, all at Optionee's expense. The information made available to Optionee by Optionor under this subsection shall not be released or disclosed without the prior written consent of Optionor unless and until this transaction has closed. Optionor shall not withhold consent for disclosure of the information to Optionee's attorney or to any prospective partner of, or lender to, Optionee. If the option is not exercised, or the transaction contemplated by the Purchase Agreement does not close for any reason, Optionee and Optionee's agents, representatives, and accountants shall refrain from disclosing the information. Optionee shall defend, indemnify, and hold Optionor harmless (which indemnification shall survive the termination or expiration of this Agreement) for all loss, damage, or expense incurred by Optionor because of unauthorized disclosure of the information contained in Optionor's Disclosure Documentation.

8. **Termination and Release of Option.** The Option shall terminate if (a) Optionee fails to exercise the Option within the Option Term, (b) Optionee fails to make any loan to Optionor when and as required by paragraph 2 of this Agreement, or (3) Optionee materially defaults in Optionee's obligations under this Agreement. If this Agreement is terminated, Optionee agrees, if requested by Optionor, to execute, acknowledge, and deliver a full and complete release of option to Optionor within ten (10) days after termination and to execute, acknowledge, and deliver

any other documents required by any title company to remove the cloud of this option from the Property.

9. Refund of Option Consideration. Optionor and Optionee agree that the Option may be exercised by Optionee only if the City of San Diego, as the lessor under the Ground Lease, consents to the assignment of Optionor's interest under the Ground Lease. Optionor agrees, after execution of this Option Agreement, to make a timely request to the City of San Diego for consent to the assignment of the Ground Lease to Optionee. If for any reason the City of San Diego fails or refuses to consent to the assignment of the Optionor's interest in the Ground Lease to Optionee, and Optionee has furnished, on a timely basis, all information reasonably required or requested by Optionor or the City of San Diego to process Optionor's application for approval of the assignment to Optionee of Optionor's interest in the Ground Lease within the Option Period, the Option Consideration shall be refunded to Optionee. Except as specifically provided in this paragraph, the Option Consideration shall not be refundable to Optionee.

10. Notices. All notices, demands, requests, exercises, and other communications under this Agreement by either party shall be in writing and:

(a) sent by United States Certified Mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States mail, or

(b) sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, or

(c) sent by telecopy or similar means if a copy of the notice is also sent by United States Certified Mail; in which case notice shall be deemed delivered on transmittal by telecopier or other similar means, provided that a transmission report is generated that reflects the accurate transmission of the notices, to the persons and at the addresses provided for notice in the Purchase Agreement attached as Exhibit "A" to this Option Agreement.

These addresses may be changed by written notice to the other party, provided that no notice of a change of address shall be effective until actual receipt of that notice.

11. Transfer. Optionee may not assign or transfer this Agreement and the rights under it without Optionor's prior written consent.

12. Litigation Costs. If any legal action or any other proceeding, including arbitration or action for declaratory relief, is brought for the enforcement of this Agreement or because of an alleged dispute, breach, default, or misrepresentation in connection with this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees and other costs, in addition to any other relief to which the party may be entitled. Prevailing party shall include without limitation:

(a) a party who dismisses an action in exchange for sums allegedly due;

(b) the party who receives performance from the other party of an alleged breach of covenant or a desired remedy where that is substantially equal to the relief sought in an action; or

(c) the party determined to be the prevailing party by a court of law.

13. Survival. The terms of this Agreement shall survive the close of escrow of the Property unless there is a contradiction between the Real Estate Purchase and Sale Agreement and this Agreement, in which event the Real Estate Purchase and Sale Agreement shall control.

14. Successors. This Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assignees of the parties to this Agreement.

15. Waivers. No waiver of any breach of any covenant or provision in this Agreement shall be deemed a waiver of any other covenant or provision in this Agreement, and no waiver shall be valid unless in writing and executed by the waiving party.

16. Construction. Section headings are solely for the convenience of the parties and are not a part of and shall not be used to interpret this Agreement. The singular form shall include the plural and vice versa. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it. Unless otherwise indicated, all references to sections are to this Agreement.

17. Further Assurances. Whenever requested by the other party, each party shall execute, acknowledge, and deliver all further conveyances, agreements, confirmations, satisfactions, releases, powers of attorney, instruments of further assurance, approvals, consents, and all further instruments and documents as may be necessary, expedient, or proper to complete any conveyances, transfers, sales, and agreements covered by this Agreement, and to do all other acts and to execute, acknowledge, and deliver all requested documents to carry out the intent and purpose of this Agreement.

18. Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties to this Agreement and their respective successors and assigns, any rights or remedies under or by reason of this Agreement.

19. Integration. This Agreement contains the entire agreement between the parties, and expressly supersedes all previous or contemporaneous agreements, understandings, representations, or statements between the parties respecting the option for the Property.

20. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

21. **Amendment.** This Agreement may not be amended or altered except by a written instrument executed by Optionor and Optionee.

22. **Partial Invalidity.** Any provision of this Agreement that is unenforceable or invalid or the inclusion of which would adversely affect the validity, legality, or enforceability of this Agreement shall be of no effect, but all the remaining provisions of this Agreement shall remain in full force.

23. **Exhibits.** All attached exhibits are incorporated in this Agreement by this reference.

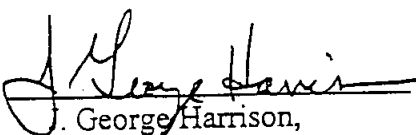
24. **Authority of Parties.** All persons executing this Agreement on behalf of any party to this Agreement warrant that they have the authority to execute this Agreement on behalf of that party.

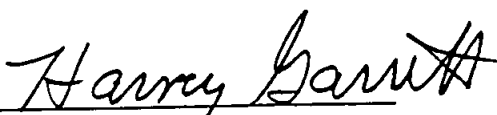
25. **Governing Law.** The validity, meaning, and effect of this Agreement shall be determined in accordance with California laws.

The parties have executed this Agreement as of the date first above written.

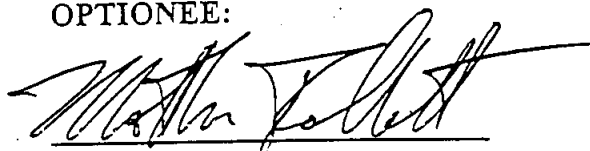
OPTIONOR:

LINDA VISTA VILLAGE, LTD.,
a California limited partnership

By: 
J. George Harrison,
General Partner

By: 
Harvey Garrett,
General Partner

OPTIONEE:


MATTHEW N. FOLLETT

REAL ESTATE PURCHASE AGREEMENT

This Agreement (this "Agreement") is made as of _____, 1997, between LINDA VISTA VILLAGE LTD., a California limited partnership ("Seller"), and MATTHEW N. FOLLETT ("Buyer").

1. **Description of Property.** Seller agrees to sell and Buyer agrees to purchase the leasehold estate of Seller (the "Leasehold") in the real property commonly known as Linda Vista Village, a mobile home park containing 220 spaces, located in San Diego County, California, the leasehold improvements now constructed thereon (the "Improvements"), the manager's mobile home (the "Manager's Home"), the vehicle (the "Vehicle") and certain other personal property (the "Personal Property") utilized in the operation of the Improvements. The Leasehold is more specifically described in Exhibit "A" to this Agreement and the Manager's Home, the Vehicle and the Personal Property are more specifically described in Exhibit "B" to this Agreement. The Leasehold, the Improvements, the Manager's Home, the Vehicle, and the Personal Property are collectively referred to herein as the "Property".

2. **Purchase Price.** The purchase price (the "Purchase Price") for the Property is Six Million Two Hundred Seventeen Thousand Five Hundred Dollars (\$6,217,500.00), payable on or before 5:00 p.m. (Pacific Time) on the day which is one (1) business day prior to the Closing Date provided in paragraph 3 of this Agreement, Buyer shall deposit with Chicago Title Company (the "Escrow Agent"), in immediately available funds, a sum which equals the Purchase Price, plus or minus prorations, in accordance with this Agreement and the Escrow Instructions. The term "business day" shall mean a business day as defined by California Civil Code §9.

3. **Closing.** This sale shall be consummated through an escrow (the "Escrow") established with Escrow Agent at 925 B Street, San Diego, California 92101. The closing date for the Escrow will be not later than thirty (30) days after the date of this Agreement unless the date is extended by written agreement signed by the parties. The Escrow shall be considered closed when the documents, property and money described in Sections 4.a. and 4.b. of this Agreement have been delivered and the Lease Assignment described in Section 4.a. (1) of this Agreement is recorded.

Not later than five (5) business days after the execution of this Agreement, Buyer and Seller shall execute and deliver to the Escrow Agent their written instructions (the "Escrow Instructions") consistent with the terms of this Agreement and each shall provide the Escrow Holder with such other information, documents, and instruments as the Escrow Agent may reasonably require to enable it to close the transaction on the Closing Date.

-EXHIBIT A-
TO OPTION AGREEMENT

4. Deliveries at Closing.

a. Seller's Deliveries. At Close of Escrow, Seller shall deliver possession of the Property to Buyer together with the following:

(1) An Assignment of Lease (the "Lease Assignment") that (a) assigns and transfers the Leasehold to Buyer, as of the Closing Date, and (b) contains an assumption by Buyer of Seller's obligations under the Ground Lease executed by Seller. The Lease Assignment shall contain only a warranty that Seller is the Lessee under the Lease and that, upon receipt of the execution and delivery of the Lease Assignment to Buyer and the approval of the Lease Assignment by the City of San Diego as described in paragraph 9 (a) of this Agreement, Buyer shall be the Lessee under the Lease. No warranty of condition or fitness for a use or purpose will be made;

(2) A Bill of Sale for the Personal Property, and properly endorsed Certificates of Title to the Manager's Home and the Vehicle assigning Seller's interest in the Manager's Home and the Vehicle to Buyer. The Personal Property, the Manager's Home and the Vehicle shall be sold and transferred to Buyer (a) with a warranty of title only; (b) without any warranty of condition or fitness for a use or purpose; and (c) subject to any and all liens which are in existence at the commencement of the Inspection Period and have been revealed to Buyer. The Bill of Sale shall be in form and substance satisfactory to Seller and Buyer;

(3) A duly executed and acknowledged Assignment of Tenant Leases (the "Tenant Lease Assignment") that assigns and transfers to Buyer, following Closing, the Seller's interests under all tenant leases affecting the Property (the "Tenant Leases"), and that contains an assumption by Buyer of Seller's obligations accruing under the Tenant Leases after the Close of Escrow, including obligations relating to security deposits. The form and substance of the Tenant Lease and Assignment shall be satisfactory to Seller and Buyer;

(4) A duly executed and acknowledged Assignment of Contracts and Warranties (the "Contract Assignment") that assigns and transfers, following Closing, to Buyer the Seller's interests under all contracts and warranties relating to the Property and that contains an assumption by Buyer of Seller's obligations, if any, under those contracts and warranties. The form and substance of the Contract Assignment shall be satisfactory to Seller and Buyer;

(5) Duly executed and acknowledged Assignments of any intangible property (the "Intangible Property Assignments") reasonably required to assign and transfer to Buyer Seller's interests to any intangible property which is a part of the Property, and that contains an assumption by Buyer of Seller's obligations, if any, thereunder. The form and substance of the Intangible Property Assignments shall be satisfactory to Seller and Buyer;

(6) Letters to tenants (the "Tenant Letters") at the Property that instruct all tenants of the Property, after the Closing Date, to pay rent to Buyer and to recognize Buyer as the new lessor under the Tenant Leases;

(7) Originals or, if originals are not available, complete copies of all tenant leases in Seller's possession, together with a certificate of the rent roll;

(8) Seller's affidavit that Seller is not a foreign person as defined in the Internal Revenue Code of 1954 [42 U.S.C. § 1445(f)(3)]. The affidavit shall be in the form prescribed by federal regulations;

(9) A duly executed Certificate by Seller in favor of Buyer as required under Revenue and Taxation Code §§ 18805 and 26131; and

(10) Termination notices that terminate, as of the Closing Date, all the management and leasing contracts for the Property, other than the contracts, leases and intangible property obligations assumed by Buyer.

b. Buyer's Deliveries. On or before the Closing Date, Buyer shall pay the Purchase Price, and shall deliver the following to Seller:

(1) The Lease Assignment executed by Buyer; and

(2) The Tenant Lease Assignment, the Contract Assignment and the Intangible Property Assignments executed by Buyer; and

(3) To the extent not covered in the documents described in subparagraph 4.b. (2) above, an Agreement executed by Buyer, in form satisfactory to Seller, assuming Seller's obligations under the existing laundry equipment lease.

5. Exceptions to Title and Title Insurance. Buyer shall order a current preliminary report from Chicago Title Company (the "Title Company") covering the Property, together with full and legible copies of all supporting documents (collectively, the "Preliminary Report") within five (5) days following the date of execution of this Agreement by Buyer and Seller. Buyer shall have five (5) days following receipt of the Preliminary Report to disapprove any exceptions to title shown on the Preliminary Report which have not appeared on any preliminary report or title report previously furnished by Seller to Buyer (collectively, the "Disapproved Exceptions") and to provide Seller with notice of disapproval in writing describing Buyer's objections with reasonable particularity (the "Disapproval Notice"). If Seller notifies Buyer of Seller's intention to eliminate the Disapproved Exceptions, Seller shall eliminate the Disapproved Exceptions on or before the Closing Date. If after delivery of Buyer's Disapproval Notice to Seller, Seller either indicates to Buyer in writing that Seller does not intend to remove one or more of the Disapproved Exceptions, or fails to notify Buyer that Seller will or will not remove the Disapproved Exceptions, Buyer may elect to terminate this Agreement on or before the Closing Date. If Buyer fails to terminate this Agreement and proceeds to close the transaction contemplated by this Agreement, any Disapproved Exceptions which Seller has not removed or corrected will be deemed approved by Buyer. Seller shall cause, at Seller's expense, the Title Company to issue a standard form CLTA Leasehold Policy (the "Title Policy")

at the Close of Escrow insuring the Leasehold in Buyer, subject only to the following matters.. (collectively, the "Approved Exceptions"):

- (a) liens for real property taxes, bonds, or assessments not then delinquent;
- (b) any matter which has been shown to Buyer by any Preliminary Report furnished by Seller to Buyer prior to Buyer's execution of this Agreement unless it has been agreed in writing by Seller that such matter would be removed or cured;
- (c) any Disapproved Exceptions which have been approved or deemed approved by Buyer as provided in this Section 5; and
- (d) any other matters affecting the condition of the Leasehold or title to the Property created by or with the consent of Buyer or Buyer's employees or agents.

6. **Proration of Rents, Taxes and Insurance.** Rents payable with respect to the Leasehold, rents received or payable under the Tenant Leases, laundry receipts, utilities and real property taxes and insurance premiums on any hazard or liability insurance policies assigned to Buyer and accepted by Buyer shall be prorated as of the Closing Date on the basis of a 30-day month. All assessments of record shall be assumed by Buyer.

7. **Closing Costs.** Seller shall pay all costs and expenses of preparing, executing, acknowledging, and delivering the Lease Assignment, the premium for a standard coverage CLTA Leasehold Title Policy, and any transfer taxes. Buyer shall pay: (a) all recording fees, (b) if the Property has been refinanced by Seller through a loan made by Home Savings of America (the "Home Savings Loan") and any other lender, all fees and costs required to be paid in connection with the assumption of the Home Savings Loan and any other loan, (c) all fees and costs for any new financing, (d) the cost of any extended coverage title insurance, (e) the cost of any ALTA title insurance coverage and (f) the cost of any special endorsements to title coverage required by Buyer. Buyer shall also pay all fees and costs incurred for any surveys which have been prepared in connection with the Home Savings Loan or at Buyer's request. Buyer and Seller shall each pay one half of the escrow fee.

8. **Contingencies.** The obligations of Seller and Buyer to perform under this Agreement are also subject to the following conditions and contingencies to their performance hereunder:

a. Approval of Lease Assignment. Seller has disclosed to Buyer that the Lease Assignment must be approved by the City of San Diego. Accordingly, the obligations of Seller and Buyer to perform under this Agreement are expressly made contingent upon the receipt of written consent or approval from the City of San Diego of the execution by Seller of the Lease Assignment prior to Close of Escrow.

b. Cooperation in an Exchange. Buyer and Seller agree to cooperate with each other in effecting any tax deferred exchange under §1031 of the Internal Revenue Code as may be reasonably requested by either of them in connection with the closing of this purchase and sale transaction. It is expressly agreed, however, that except as specifically provided in this Agreement, neither Buyer nor Seller shall be required to assume any additional liabilities or obligations as a result of the other party's exchange transaction. In furtherance of this provision, (a) Buyer agrees that the Property and the obligations of Seller under this Agreement may be assigned or transferred by Seller prior to the Closing to the general and limited partners of Seller (such general and limited partners are collectively referred to herein as the "Partners"), so long as the Partners jointly and severally agree to perform the obligations of Seller under this Agreement, and (b) Seller agrees that Buyer may assign Buyer's rights under this Agreement to a third party or an accommodator as reasonably necessary to complete the exchange, provided that the consent of the City of San Diego is not required for any such assignment or, if required, is received prior to the Closing. Notwithstanding the foregoing, Buyer agrees that none of the Partners who are now Seller's limited partners shall incur any liability or obligation to Buyer, and are hereby released by Buyer, from any and all liabilities or obligations to Buyer which are created by an assignment or transfer of the Property, the assumption by the Partners of Seller's obligations under this Agreement, or otherwise, to the extent such an assignment, transfer or assumption contemplated by this Section would cause those limited partners to have greater liabilities or obligations to Buyer than those limited partners would have if the Property and Seller's obligations under this Agreement were not so assigned, transferred or assumed.

9. **Seller's Covenants.**

a. Maintenance and Operation of the Property.

From the date of this Agreement, and so long as this Agreement remains in effect, Seller shall:

(1) maintain and manage the Property substantially in accordance with Seller's established practices;

(2) maintain the Property in its present condition, ordinary wear and tear excepted;

(3) maintain all casualty, liability, and hazard insurance currently in force for the Property;

(4) operate, manage, and enter into contracts for the Property in the same manner as done by Seller prior to the date of this Agreement, maintaining present services and sufficient supplies and equipment for the operation and maintenance of the Property in the same manner as prior to the date of this Agreement; provided, however, that between the date of this Agreement and the Closing Date Seller shall not enter into any service contract that cannot be terminated within thirty (30) days without obtaining the consent of Buyer, which shall not be unreasonably withheld;

(5) not enter into any lease of the Property or the Improvements except as provided in this subsection. Seller shall not offer to make nor make any rent concessions, including without limitation, free rent or other monetary inducement, to any party renting a space in the mobile home park or the Property, without Buyer's prior written consent. Prior to executing any lease that has been presented to Seller after the date of this Agreement which contains a rent concession, Seller will submit to Buyer a copy of the lease for Buyer's approval and execution. Buyer shall notify Seller in writing within five (5) business days after receipt of each such Lease that the Lease is either approved or disapproved, and approval shall not be unreasonably withheld. If Buyer fails to notify Seller in writing of the approval or disapproval of any Lease within five (5) business days, the failure shall be deemed an approval of the Lease.

b. Insurance Proceeds. Seller shall deliver the Property to Buyer at the Close of Escrow as required by the terms of this Agreement, without regard to damage to any Improvements on the Property after the date of this Agreement, provided that all damage is repaired in a manner sufficient to restore the Property to substantially the same condition as it existed on the date of this Agreement. If the loss or damage has not been repaired at the Close of Escrow, and the loss or damage is insured, Seller shall, at Close of Escrow, assign a sufficient portion of any insurance proceeds to Buyer to cover the cost of completion of the repairs. If the loss or damage is wholly or partially uninsured in an amount greater than \$5,000, and any required repair has not been completed, Buyer's sole remedy shall be to terminate this Agreement, in which event each party shall bear its own costs incurred in this transaction and shall owe no further obligation or liability to the other.

c. Rents and Other Terms of Residency. Seller agrees not to offer leases in excess of 12 months' duration or make any changes in the terms of residency in the mobile home park on the Property during the term of this Agreement. This paragraph shall not, however, prevent Seller from obtaining or pursuing any rent increase permitted by the terms of the Ground Lease creating the Leasehold.

10. Buyer's Acceptance of Property As Is.

BY THEIR INITIALS BELOW, BUYER AND SELLER ACKNOWLEDGE THAT BUYER IS BUYING THE PROPERTY "AS IS" AND THAT BUYER IS RELYING SOLELY UPON ITS INSPECTIONS WITH RESPECT TO THE CONDITION OF THE PROPERTY.

Seller
Initial here: ____/____

Buyer
Initial here: ____

Buyer and Seller further agree that:

(a) except as specified in this Agreement or as specified in writing and delivered to Buyer by Seller, neither Seller nor any real estate broker, agent, or other representative of Seller has made

any representations or warranties regarding the Property, including, without limitation, any representations or warranties concerning the Property's physical condition, access, zoning laws, environmental matters, utilities, or any other matter affecting the Property or the use of the Property; and

(b) except for the representations and warranties in this Agreement or otherwise delivered to Buyer by Seller in writing, Buyer has not relied and will not rely on any implied warranties, guaranties, statements, representations, or information about the Property, whether made by Seller, Seller's property manager, Seller's broker, or any other individual representing or purporting to represent Seller.

11. **Buyer's Warranties.** Buyer warrants, covenants and represents that Buyer has full power and authority to enter into this Agreement, and the persons signing this Agreement for Buyer warrant, covenant and represent that they have full power and authority to sign for Buyer and to bind Buyer to this Agreement.

12. **Seller's Warranties.** Seller warrants, covenants and represents that Seller has full power and authority to enter into this Agreement, and the persons signing this Agreement for Seller have full power and authority to sign for Seller and to bind Seller to this Agreement. Seller also warrants and represents as follows:

a. Ground Lease. The documentation furnished by Seller to Buyer includes complete and accurate copies of the Lease Agreement with respect to the Seller's interest in Leasehold, and all amendments thereto.

b. Tenant Leases. The documentation furnished to Buyer includes complete copies of all tenant leases and the rent rolls contained therein are complete and accurate.

c. No Pending Proceedings. To the best of Seller's knowledge there are no pending actions or proceedings against Seller for a violation of any statute, ordinance, regulation or administrative or judicial order or holding, whether or not appearing in public records with respect to the Property or any improvements on the Property.

d. No Litigation. To the best of Seller's knowledge there is no litigation threatened or pending respecting the Property or its use.

e. No Undisclosed Encumbrances. To the best of Seller's knowledge the title to the real and personal property conveyed to Buyer will not be encumbered in any way by any easements, licenses or other rights, materially adversely affecting the Property, that are not disclosed by the public record, or in data provided to Buyer prior to Close of Escrow.

f. No Other Contracts. There are no leases, maintenance agreements, service contracts, or other agreements, oral or written, in effect with respect to the Property, other than those contained in the documentation furnished by Seller to Buyer.

g. Developments Pending Closing. Seller shall advise Buyer of any written notice that Seller receives of (i) the violation of any governmental ordinances, regulations or orders relating to the Property; or (ii) the commencement of any litigation or government action, including condemnation, affecting the Property, which occurs from the date of this Agreement to the Closing.

h. Non-Foreign Seller. Seller is not a foreign individual, foreign corporation, foreign partnership, or foreign estate as defined in the Internal Revenue Code and Income Tax Regulations and that upon Seller's delivery to Buyer of a duly executed certificate of non-foreign status, Buyer shall not be responsible to withhold any part of the purchase price as security for the Seller's potential tax liability.

i. Environmental Conditions. To Seller's knowledge there is no existing condition which would result in liability directly or indirectly to Seller or any future owner of the Property arising out of the installation, presence, use, generation, manufacture, storage, release, threatened release or disposal of Hazardous Materials on, under or about the Property and to Seller's knowledge there are no costs which are required or necessary for the repair, clean-up, detoxification, demolition or disposal directly or indirectly arising from the installation, presence, use, generation, manufacture, storage, release, threatened release or disposal of Hazardous Materials. As used in this Agreement, the term "Hazardous Materials" means any substances which are flammable, explosive, corrosive, radioactive or toxic including, without limitation, any substances defined as hazardous substances, hazardous materials, toxic substances or hazardous wastes in the Comprehensive Environmental Response, Compensation and liability Act of 1980 (42 U.S.C. Section 9601 et seq.); the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); the Hazardous Waste Control Act (California Health & Safety Code Section 25100 et seq.); and the Hazardous Substance Account Act (California Health & Safety Code Section 25300 et seq.), and all amendments to these laws and regulations adopted or publications promulgated pursuant to these laws. Hazardous Materials shall also include those asbestos-containing materials defined and described in Environmental Protection Agency Report No. 56/5-85-024 (June 1985), or any related or successor report, or other applicable government regulations defining or describing such materials.

j. Financial Statements. All financial statements delivered to by Seller to Buyer with respect to the Property are, except as noted thereon or as otherwise disclosed in writing to Buyer, accurate to the best of Seller's knowledge, and have been maintained or prepared in accordance with Seller's standard accounting practices.

13. Indemnities.

a. Seller's Indemnity. Seller shall indemnify, defend and hold Buyer (and its affiliates, officers, directors, agents and employees) harmless from and against any and all claims, losses, liabilities, costs and expenses, including attorneys' fees, which are not expressly assumed by Buyer and arise out of or result from (i) ownership, operation, use or possession of the Property before the Closing, including claims for bodily injury or property damage, (ii) any other liabilities or obligations of Seller not expressly assumed by Buyer, or if assumed in part by Buyer, to the extent not assumed, and/or (iii) any breach of, or failure to perform, any of Seller's representations, warranties, covenants or obligations in this Agreement; provided, however, Seller's obligations under this paragraph shall apply only to the extent consistent with the representations, warranties, covenants and obligations of Buyer under this Agreement and shall be interpreted and applied accordingly.

b. Buyer's Indemnity. Buyer shall indemnify, defend and hold Seller harmless from and against any and all liabilities, judgments, obligations, claims, actions, damages, losses, costs and expenses of any nature whatsoever, including attorneys' fees, that Seller may sustain or incur arising out of or in connection with (i) ownership, operation, use or possession of the Property after the Closing; or (ii) liabilities or obligations of Seller expressly assumed in writing by Buyer (but only to the extent assumed); provided, however, Buyer's obligations under this paragraph shall only apply to the extent consistent with the representations, warranties, covenants and obligations of Seller under this Agreement and shall be interpreted and applied accordingly.

14. **Assignment by Buyer.** Provided that the assignee is approved by the City of San Diego, and the assignee assumes all obligations of Buyer and agrees to execute all documents and to perform all obligations imposed on Buyer as if the assignee were the original Buyer in this Agreement, Buyer shall have the right to assign this Agreement and all of Buyer's rights under it, subject to the terms and provisions of this Agreement to (a) a partnership, corporation joint venture or limited liability company in which Buyer or an affiliate is a manager, an officer or a general partner, or (b) a cotenancy composed of (1) a partnership, corporation joint venture or limited liability company in which Buyer or an affiliate is a manager, an officer or a general partner and (2) either or both of The Fox Family Trust, The C.H. Harp Family Trust and/or River Paradise Partnership.

15. **Effect of Waiver of Provision on Remedy.** No waiver by a party of any provision of this Agreement shall be considered a waiver of any other provision or any subsequent breach of the same or any other provision, including the time for performance of any such provision. The exercise by a party of any remedy provided in this Agreement or at law shall not prevent the exercise by that party of any other remedy provided in this Agreement or at law.

16. **Attorney's Fees.** If either party files any action or brings any proceeding against the other arising from this Agreement, or is made a party to any action or proceeding brought by the Escrow Agent, then as between Buyer and Seller, the prevailing party shall be entitled to recover as an element of its costs of suit, and not as damages, reasonable attorneys' fees incurred in the action or proceeding, to be fixed by the court. The "prevailing party" shall be the party who is entitled to recover its costs of suit, whether or not suit proceeds to final judgment. A party not entitled to

recover its costs shall not recover attorney's fees. No sum for attorney's fees shall be counted in calculating the amount of a judgment for purposes of determining whether a party is entitled to its costs or attorney's fees.

17. Captions, Joint and Several Liability, Controlling Law.

a. The captions heading the various paragraphs of this Agreement are for convenience and shall not be considered to limit, expand, or define the contents of the respective paragraphs.

b. Masculine, feminine, or neuter gender and the singular and the plural number, shall each be considered to include the other whenever the context so requires.

c. If either party consists of more than one person, each such person shall be jointly and severally liable.

d. This Agreement shall be interpreted under California law and according to its fair meaning, and not in favor of or against any party.

18. Binding on Successors. This Agreement inures to the benefit of, and is binding on, the parties, their respective heirs, personal representatives, successors, and assigns.

19. Counterparts. This Agreement and all amendments and supplements to it may be executed in counterparts, and all counterparts together shall be construed as one document.

20. Integration Clause. This Agreement constitutes the entire agreement between the parties and supersedes all prior discussion, negotiations, and agreements, whether oral or written between Buyer, Seller or their agents. Any amendment to this Agreement, including an oral modification supported by new consideration, must be reduced to writing and signed by both parties before it will be effective.

21. Time for Performance. Time is of the essence of this Agreement, and failure to comply with this provision shall be a material breach of this Agreement.

22. Notices. All notices, demands, requests, exercises, and other communications under this Agreement shall be in writing and;

a. Sent by United States Certified Mail, return receipt requested, in which case notice shall be deemed delivered three (3) business days after deposit, postage prepaid in the United States Mail, or

b. Sent by a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with that courier, or

c. Sent by telecopy, fax or similar means if a copy of the notice is also sent by United States Certified Mail, in which case notice shall be deemed delivered on transmittal by telecopier or other similar means, provided that a transmission report is generated by reflecting the accurate transmission of the notices, as follows:

If to Seller:

Linda Vista Village, Ltd.
c/o Mr. J. George Harrison,
General Partner
7537 East McDowell Road
Suite 200
Scottsdale, Arizona 85257
Telephone: (602) 423-1229
Fax: (602) 423-0959

With a copy to:

Arthur M. Wilcox, Jr., Esq.
501 West Broadway
Suite 1600
San Diego, CA 92101-3536
Telephone: (619) 696-6788
Fax: (619) 696-8685

If to Buyer:

Mr. Matthew Follett
Follett Investment Properties
11344 Coloma Road, Suite 480
Gold River, CA 95670
Phone: (916) 852-0112
Fax: (909) 852-0115

With a copy to:

These addresses may be changed by written notice to the other party, provided that no notice of a change of address shall be effective until actual receipt of that notice.

23. **Commissions.** Seller has agreed to pay commissions in the sum of \$93,000 to Geff Gunsalus, \$93,000 to Follett Investment Properties and \$186,000 to Walt Brown, Jr., contingent upon the Close of Escrow. Other than the above described commission which Seller has agreed to pay, each party represents to the other that it has not had any contact or dealings regarding the Property or any communications in connection with the subject matter of this transaction, through any real estate broker or other person who can claim a right to a commission or finder's fee. If any broker or finder makes a claim for a commission or finder's fee based upon a contract, dealings or communications, the party through whom the broker or finder makes this claim shall indemnify, defend with counsel of the indemnified party's choice, and hold the indemnified party harmless from all expense, loss, damage in claims, including the indemnified party's attorney's fees, if necessary, arising out of the broker's or finder's claim.

EXECUTED on the day and year first above written.

SELLER:

LINDA VISTA VILLAGE, LTD.,
a California limited partnership

BUYER:

MATTHEW N. FOLLETT

By: _____
J. George Harrison,
General Partner

By: _____
Harvey Garrett,
General Partner

EXHIBIT "A"

DESCRIPTION OF LEASEHOLD

A LEASEHOLD ESTATE as created by that certain Lease dated October 24, 1979 made by and between City of San Diego, as lessor and J. George Harrison, D.B.A., Cal-West Diversified and Linda Vista Village, a general partnership, as lessee for the term of 55 years and upon the terms and conditions contained in said Lease Agreement recorded on December 21, 1979 as File No. 79-532974 of Official Records, as amended by an unrecorded amendment^{**} dated January 25, 1983^{***} and ~~as further amended by the assignment of Lessee's interest to Linda Vista Village, Ltd., a California limited partnership, by an Assignment of Lease recorded on September 19, 1986 as File No. 86-414802 of Official Records.~~
assigned

["]
~~**~~ dated March 31, 1980, an unrecorded second amendment...
~~***~~ ["] an unrecorded third amendment dated September 2, 1986

EXHIBIT "B"

DESCRIPTION OF MANAGER'S HOME, VEHICLE AND PERSONAL PROPERTY

Manager's Home

1978 Lancer, Serial Number 3494D/AB3740YJ115684/5.

Vehicle

1995 Ford pickup truck, Vehicle Identification Number _____

Personal Property

The items of personal property currently used in the operation and maintenance of the Property, which shall be more specifically described in the personal property inventory for Linda Vista Village and the Linda Vista Village Clubhouse to be furnished to Buyer as a part of Seller's Disclosure Documentation.

**EXHIBIT B
TO OPTION AGREEMENT**

HOME SAVINGS LOAN PROPOSAL RECAP

If for any reason there is a loan short fall below \$4,850,000, I will loan the difference. The terms of the loan are as follows: the loan will be given at the time the home loan is funded, as a 2nd Trust Deed fixed at 7.93%, due in 10 years, paid interest only, monthly and secured by the property. I will also agree to pay all costs associated with the home loan except the sellers counsel. Home Savings Program is outlined below.

	Home Savings
Loan Amount	\$4,850,000
Rate Formula	233 Over 12 MAT
Rate	7.93%
1 st Year Rate	7.63%
1 st Year Payment	\$395,070 403,543
Payment	\$406,669 415,391
Term	15
Amortization	30
Lender Fee	0
Broker Fee	1%
Assumption Fee	0
Prepayment Penalty	1.25-0

Loan No. _____

File LVMH Pak

LESSOR ESTOPPEL CERTIFICATE

This Certificate is given to HOME SAVINGS OF AMERICA, FSB, its successors and/or assigns (collectively the "Lender"), by THE CITY OF SAN DIEGO ("Lessor"), with the understanding that Lender will rely on this Certificate in connection with the mortgage loan (the "Loan") on the Linda Vista Village, Ltd's ("Lessee") leasehold estate in and to the Real Property situated in San Diego County, California, and commonly known as Linda Vista Village, more particularly described upon Exhibit "A" attached hereto and by this reference made a part hereof (the "Property"). Lessor hereby certifies as follows:

1. The undersigned is the lessor under that certain Lease Agreement dated October 24, 1979, executed by Lessor and J. George Harrison, DBA, Cal-West Diversified and Linda Vista Village, as lessees ("Original Lessees"). Original Lessees' interest in the Lease Agreement was subsequently assigned to Lessee. The Lease Agreement was amended on January 25, 1983 ("First Amendment") and on September 2, 1986 ("Second Amendment"). The Lease Agreement, First Amendment and Second Amendment are collectively referred to herein as the "Lease."

2. Pursuant to the Lease, Lessee has (i) leased the Property; (ii) the commencement date of the term of the Lease is October 24, 1979, (iii) the expiration date of the term of the Lease is October 23, 23, 2034; (iv) the fixed monthly minimum rent is \$ 5819.46 per month, and (v) the next rental payment in the amount of \$ 10% of is due on 8-20-97 gross rental

3. Lessee does not have the right or option to renew or extend the term of the Lease. Neither Lessor nor Lessee has the right to terminate the Lease in whole or in part prior to the expiration of the term except as set forth in this paragraph.

None

4. The Lease has been duly executed and delivered by, and is a binding obligation of, Lessor, and the Lease is in full force and effect. The Lease is the entire agreement between Lessor and Lessee pertaining to the Property. Except as set forth below in this paragraph, there are no amendments, modifications, supplements, arrangements, side letter or understandings, oral or written, of any sort, modifying, amending, altering, supplementing or changing the terms of the Lease.

None

5. All obligations of Lessee under the Lease have been performed, and no event has occurred and no condition exists that with the giving of notice or lapse of time, or both, would constitute a default by Lessee under the Lease. There are no offsets or defenses that Lessor has against the full enforcement of the Lease by Lessee.

6. Lessor is not in any respect in default under the Lease and no event has occurred and no condition exists that, with the giving notice or lapse of time, or both would constitute a default by Lessor under the Lease.

7. Lessor agrees that no future modifications or amendments of the Lease will be enforceable unless the modification or amendment has been consented to in writing by the Lender.

8. Lessor acknowledges that Lender intends to fund the Loan to Lessee relating to the Property. Lessor, at Lender's sole option, shall attorn to and accept performance by Lender of any covenant, agreement or obligation of Lessee contained in the Lease with the same force and effect as if performed by Lessee. In no event, however, shall Lender be obligated to perform any such covenant, agreement, or obligation of Lessee under the Lease.

9. The person executing this Lessor Estoppel Certificate is authorized by Lessor to do so and execution hereof is the binding act of Lessor enforceable against Lessor.

LESSOR

CITY OF SAN DIEGO

By:

Name:

Title:

Date:

Robert J Collins

Robert J Collins

REAL ESTATE ASSESSOR

8-6-97

APPROVED AS TO FORM

CASEY GWINN, CITY ATTORNEY

By:

Name:

Title:

Date:

Prescilla Dugard

Prescilla Dugard

Deputy City Attorney

8-6-97