

RECORDING REQUESTED BY

BAHIA HOTEL ASSOCIATES  
a California General Partnership

AND WHEN RECORDED MAIL TO:

Evans Hotels  
998 W. Mission Bay Drive  
San Diego, CA 92109  
Attention: Robert Gleason

---

SPACE ABOVE LINE IS FOR RECORDER'S USE

**CONSENT TO ASSIGNMENT OF LEASE**

This CONSENT TO ASSIGNMENT OF LEASE ("Consent") is made and entered into July 12, 1993 by and between the City of San Diego, a municipal corporation ("City"), Bahia Hotels Associates, a California general partnership ("BHA") and Webster Hotel Building, a California general partnership ("Webster").

**RECITALS**

- A. City entered into a certain Lease, dated March 17, 1966, with William D. Evans and Lucy E. Lamoreaux as lessees for that certain real property commonly known as the Bahia Hotel ("Bahia"). The lease was amended by City Clerk Document 710761 dated April 24, 1967. The lease as amended will hereafter be referred to as the "Lease".
- B. Through a series of assignments, BHA and Webster are now or will be the successor lessee or lessee under the Lease.
- C. The Managing General Partner of BHA is Anne L. Evans and the General Partners of BHA are Anne L. Evans, the William D. Evans Family Trust C and Anne Ledford Evans Trust C under Declaration of Trust dated July 27, 1983 (Anne L. Evans, Trustee), Grace Evans Cherashore, William Ledford Evans, Nancy Evans Kyzer, Anne Evans Quinn, and Margaret Evans. The General Partners of Webster are the William Donald Evans share of the Trust created by Decree of Distribution in the Estate of William Henry Evans (Anne L. Evans, Successor Trustee) and the William Donald Evans share of the Trust created by Decree of Distribution in the Estate of Geraldine M. Evans (Anne L. Evans, successor Trustee). All partners will hereafter be collectively referred to as "Partners".

- D. BHA and Webster have requested City's consent to an assignment of the Lease.
- E. City has expressed its desire that 1) the City's lessee, the lessee's partners, and any future partners of the lessee be of good character and reputation, 2) all operations of the Properties are managed by qualified, competent individuals, and 3) the lessee is and remains adequately capitalized, all to the reasonable satisfaction of the City Manager.
- F. BHA and Webster desire to receive City's consent on or before July 16, 1993.

City consents to the assignment of the Lease to BHA and Webster and acknowledges and approves the partners referenced in recital C above on the following conditions:

1. BHA and Webster assume all rights and obligations of the Lessee and agree to perform all covenants, conditions and provisions of the Lease.
2. BHA and Webster represent and warrant that they are adequately capitalized. BHA and Webster further represent and warrant that they will provide qualified, competent management subject to the reasonable satisfaction of the City Manager during the entire lease term. City agrees that the existing management of the Bahia is qualified and competent for the purpose of this section.
3. BHA and Webster agree that the addition of partners to the partnership subsequent to this Consent will be subject to City's further approval provided, however, that such approval shall not be required for any lineal descendants of Anne L. Evans, any entity controlled by and remaining in the control of Anne L. Evans, or any trust created for the benefit of Anne L. Evans or any of her lineal descendants. City further agrees that no consent shall be required to transfer partnership interests among the current Partners.
4. City acknowledges that the criteria used in considering such future approvals of partners will include the character and reputation of the proposed partner within the community and that approval will be subject to the reasonable satisfaction of the City Manager. City agrees not to unreasonably withhold its consent to any assignment of partnership interest.
5. BHA and Webster agree that any default under this Consent will constitute a default under the Lease and City will be entitled to all rights and remedies available under the Lease.
6. Should there be any inconsistency between any provision of the Lease and this Consent, the provisions and conditions of this Consent shall prevail.

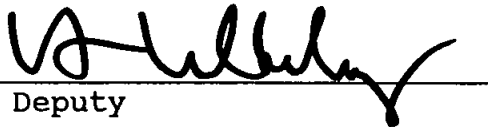
7. Except as expressly modified by the provisions and conditions of this Consent, the Lease does and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Consent effective on the date written above.

"CITY"

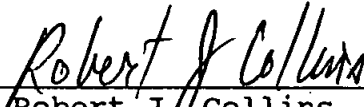
APPROVED AS TO FORM AND  
LEGALITY:

JOHN W. WITT, CITY ATTORNEY

By: 

Deputy

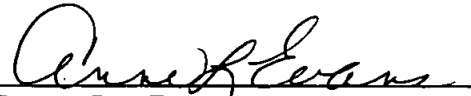
THE CITY OF SAN DIEGO,  
a municipal corporation

By: 

Robert J. Collins  
Deputy Director

"BHA"

BAHIA HOTEL ASSOCIATES,  
a California general partnership

By: 

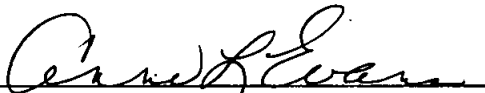
Anne L. Evans  
Managing General Partner

(Signatures continued on next page)

"WEBSTER"

WEBSTER HOTEL BUILDING  
a California general partnership

By:   
Anne L. Evans, Successor  
Trustee of the William D.  
Evans share of the Trust  
created by Decree of  
Distribution in the  
Estate of William Henry  
Evans, General Partner

By:   
Anne L. Evans, Successor  
Trustee of the William D.  
Evans share of the Trust  
created by the Decree of  
Distribution the Estate  
of Geraldine M. Evans,  
General Partner

STATE OF CALIFORNIA

COUNTY OF

SAN DIEGO

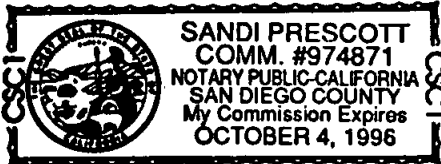
)  
)  
) SS.

On 16 JULY, 1993, before me, \_\_\_\_\_

SANDI PRESCOTT, a Notary Public in and for the State  
of California, personally appeared \_\_\_\_\_

Robert S. COLLINS, ~~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 ~~or she~~ executed the same in his ~~or her~~ authorized  
capacity and that, by his ~~or her~~ signature on the instrument,  
the person or the entity upon behalf of which he ~~or she~~ acted,  
executed the instrument.

WITNESS my hand and official seal.



Sandi Prescott  
Notary Public in and for said State

(Notarial Seal)

STATE OF CALIFORNIA )  
COUNTY OF Los Angeles ) ss.

On July 19, 1993 before me, Deborah D. Harris  
\_\_\_\_\_, a Notary Public in and for the  
State of California, personally appeared Anne L. Evans  
\_\_\_\_\_, 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 or she executed  
the same in his or her authorized capacity and that, by his  
or her signature on the instrument, the person or the entity  
upon behalf of which he or she acted, executed the  
instrument.

WITNESS my hand and official seal.

Deborah D. Harris  
Notary Public in and for said State

(Notarial Seal)



STATE OF CALIFORNIA

COUNTY OF

Los Angeles )  
 ) ss.

On July 19, 1993, before me, Deborah A. Harris  
\_\_\_\_\_, a Notary Public in and for the  
State of California, personally appeared Anna L. Evans  
\_\_\_\_\_, 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 or she executed  
the same in his or her authorized capacity and that, by his  
or her signature on the instrument, the person or the entity  
upon behalf of which he or she acted, executed the  
instrument.

WITNESS my hand and official seal.

Deborah A. Harris  
Notary Public in and for said State

(Notarial Seal)



STATE OF CALIFORNIA

COUNTY OF

Los Angeles ) ss.

On July 17, 1993, before me, Deborah D. Harris  
~~Anne L. Evans~~

\_\_\_\_\_, a Notary Public in and for the

State of California, personally appeared Anne L. Evans

\_\_\_\_\_, 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 or she executed

the same in his or her authorized capacity and that, by his

or her signature on the instrument, the person or the entity

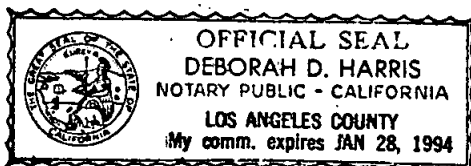
upon behalf of which he or she acted, executed the

instrument.

WITNESS my hand and official seal.

Deborah D. Harris  
Notary Public in and for said State

(Notarial Seal)





THE CITY OF

# SAN DIEGO

PROPERTY DEPARTMENT, MAIL STATION 51-A

SECURITY PACIFIC PLAZA, 1200 THIRD AVENUE, SUITE 1700

SAN DIEGO, CALIFORNIA 92101-4199 TELEPHONE: (619) 236-6020

FAX: (619) 236-6706

File: Leases - Anne L. Evans

July 20, 1993

BY FACSIMILE

Commonwealth Title

1455 Frazee Road, Suite 600

San Diego, CA 92108

Attn: Larry Vinti

RE: Order Number 957467.4

This letter shall authorize Commonwealth Title to substitute the lease document currently attached as Exhibit A, for the Bahia Hotel property, with the following reference:

"That certain Lease Agreement dated March 17, 1966, by and between The City of San Diego, a municipal corporation in the County of San Diego, State of California as Lessor and William D. Evans and Lucy E. Lamoreaux (formerly Lucy E. Cooper) as Lessee, filed in the Office of the City Clerk as Document No. 697319, Filed March 21, 1966, further amended by a First Amendment to Lease Agreement dated April 10, 1967, filed in the Office of the City Clerk as Document No. 710761, Filed April 24, 1967. Bahia Hotel Associates, a California general partnership and Webster Hotel Associates, a California general partnership have succeeded to the interests of William Evans and Lucy Lamoreaux under the Lease."

or a reference previously approved by the City of San Diego. Should you require additional information regarding this issue, please contact Linda Fierro at 236-6985.

Sincerely,

Mary Louise Groarke  
Property Management Supervisor

MLG:LMF:lmf



DIVERSITY  
BRINGS US ALL TOGETHER

**ASSIGNMENT OF PARTNERSHIP INTEREST IN  
BAHIA HOTEL ASSOCIATES**

**(GRACE EVANS CHERASHORE)**

1. This Assignment of Partnership Interest in Bahia Hotel Associates is being executed in connection with that certain Agreement for Purchase and Sale of Partnership Interests dated contemporaneously herewith ("Purchase Agreement") between ANNE LEDFORD EVANS, as Trustee under Declaration of Trust, dated July 27, 1983 (Trust No. 1983-1) - TRUST C ("Assignor"), and GRACE EVANS CHERASHORE ("Assignee"), pursuant to which Assignor has agreed to sell to Assignee, and Assignee has agreed to purchase from Assignor, a 9.8% Class A voting partnership interest ("Partnership Interest"), in Bahia Hotel Associates, a California general partnership ("Partnership").

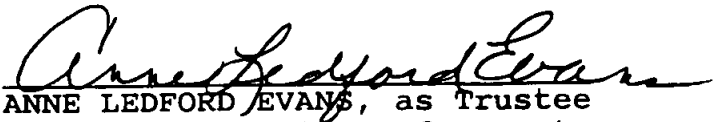
2. For valuable consideration, the receipt and adequacy of which is hereby acknowledged, Assignor hereby transfers, conveys and assigns to Assignee the Partnership Interest, including, without limitation, all of Assignor's rights and entitlements to (a) distributions of Partnership's cash, (b) allocations of Partnership Profit and Loss, (c) the Capital Account, and (d) the proportionate interest in all of the Partnership's personal and real property attributable to the Partnership Interest.

3. This Assignment shall be effective as of January 1, 1993.

4. All capitalized terms not specifically defined herein shall have the same meanings ascribed to them in the Purchase Agreement.

Dated: Nov. 30, 1993

ASSIGNOR:

  
ANNE LEDFORD EVANS, as Trustee  
under Declaration of Trust,  
dated July 27, 1983 (Trust No.  
1983-1) - TRUST C

**NOTICE OF TRANSFER OF PARTNERSHIP INTEREST  
FOR BAHIA HOTEL ASSOCIATES**

**(GRACE EVANS CHERASHORE)**

**TO: Managing General Partner of Bahia Hotel Associates:**

1. This Notice of Transfer of Partnership Interest for Bahia Hotel Associates is being executed contemporaneously with that certain Agreement for Purchase and Sale of Partnership Interests dated contemporaneously herewith ("Purchase Agreement") between ANNE LEDFORD EVANS, as Trustee under Declaration of Trust, dated July 27, 1983 (Trust No. 1983-1) - Trust C ("Seller"), and GRACE EVANS CHERASHORE ("Buyer"), pursuant to which Seller has sold to Buyer, and Buyer has purchased from Seller, a 9.8% Class A voting partnership interest ("Partnership Interest"), in Bahia Hotel Associates Partnership, a California general partnership ("Partnership").

2. You are hereby notified that effective as of January 1, 1993, Seller assigned and transferred the Partnership Interest to Buyer.

3. The address and taxpayer identification number of the Seller is as follows:

Anne Ledford Evans, as Trustee under  
Declaration of Trust, dated July 27, 1983  
(Trust No. 1983-1) - Trust C  
The Bahia Hotel  
998 W. Mission Bay Drive  
San Diego, California 92109  
Taxpayer Identification No. 33-6059692

4. To the best knowledge of Seller, the Partnership possesses no substantially appreciated inventory within the meaning of the Internal Revenue Code Section 751 and that the portion of

the purchase price attributable to unrealized receivables of the Partnership within the meaning of the Internal Revenue Code Section 751 shall be zero. Seller is providing this notice in order to ensure that the Partnership has the opportunity to fulfill the requirements set forth in the Internal Revenue Code Section 6050K.

Date: Nov. 30, 1993

**SELLER:**

Anne Ledford Evans  
ANNE LEDFORD EVANS, as Trustee under  
Declaration of Trust, dated July 27,  
1983 (Trust No. 1983-1) - Trust C

**ASSIGNMENT OF PARTNERSHIP INTEREST IN  
BAHIA HOTEL ASSOCIATES**

**(WILLIAM L. EVANS)**

1. This Assignment of Partnership Interest in Bahia Hotel Associates is being executed in connection with that certain Agreement for Purchase and Sale of Partnership Interests dated contemporaneously herewith ("Purchase Agreement") between ANNE LEDFORD EVANS, as Trustee under Declaration of Trust, dated July 27, 1983 (Trust No. 1983-1) -TRUST C ("Assignor"), and WILLIAM L. EVANS ("Assignee"), pursuant to which Assignor has agreed to sell to Assignee, and Assignee has agreed to purchase from Assignor, a 9.8% Class A voting partnership interest ("Partnership Interest"), in Bahia Hotel Associates, a California general partnership ("Partnership").

2. For valuable consideration, the receipt and adequacy of which is hereby acknowledged, Assignor hereby transfers, conveys and assigns to Assignee the Partnership Interest, including, without limitation, all of Assignor's rights and entitlements to (a) distributions of Partnership's cash, (b) allocations of Partnership Profit and Loss, (c) the Capital Account, and (d) the proportionate interest in all of the Partnership's personal and real property attributable to the Partnership Interest.

3. This Assignment shall be effective as of January 1, 1993.

4. All capitalized terms not specifically defined herein shall have the same meanings ascribed to them in the Purchase Agreement.

Dated: Nov. 30, 1993

ASSIGNOR:

Anne Ledford Evans  
ANNE LEDFORD EVANS, as Trustee  
under Declaration of Trust,  
dated July 27, 1983 (Trust No.  
1983-1) - TRUST C

NOTICE OF TRANSFER OF PARTNERSHIP INTEREST  
FOR BAHIA HOTEL ASSOCIATES

(WILLIAM L. EVANS)

TO: Managing Partner of Bahia Hotel Associates:

1. This Notice of Transfer of Partnership Interest for Bahia Hotel Associates is being executed contemporaneously with that certain Agreement for Purchase and Sale of Partnership Interests dated contemporaneously herewith ("Purchase Agreement") between ANNE LEDFORD EVANS, as Trustee under Declaration of Trust, dated July 27, 1983 (Trust No. 1983-1) - Trust C ("Seller"), and WILLIAM L. EVANS ("Buyer"), pursuant to which Seller has sold to Buyer, and Buyer has purchased from Seller, a 9.8% Class A voting partnership interest ("Partnership Interest"), in Bahia Hotel Associates Partnership, a California general partnership ("Partnership").

2. You are hereby notified that effective as of January 1, 1993, Seller assigned and transferred the Partnership Interest to Buyer.

3. The address and taxpayer identification number of the Seller is as follows:

Anne Ledford Evans, as Trustee under  
Declaration of Trust, dated July 27, 1983  
(Trust No. 1983-1) - Trust C  
The Bahia Hotel  
998 W. Mission Bay Drive  
San Diego, California 92109  
Taxpayer Identification No. 33-6059692

4. To the best knowledge of Seller, the Partnership possesses no substantially appreciated inventory within the meaning of the Internal Revenue Code Section 751 and that the portion of

the purchase price attributable to unrealized receivables of the Partnership within the meaning of the Internal Revenue Code Section 751 shall be zero. Seller is providing this notice in order to ensure that the Partnership has the opportunity to fulfill the requirements set forth in the Internal Revenue Code Section 6050K.

Date: Nov. 30, 1993

SELLER:

Anne Ledford Evans

ANNE LEDFORD EVANS, as Trustee under  
Declaration of Trust, dated July 27,  
1983 (Trust No. 1983-1) - Trust C

ASSIGNMENT OF PARTNERSHIP INTEREST IN  
BAHIA HOTEL ASSOCIATES

(ANNE EVANS QUINN)

1. This Assignment of Partnership Interest in Bahia Hotel Associates is being executed in connection with that certain Agreement for Purchase and Sale of Partnership Interests dated contemporaneously herewith ("Purchase Agreement") between ANNE L. EVANS, individually ("Evans"), and ANNE LEDFORD EVANS, as Trustee under Declaration of Trust, dated July 27, 1983 (Trust No. 1983-1) -TRUST C ("Trust C") [Evans and Trust C sometimes hereinafter shall be referred to collectively as "Assignor"], and ANNE EVANS QUINN ("Assignee"), pursuant to which Assignor has agreed to sell to Assignee, and Assignee has agreed to purchase from Assignor, a 9.8% Class A voting partnership interest [with respect to which Assignee has purchased a 4.9% Class A voting partnership interest from Evans and a 4.9% Class A voting partnership interest from Trust C] ("Partnership Interest"), in Bahia Hotel Associates, a California general partnership ("Partnership").

2. For valuable consideration, the receipt and adequacy of which is hereby acknowledged, Assignor hereby transfers, conveys and assigns to Assignee the Partnership Interest, including, without limitation, all of Assignor's rights and entitlements to (a) distributions of Partnership's cash, (b) allocations of Partnership Profit and Loss, (c) the Capital Account, and (d) the proportionate interest in all of the Partnership's personal and real property attributable to the Partnership Interest.

3. This Assignment shall be effective as of January 1, 1993.

4. All capitalized terms not specifically defined herein shall have the same meanings ascribed to them in the Purchase Agreement.

Dated: Nov 30, 1993

ASSIGNOR:

Anne L. Evans  
ANNE L. EVANS

Anne Ledford Evans  
ANNE LEDFORD EVANS as Trustee  
under Declaration of Trust,  
dated July 27, 1983 (Trust No.  
1983-1) - TRUST C

NOTICE OF TRANSFER OF PARTNERSHIP INTEREST  
FOR BAHIA HOTEL ASSOCIATES

(ANNE EVANS QUINN)

TO: Managing Partner of Bahia Hotel Associates:

1. This Notice of Transfer of Partnership Interest for Bahia Hotel Associates is being executed contemporaneously with that certain Agreement for Purchase and Sale of Partnership Interests dated contemporaneously herewith ("Purchase Agreement") between ANNE L. EVANS, individually ("Evans"), and ANNE LEDFORD EVANS, as Trustee under Declaration of Trust, dated July 27, 1983 (Trust No. 1983-1) - Trust C ("Trust C") [Evans and Trust C sometimes hereinafter shall be referred to collectively as "Seller"], and ANNE EVANS QUINN ("Buyer"), pursuant to which Seller has sold to Buyer, and Buyer has purchased from Seller, a 9.8% Class A voting partnership interest [with respect to which Buyer has purchased a 4.9% Class A voting partnership interest from Evans and a 4.9% Class A voting partnership interest from Trust C] ("Partnership Interest"), in Bahia Hotel Associates Partnership, a California general partnership ("Partnership").

2. You are hereby notified that effective as of January 1, 1993, Seller assigned and transferred the Partnership Interest to Buyer.

3. The addresses and taxpayer identification numbers of the Seller are as follows:

Anne L. Evans  
The Bahia Hotel  
998 W. Mission Bay Drive  
San Diego, California 92109  
Taxpayer Identification No. 551-40-3352

Anne Ledford Evans, as Trustee under  
Declaration of Trust, dated July 27, 1983  
(Trust No. 1983-1) - Trust C  
The Bahia Hotel  
998 W. Mission Bay Drive  
San Diego, California 92109  
Taxpayer Identification No. 33-6059692

4. To the best knowledge of Seller, the Partnership possesses no substantially appreciated inventory within the meaning of the Internal Revenue Code Section 751 and that the portion of the purchase price attributable to unrealized receivables of the Partnership within the meaning of the Internal Revenue Code Section 751 shall be zero. Seller is providing this notice in order to ensure that the Partnership has the opportunity to fulfill the requirements set forth in the Internal Revenue Code Section 6050K.

Date: Nov 30, 1993

SELLER:

Anne L. Evans  
ANNE L. EVANS

Anne Ledford Evans  
ANNE LEDFORD EVANS, as Trustee under  
Declaration of Trust, dated July 27,  
1983 (Trust No. 1983-1) - Trust C

ASSIGNMENT OF PARTNERSHIP INTEREST IN  
BAHIA HOTEL ASSOCIATES

(MARGARET EVANS)

1. This Assignment of Partnership Interest in Bahia Hotel Associates is being executed in connection with that certain Agreement for Purchase and Sale of Partnership Interests dated contemporaneously herewith ("Purchase Agreement") between ANNE L. EVANS ("Assignor"), and MARGARET EVANS ("Assignee"), pursuant to which Assignor has agreed to sell to Assignee, and Assignee has agreed to purchase from Assignor, a 9.8% limited partnership interest ("Partnership Interest") in Bahia Hotel Associates, a California limited partnership ("Partnership").

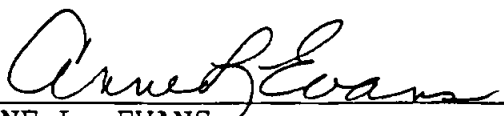
2. For valuable consideration, the receipt and adequacy of which is hereby acknowledged, Assignor hereby transfers, conveys and assigns to Assignee the Partnership Interest, including, without limitation, all of Assignor's rights and entitlements to (a) distributions of Partnership's cash, (b) allocations of Partnership Profit and Loss, (c) the Capital Account, and (d) the proportionate interest in all of the Partnership's personal and real property attributable to the Partnership Interest.

3. This Assignment shall be effective as of December 3, 1993.

4. All capitalized terms not specifically defined herein shall have the same meanings ascribed to them in the Purchase Agreement.

Dated: Dec. 3, 1993

ASSIGNOR:

  
ANNE L. EVANS

NOTICE OF TRANSFER OF PARTNERSHIP INTEREST  
FOR BAHIA HOTEL ASSOCIATES

(MARGARET EVANS)

TO: Managing General Partner of Bahia Hotel Associates:

1. This Notice of Transfer of Partnership Interest for Bahia Hotel Associates is being executed contemporaneously with that certain Agreement for Purchase and Sale of Partnership Interests dated contemporaneously herewith ("Purchase Agreement") between ANNE L. EVANS ("Seller"), and MARGARET EVANS ("Buyer"), pursuant to which Seller has sold to Buyer, and Buyer has purchased from Seller, a 9.8% limited partnership interest ("Partnership Interest") in Bahia Hotel Associates Partnership, a California limited partnership ("Partnership").

2. You are hereby notified that effective as of December 3, 1993, Seller assigned and transferred the Partnership Interest to Buyer.

3. The address and taxpayer identification number of the Seller is as follows:

Anne L. Evans  
The Bahia Hotel  
998 W. Mission Bay Drive  
San Diego, California 92109  
Taxpayer Identification No. 551-40-3352

4. To the best knowledge of Seller, the Partnership possesses no substantially appreciated inventory within the meaning of the Internal Revenue Code Section 751 and that the portion of the purchase price attributable to unrealized receivables of the Partnership within the meaning of the Internal Revenue Code Section 751 shall be zero. Seller is providing this notice in order to

ensure that the Partnership has the opportunity to fulfill the requirements set forth in the Internal Revenue Code Section 6050K.

Date: Dec 3, 1993

SELLER:

Anne L. Evans  
ANNE L. EVANS

TRANSMITTAL MEMO

March 1, 1994

TO:

Ms. Linda Fierro  
CITY OF SAN DIEGO  
Property Department  
1200 Third Avenue  
Suite 1700  
San Diego, CA 92101

FROM:

☒ BAHIA HOTEL  
☐ BAHIA STERNWHEELERS  
☐ CABRILLO SQUARE  
☐ CATAMARAN HOTEL  
☐ EVANS HOTELS  
☐ NEWPORT DUNES  
☐ NEWPORT DUNES MARINA  
☐ U.C.S.C.  
☐ WEBSTER  
☐ OTHER \_\_\_\_\_

RE: BAHIA HOTEL PARTNERSHIP  
TRANSFER DOCUMENTATION

VIA:

☒ Mail  
☐ Hand Delivery  
☐ Overnight Delivery  
☐ Fax

ENCLOSURE(S):

- (1) Amended and Restated Limited Partnership Agreement and Agreement to Form BH Partnership;
- (2) Certificate of Limited Partnership; and
- (3) Reaffirmation Agreement.

PLEASE:

☒ Review and File  
☐ Review and Comment  
☐ Read and Sign  
☐ Have Signature Notarized

☐ Acknowledge Receipt  
☐ Forward  
☐ Complete  
☐ Return to Me  
☐ Telephone Me

REMARKS:

The attached documents are being sent to you per our telephone conversation yesterday.

THANK YOU,

*R.H. Gleason*

Robert H. Gleason  
Chief Financial Officer

RECEIVED  
MAR 02 1994  
PROPERTY DEPT.

DEC-22-93 WED 13:36  
DEC-22-93 WED 14:19

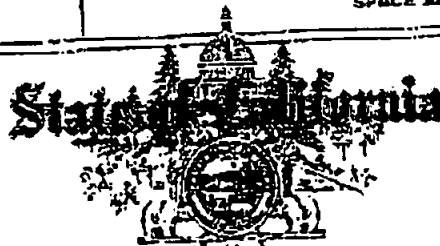
SELTEER CAPLAN

FAX NO. 618 365 3100

P. 02/04  
P. 02

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE



Office of  
**March Fong Eu**  
Secretary of State  
SACRAMENTO

I, **MARCH FONG EU**, Secretary of State of the State of California,  
hereby certify:

That the annexed transcript of 2 page(s) was prepared by  
and in this office from the record on file, of which it purports to be a  
copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute  
this certificate and affix the Great  
Seal of the State of California this

**DEC 22 1993**



*March Fong Eu*  
Secretary of State

RECYCLED Paper 100% (Rec. 100%)

53 2248



State of California  
MARCH FONG EU  
Secretary of State

Form LP-1

**CERTIFICATE OF LIMITED PARTNERSHIP**  
**IMPORTANT—Read instructions on back before completing this form**

This Certificate is presented for filing pursuant to Section 15621, California Corporations Code.

|                                                                                                                                                                                                                                                                                                                                                                                     |  |  |                                                          |                                              |  |          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|----------------------------------------------------------|----------------------------------------------|--|----------|
| 1. NAME OF LIMITED PARTNERSHIP<br><b>BH PARTNERSHIP, a California limited partnership</b>                                                                                                                                                                                                                                                                                           |  |  |                                                          | CITY AND STATE<br><b>San Diego, CA 92109</b> |  | ZIP CODE |
| 2. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE<br><b>998 West Mission Bay Drive</b>                                                                                                                                                                                                                                                                                                |  |  |                                                          | CITY<br><b>San Diego, CA 92109</b>           |  | ZIP CODE |
| 3. STREET ADDRESS OF CALIFORNIA OFFICE IF EXECUTIVE OFFICE IS IN ANOTHER STATE<br><b>CA</b>                                                                                                                                                                                                                                                                                         |  |  |                                                          | CITY                                         |  | ZIP CODE |
| 4. COMPLETE IF LIMITED PARTNERSHIP WAS FORMED PRIOR TO JULY 1, 1984 AND IS IN EXISTENCE ON DATE THIS CERTIFICATE IS EXECUTED.<br>THE ORIGINAL LIMITED PARTNERSHIP CERTIFICATE WAS RECORDED ON _____ IN _____ WITH THE<br>RECORDER OF _____ COUNTY. FILE OR RECORDATION NUMBER _____                                                                                                 |  |  |                                                          |                                              |  |          |
| 5. NAMES AND ADDRESSES OF ALL GENERAL PARTNERS (CONTINUE ON SECOND PAGE IF NECESSARY)<br><b>SEE ATTACHED LIST OF GENERAL PARTNERS</b>                                                                                                                                                                                                                                               |  |  |                                                          |                                              |  |          |
| A. NAME<br><b>SEE ATTACHED LIST OF GENERAL PARTNERS</b>                                                                                                                                                                                                                                                                                                                             |  |  | B. NAME<br><b>SEE ATTACHED LIST OF GENERAL PARTNERS</b>  |                                              |  |          |
| ADDRESS<br><b>SEE ATTACHED LIST OF GENERAL PARTNERS</b>                                                                                                                                                                                                                                                                                                                             |  |  | ADDRESS<br><b>SEE ATTACHED LIST OF GENERAL PARTNERS</b>  |                                              |  |          |
| CITY<br><b>SEE ATTACHED LIST OF GENERAL PARTNERS</b>                                                                                                                                                                                                                                                                                                                                |  |  | CITY<br><b>SEE ATTACHED LIST OF GENERAL PARTNERS</b>     |                                              |  |          |
| STATE<br><b>SEE ATTACHED LIST OF GENERAL PARTNERS</b>                                                                                                                                                                                                                                                                                                                               |  |  | STATE<br><b>SEE ATTACHED LIST OF GENERAL PARTNERS</b>    |                                              |  |          |
| ZIP CODE<br><b>SEE ATTACHED LIST OF GENERAL PARTNERS</b>                                                                                                                                                                                                                                                                                                                            |  |  | ZIP CODE<br><b>SEE ATTACHED LIST OF GENERAL PARTNERS</b> |                                              |  |          |
| 6. NAME AND ADDRESS OF AGENT FOR SERVICE OF PROCESS<br><b>NAME: Anne L. Evans</b><br><b>ADDRESS: 998 West Mission Bay Drive</b><br><b>CITY: San Diego, CA 92109</b><br><b>STATE: CA</b><br><b>ZIP CODE: 92109</b>                                                                                                                                                                   |  |  |                                                          |                                              |  |          |
| 7. ANY OTHER MATTERS TO BE INCLUDED IN THIS CERTIFICATE MAY BE NOTED ON SEPARATE PAGES AND BY REFERENCE HEREIN ARE A PART OF THIS CERTIFICATE.<br>NUMBER OF PAGES ATTACHED: <b>1</b>                                                                                                                                                                                                |  |  |                                                          |                                              |  |          |
| 8. INDICATE THE NUMBER OF GENERAL PARTNERS SIGNATURES REQUIRED FOR FILING CERTIFICATES OF AMENDMENT, DISSOLUTION, CONTINUATION AND CANCELLATION.<br>NUMBER OF GENERAL PARTNERS SIGNATURES (S/A/R/E) <b>1</b><br>PLEASE INDICATE NUMBER ONLY                                                                                                                                         |  |  |                                                          |                                              |  |          |
| 9. IT IS HEREBY DECLARED THAT I AM ONE AND THE PERSONS WHO SUBMITTED THIS CERTIFICATE OF LIMITED PARTNERSHIP WHEN EXECUTION IS MY OWN ACT AND DEED (SEE INSTRUCTIONS)<br><b>SEE ATTACHED SIGNATURES</b><br>SIGNATURE _____ DATE <b>12/21/93</b> POSITION OR TITLE _____<br>SIGNATURE _____ DATE _____ POSITION OR TITLE _____<br>SIGNATURE _____ DATE _____ POSITION OR TITLE _____ |  |  |                                                          |                                              |  |          |
| 10. RETURN ACKNOWLEDGEMENT TO:<br><b>NAME: Brian T. Saltzer, Esq.</b><br><b>ADDRESS: SELTZER CAPLAN WILKINS &amp; MCMAHON</b><br><b>CITY: 750 "B" Street, Ste. 2100</b><br><b>STATE: San Diego, CA 92101</b><br><b>ZIP CODE: 92101</b><br>MC STATE REV. 1/83                                                                                                                        |  |  |                                                          |                                              |  |          |

933550037  
**FILED**  
In the office of the Secretary of State  
of the State of California  
**DEC 21 1993**  
**MARCH FONG EU**  
**SECRETARY OF STATE**

GENERAL PARTNERS OF BH PARTNERSHIP

Anne Ledford Evans

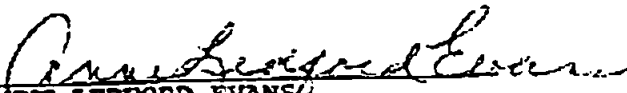
Anne Ledford Evans, as  
Trustee under Declaration of  
Trust, dated July 27, 1983  
(Trust No. 1983-1)-Trust C

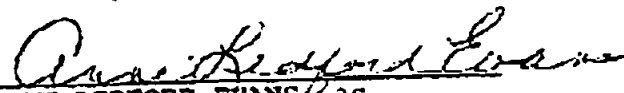
Grace Evans Cherashore

William L. Evans

Anne S. Quinn

SIGNATURES OF GENERAL PARTNERS

  
ANNE LEDFORD EVANS  
998 West Mission Bay Drive  
San Diego, CA 92109

  
ANNE LEDFORD EVANS, as  
Trustee under Declaration of  
Trust, dated July 27, 1983  
(Trust No. 1983-1)-Trust C  
Its: General Partner  
998 West Mission Bay Drive  
San Diego, CA 92109

  
GRACE EVANS CHERASHORE  
998 West Mission Bay Drive  
San Diego, CA 92109

  
WILLIAM L. EVANS  
998 West Mission Bay Drive  
San Diego, CA 92109

  
ANNE S. QUINN  
998 West Mission Bay Drive  
San Diego, CA 92109

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REAFFIRMATION AGREEMENT

This Reaffirmation Agreement (this "Agreement") is dated as of February 1, 1994 by and among Anne L. Evans, an individual, Anne Ledford Evans, as Trustee under Declaration of Trust, dated July 27, 1983 (Trust No. 1983-1) - Trust C ("Evans Trust"), Grace E. Cherashore, William L. Evans and Anne E. Quinn (collectively "General Partners"), WELLS FARGO BANK, NATIONAL ASSOCIATION ("Lender"), BRAEMAR PARTNERSHIP, a California Limited Partnership (formally organized as a general partnership and restated as, and converted to, a limited partnership pursuant to the terms of that certain Third Amended and Restated Limited Partnership Agreement and Agreement to Form Braemar Partnership, a California Limited Partnership, to conduct and continue its business as a limited partnership) ("Borrower") and BH Partnership, a California Limited Partnership (formerly known as Bahia Hotel Associates, a California general partnership and formally organized as a general partnership and restated as, and converted to, a limited partnership pursuant to the terms of that certain Amended and Restated Limited Partnership Agreement and Agreement to Form BH Partnership, a California Limited Partnership, to conduct and continue its business as a limited partnership) ("BH"):

RECITALS

A. Pursuant to the terms of a Building Loan Agreement between Braemar Development Co., Inc. ("Braemar") and Lender dated December 8, 1986, as amended and assumed pursuant to that certain Assumption Agreement dated December 26, 1986, that certain Modification Agreement dated February 13, 1987, that certain Modification Agreement dated April 3, 1987 (a short form of which was recorded August 17, 1987 as Instrument No. 87-462832 in the Official Records of San Diego County, California) ("April 1987 Modification"), that certain letter agreement dated June 8, 1988, that certain Assumption Agreement dated April 21, 1989, that certain Modification Agreement dated April 21, 1989, that certain Modification Agreement and Fixture Filing dated April 25, 1991 and recorded June 21, 1991 as Instrument No. 1991-0299657 in the Official Records of San Diego County, California ("April 1991 Modification"), that certain Modification Agreement dated June 18, 1992, that certain Modification Agreement dated December 28, 1992 and that certain Modification Agreement dated July 12, 1993 ("July 1993 Modification") (collectively, the "0611 Loan Agreement"), Lender made a loan to Borrower, when it was constituted as Braemar Partnership, a California general partnership ("Braemar General"), in the principal amount of TWENTY MILLION ONE HUNDRED THOUSAND AND NO/100THS DOLLARS (\$20,100,000.00) (the "0611 Loan").

B. The 0611 Loan is evidenced by a promissory note dated as of the date of the Loan Agreement, executed by Braemar, as borrower, in favor of Lender, in the principal amount of the Loan, as amended and assumed by instruments which amended the Building Loan Agreement dated December 8, 1988 (collectively, "0611 Note").

C. The 0611 Note is secured by, among other things, (i) a deed of trust ("Catamaran Phase I Deed of Trust") dated December 8, 1986, executed by

Braemar, as Trustor, to American Securities Company, as Trustee, for the benefit of Lender, as Beneficiary and recorded December 19, 1986, as Instrument No. 86-597564, in the Official Records of San Diego County, California ("Official Records") as amended by the April 1987 Modification, the April 1991 Modification and that certain Modification Agreement (Short Form) recorded July 20, 1993 as Instrument No. 1993-0462651 in the Official Records, covering certain property more particularly described therein ("Catamaran Phase I Property"), (ii) a deed of trust dated as of April 25, 1991 ("Catamaran Phase II Leasehold Deed of Trust") executed by Borrower, as Braemar General, as Trustor to American Securities Company, as Trustee, for the benefit of Lender and recorded on June 21, 1991 as Instrument No. 91-0299658 in the Official Records, as amended by that certain Modification Agreement (Short Form) recorded July 20, 1993 as Instrument No. 1993-0462653 in the Official Records covering certain property more particularly described therein ("Catamaran Phase II Leasehold Property") and (iii) a deed of trust ("Catamaran Phase II Fee Deed of Trust") dated April 25, 1991 executed by Anne L. Evans, a widow, and Anne Ledford Evans, as Trustee under Declaration of Trust dated July 27, 1983 (Trust No. 1983-1) - Trust C and Anne L. Evans, as Co-Trustee and Grace E. Cherashore, as Co-Trustee under the Anne Ledford Evans Trust, under the Will of Roy Merl Ledford, dated May 25, 1970, as established by that certain order dated June 27, 1980, and filed with the clerk of the Superior Court of the State of California for the County of San Diego (Case No. 106405), as amended by that certain Order dated December 29, 1988 and filed with the clerk of the Superior Court of the State of California for the County of San Diego (Case No. 106405) and Anne L. Evans, as Co-Trustee, and Grace E. Cherashore, as Co-Trustee under the Anne Ledford Evans Trust, under the Trust created by the Will of Herma Lucille Ledford, dated February 27, 1970, as established by that certain Order dated April 12, 1974, and filed with the clerk of the Superior Court of the State of California for the County of San Diego (Case No. 94632), as amended by that certain Order dated December 29, 1988 and filed with the clerk of the Superior Court of the State of California for the County of San Diego (Case No. 94632) (collectively, the "Catamaran Phase II Fee Owners"), as Trustor to American Securities Company, as Trustee for the benefit of Lender and recorded June 21, 1991 as Instrument No. 91-0299659 in the Official Records, as amended by that certain Modification Agreement (Short Form) recorded July 20, 1993 as Instrument No. 1993-0462652 in the Official Records, covering property more particularly described therein ("Catamaran Phase II Fee Property") and (iv) a deed of trust dated November 10, 1993 ("Beach/Pier Deed of Trust") executed by Borrower, as Braemar General, as Trustor, to American Securities Company, as Trustee, for the benefit of Lender as beneficiary and recorded December 15, 1993 as Instrument No. 1993-0847496 in the Official Records covering certain property more particularly described therein ("Beach/Pier"). The 0611 Loan is further governed, evidenced and secured by the documents described in the 0611 Loan Agreement as "Loan Documents and by the documents described in the July 1993 Modification as "Modification Documents."

D. In connection with the 0611 Loan, Evans has executed that certain Repayment Guaranty dated as of April 21, 1989 in favor of Lender, that certain Completion Guaranty and Subordination Agreement dated as of December 8, 1986 between Lender and Evans and that certain Interest and Carry Guaranty and Subordination Agreement dated as of December 8, 1986 between Evans and Lender (collectively, "Evans 0611 Guaranties").

E. In connection with the 0611 Loan, Evans Trust executed that certain Repayment Guaranty dated as of April 21, 1989 in favor of Lender, and that certain Interest and Carry Guaranty and Subordination Agreement dated as of April 8, 1986 between the Evans Trust and Lender (collectively, "Evans Trust 0611 Guaranties").

F. In connection with the 0611 Loan, BH, when it was constituted as Bahia Hotel Associates, a California general partnership ("Bahia General") and Webster Hotel Building, a California general partnership ("Webster") executed that certain Nonrecourse Guaranty dated July 12, 1993 ("Bahia Guaranty"), which was secured by deed of trust ("Bahia Deed of Trust") recorded July 20, 1993 as Instrument No. 1993-0462649 in the Official Records and rerecorded September 10, 1993 as Instrument No. 1993-0598333 in the Official Records, covering property more particularly described therein ("Bahia Property").

G. In connection with the 0611 Loan, Evans, Webster and Evans Trust executed that certain Nonrecourse Guaranty dated July 12, 1993 ("Shopping Center Guaranty"), which was secured by a deed of trust ("Shopping Center Deed of Trust") recorded July 20, 1993 as Instrument No. 1993-0462650 in the Official Records, covering property more particularly described therein ("Shopping Center Property").

H. Catamaran Phase I Deed of Trust, Catamaran Phase II Leasehold Deed of Trust, the Catamaran Phase II Fee Deed of Trust, the Bahia Deed of Trust, the Shopping Center Deed of Trust and the Beach/Pier Deed of Trust shall sometimes be collectively referred to as the "Original Deeds of Trust" and the Catamaran Phase I Property, the Catamaran Phase II Leasehold Property, the Catamaran Phase II Fee Property and the Beach/Pier shall sometimes be collectively referred to as the "Catamaran Property." The Catamaran Property, the Bahia Property and the Shopping Center Property shall sometimes be collectively referred to as "Property." The 0611 Note, the Original Deeds of Trust, the 0611 Loan Agreement, the Evans 0611 Guaranties, the Evans Trust 0611 Guaranties, the Bahia Guaranty, the Bahia Deed of Trust, the Shopping Center Guaranty, the Shopping Center Deed of Trust, the other documents included in the term Loan Documents under the 0611 Loan Agreement, the documents included in the term Modification Documents under the July 1993 Modification, the Restatement Documents, as hereinafter defined, and all modifications and amendments to any of the foregoing, are collectively referred to herein as "0611 Loan Documents."

I. Pursuant to the terms of a Loan Agreement between Borrower, as Braemar General and Lender dated as of April 25, 1991, as amended by that certain Modification Agreement dated June 18, 1992 (collectively, "27190 Loan Agreement") as amended by the July 1993 Modification, Lender made a loan to Borrower, as Braemar General in the principal amount of up to Four Million and No/100ths Dollars (\$4,000,000) (the "27190 Loan"). The Loan is evidenced by a promissory note dated as of the date of the 27190 Loan Agreement executed by Borrower, as Braemar General in favor of Lender in the principal amount of the 27190 Loan, as amended by that certain Modification Agreement dated June 18, 1992 and the July 1993 Modification (collectively, "27190 Note"). The 27190 Note is secured by, among other things, the Original Deeds of Trust. The 27190 Loan is further evidenced, governed and secured by the documents described in the 27190 Loan Agreement as "Loan Documents" and by the documents described in the July 1993 Modification as "Modification Documents".

J. In connection with the 27190 Loan, Evans Trust (also referred to as Anne Ledford Evans, as Trustee under Declaration of Trust, dated July 27, 1983 (Trust No. 1983) Trust C) and Evans executed that certain Repayment Guaranty dated as of April 25, 1991 in favor of Lender ("27190 Guaranty").

K. In connection with the 27190 Loan, BH, as Bahia General, and Webster executed the Bahia Guaranty, as secured by the Bahia Deed of Trust and Evans, Evans Trust and Webster executed the Shopping Center Guaranty, as secured by the Shopping Center Deed of Trust. Evans, the Catamaran Phase II Fee Owners, the Evans Trust, Webster and BH shall sometimes be collectively referred to as the "Guarantors". The Evans 0611 Guaranties, the Evans Trust 0611 Guaranties, the 27190 Guaranty, the Bahia Guaranty and the Shopping Center Guaranty shall sometimes be collectively referred to as the "Guaranties".

L. The 27190 Note, the Original Deeds of Trust, the 27190 Loan Agreement, the 27190 Guaranty, the Bahia Guaranty, the Shopping Center Guaranty, the other documents included in the term Loan Documents under the 27190 Loan Agreement, the documents included in the term Modification Documents under the July 1993 Modification, the Restatement Documents, as hereinafter defined, and all modifications and amendments to any of the foregoing, are collectively referred to herein as "27190 Loan Documents". The 0611 Loan Documents and the 27190 Loan Documents shall sometimes be collectively referred to as the "Loan Documents". The 0611 Loan and the 27190 Loan shall sometimes be collectively referred to as the "Loans."

M. Braemar General, a California general partnership, shall be restated as, and converted to, a California limited partnership to conduct and continue its business as a limited partnership ("Braemar Partnership Restatements"). Bahia General, a California general partnership shall change its name to BH Partnership, a California Limited Partnership and shall be restated as, and converted to, a California limited partnership to conduct and continue its business as a limited partnership ("Bahia Partnership Restatement"). The Braemar Partnership Restatement and the Bahia Partnership Restatement shall sometimes be collectively referred to as the "Partnership Restatements."

N. In connection with the Braemar Partnership Restatement, Evans and Evans Trust, as the two general partners of Braemar General, shall transfer a portion of their respective interests to Grace Evans Cherashore, as a general partner, William L. Evans, as a general partner, Anne Evans Quinn, as a general partner, Margaret Evans, as a limited partner and Anne L. Evans, as a limited partner (the interest acquired by Anne L. Evans, as limited partner, will be in addition to the general partnership interests in Borrower retained by Evans and Evans Trust) (collectively, "Braemar Partnership Interest Transfers").

O. In connection with the Bahia Partnership Restatement, Evans and Evans Trust, as the two general partners of Bahia General, shall transfer a portion of their respective interests to Grace Evans Cherashore, as a general partner, William L. Evans, as a general partner, Anne Evans Quinn, as a general partner, Margaret Evans, as a limited partner and Anne L. Evans, as a limited partner (the interest acquired by Anne L. Evans, as limited partner, will be in addition to the general partnership interests in BH retained by Evans and Evans Trust) (collectively, "BH Partnership Interest Transfers"). Braemar Partnership

Interest Transfers and BH Partnership Interest Transfers shall sometimes be collectively referred to as "Partnership Interest Transfers."

P. Borrower, BH and the General Partners desire to obtain from Lender a waiver of the right Lender holds to accelerate the maturity date of the Loans because of the Partnership Restatement and Partnership Interest Transfers.

Q. Lender is willing to waive its right of acceleration of the maturity date of the Loans upon the terms and conditions of this Agreement.

**NOW, THEREFORE, FOR VALUABLE CONSIDERATION**, including, without limitation, the mutual covenants and promises contained herein, the parties agree as follows:

1. **Incorporation.** The foregoing recitals are incorporated by this reference.

2. **Conditions Precedent.** Each of the following is a condition precedent to Lender's obligations under this Agreement which conditions must be satisfied on or before February 28, 1994:

- a. Receipt and approval by Lender of an endorsement to Title Policy Nos. 957467.4, 957464.4, and 957466.4 each dated July 20, 1993 and Title Policy No. 957465.4 dated December 15, 1993, all issued by Commonwealth Land Title Company ("Title Company"), without any exception to fee title other than those expressly approved by Lender in writing, insuring Lender that the priority and validity of the Deed of Trust has not been and will not be impaired by this Agreement or the transactions contemplated hereby;
- b. Receipt and approval by Lender of: (i) the executed original of this Agreement; (ii) a short form of this Agreement proper for recording; and (iii) any other documents and agreements which are required pursuant to this Agreement or which Lender has requested pursuant to this Agreement;
- c. Recordation in the Official Records of the short form of this Agreement, together with such other documents and agreements, if any, required by this Agreement to be recorded;
- d. Delivery to Lender of a UCC-2 Financing Statement executed by Borrower, amending the UCC-1 Financing Statements executed by Borrower, as Braemar General to show debtor as Braemar Partnership, a California Limited Partnership and a UCC-2 Financing Statement executed by BH, amending the UCC-1 Financing Statement executed by BH, as Bahia General, to show debtor as BH Partnership, a California Limited Partnership, each in proper form for filing with the California Secretary of State;
- e. Borrower's reimbursement to Lender of Lender's costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby, including, without limitation, title insurance costs, recording fees, attorneys' fees, appraisal, engineers' and inspection fees and documentation costs and charges, whether such

services are furnished by Lender's employees or agents or independent contractors;

- f. The representations and warranties contained in this Agreement are true and correct as of the date on which the other conditions precedent defined above are satisfied;
- g. Receipt and approval by Lender of consents regarding this Agreement, the restatement and amendment of Braemar General and Bahia General as California limited partnerships and the transfer of partnership interests among the General Partners, from the Guarantors and all landlords under the leases encumbered by the Original Deeds of Trust, the Bahia Deed of Trust and the Shopping Center Deed of Trust.
- h. Receipt and approval by Lender of Borrower's executed partnership agreement and certificate of limited partnership (filed with the California Secretary of State) and BH's executed partnership agreement and filed certificate of limited partnership (filed with the California Secretary of State) and any other documentation concerning the Partnership Restatements and Partnership Interest Transfers reasonably requested by Lender.

The agreements, documents and instruments described in this Section 2 shall be sometimes collectively referred to as the "Restatement Documents."

3. Effective Date. The effective date of this Agreement shall be the date all of the conditions precedent defined above have been met to Lender's satisfaction.

4. Reaffirmation and Assumption.

- a. Borrower and Evans and Evans Trust, in their capacity as general partners of Borrower hereby reaffirm (and to any extent necessary due to the Braemar Partnership Restatement hereby assume) and agree to pay when due all sums now due and owing or which hereafter become due and owing under the Loan Documents and shall hereafter faithfully perform all of Braemar General's obligations under and be bound by all of the provisions of the Loan Documents. Borrower shall be bound by all the provisions of the Loan Documents as if Borrower were an original signatory thereto and the execution of this Agreement by Borrower shall be deemed its execution of the Loan Documents. Grace Evans Cherashore, William L. Evans and Anne Evans Quinn (collectively, "New General Partners"), in their capacity as general partners of Borrower, hereby assume and agree to pay when due all sums now due and owing or which hereafter become due and owing under the Loan Documents and shall hereafter faithfully perform all of Braemar General's obligations under and be bound by all the provisions of the Loan Documents as if the New General Partners were original signatories thereto and the execution of this Agreement by the New General Partners shall be deemed their execution of the Loan Documents.

- b. BH, and Evans and Evans Trust, in their capacity as General Partners of BH, hereby reaffirm (and to any extent necessary due to the Bahia Partnership Restatement hereby assume) and agree to pay when due all sums now due and owing or which hereafter become due and owing under the Bahia Guaranty, Bahia Deed of Trust, that certain Hazardous Materials Indemnity dated July 12, 1993 executed by BH ("Bahia Indemnity") and shall hereafter faithfully perform all of Bahia General's obligations under and be bound by all the provisions of the Bahia Guaranty, the Bahia Deed of Trust and the Bahia Indemnity. BH shall be bound by all the provisions of the Bahia Guaranty, the Bahia Deed of Trust and the Bahia Indemnity as if BH were an original signatory thereto and the execution of this Agreement by BH shall be deemed its execution of the Bahia Guaranty, the Bahia Deed of Trust and the Bahia Indemnity. New General Partners, in their capacity as general partners of BHA, hereby assume and agree to pay when due all sums now due and owing or which hereafter may become due and owing under the Bahia Guaranty, the Bahia Deed of Trust and the Bahia Indemnity and shall hereafter faithfully perform all of Bahia General's obligations under and be bound by all the provisions of the Bahia Guaranty, the Bahia Deed of Trust and the Bahia Indemnity as if the New General Partners were original signatories thereto and the execution of this Agreement by the New General Partners shall be deemed their execution of the Bahia Guaranty, the Bahia Deed of Trust and the Bahia Indemnity.
- c. The Restatement Documents shall be deemed included in the term "Loan Documents" as used in the Loan Documents.

5. No Release of Borrower. Borrower, BH and the General Partners acknowledge that Braemar General is not released from any liabilities or obligations to Lender under the Loan Documents and that Borrower's and Braemar General's liabilities and obligations under the Loan Documents shall be joint and several. BH, Borrower and the General Partners acknowledge that Bahia General is not released from any liabilities or obligations to Lender under the Bahia Guaranty, the Bahia Deed of Trust and the Bahia Indemnity and that BH's and Bahia General's liabilities and obligations under the Bahia Guaranty, Bahia Deed of Trust and the Bahia Indemnity shall be joint and several. Except as otherwise provided in a writing signed by Lender, Borrower, BH and the General Partners acknowledge that: (i) Lender has not waived any right of Lender or obligation of Borrower, BH or the General Partners under the Loan Documents; (ii) Lender has not agreed to any modification or extension of any provision of any Loan Document; (iii) Borrower's, BH's and the General Partners' obligations under the Loan Documents shall not be discharged or reduced by any extension, amendment, renewal or modification of any Loan Document which may hereafter be agreed upon between Borrower and Lender, including, without limitation, modifications, extensions or renewals of repayment dates, release of security, changes in interest rate or advances of additional funds by Lender pursuant to the terms of the Loan Documents.

6. No Consents Necessary. Except for the consents described in Section 1 above, Borrower, BH and the General Partners each hereby represent and warrant to Lender, each to the best of its respective knowledge, that: (i) no Default, breach or failure of condition has occurred, or would exist with notice or the lapse of time or both, under any of the Loan Documents (as modified by

this Agreement), and that all representations and warranties herein and in the other Loan Documents are true and correct as of the date hereof; and (ii) no consent to this Agreement, the Partnership Restatements or the Partnership Interest Transfers, is required under any agreement to which Borrower, BH or any of the General Partners is a party, including, without limitation, under any lease, construction agreement, operating agreement, deed of trust, mortgage or security instrument (other than the Loan Documents).

7. Waiver of Acceleration.

- a. Lender hereby agrees that it shall not exercise its right to cause all sums secured by the Deed of Trust to become immediately due and payable because of the Partnership Restatements or the Partnership Interest Transfers; provided, however, Lender reserves its right under the terms of the Original Deeds of Trust, the Bahia Deed of Trust and the Shopping Center Deed of Trust to accelerate all principal and interest in the event of any subsequent sale, transfer, encumbrance or other conveyance of any portion of the Property.
- b. Borrower, BH and the General Partners agree and acknowledge that (A) other than the specific Partnership Restatements and Partnership Interest Transfers which shall occur contemporaneously with the execution of this Agreement and certain transfers permitted pursuant to the Original Deeds of Trust, the Shopping Center Deed of Trust and the Bahia Deed of Trust, Lender has not approved of, or consented to, any transfers in the Property, the Borrower, BH, the Shopping Center Owners or the Catamaran Fee Owners or otherwise, including without limitation, transfers described or permitted under (i) that certain Third Amended and Restated Limited Partnership Agreement and Agreement to Form Braemar Partnership, a California Limited Partnership, (ii) that certain Amended and Restated Limited Partnership Agreement and Agreement to Form BH Partnership, a California Limited Partnership, (iii) any agreements of purchase and sale of partnership interests of Borrower or BH, (iv) any option agreements for purchase and sale of partnership interests in Borrower or BH or (iv) that certain Cotenancy Agreement dated as of January 1, 1993 between Bahia Hotel Associates and Webster Hotel Building, a California general partnership, (B) the terms of any such agreements do not affect, modify or limit the provisions of the Loan Documents and (C) Lender has not approved of, or consented to, any financing transaction described in any such agreements.

8. Knowledge of Loan Documents. Borrower, BH and the General Partners warrant that they have personal knowledge of all terms and conditions of the Loan Documents, and further agrees that Lender has no obligation or duty to provide any information to them regarding the terms and conditions of the Loan Documents. Borrower, BH and the General Partners further understand and acknowledge that, except as expressly provided in a writing executed by Lender, Lender has not waived any right of Lender or obligation under the Loan Documents and Lender has not agreed to any modification of any provision of any Loan Document or to any extension of the Loan.

9. Control of Borrower and BH. Borrower and the General Partners warrant and represent to Lender that, upon the Braemar Partnership Restatement and the Braemar Partnership Interest Transfers, Anne L. Evans, Grace E. Cherashore and William L. Evans shall collectively hold and maintain control of Borrower and the Catamaran Property, due to their collective partnership interests in Borrower. BH and the General Partners warrant and represent to Lender that, upon the Bahia Partnership Restatement and the Bahia Partnership Interest Transfers, Anne L. Evans, Grace E. Cherashore, William L. Evans shall collectively hold and maintain control of BH and the Bahia Property due to their collective partnership interests in BH.

10. Multiple Parties. The liability of Borrower, Braemar General, BH, Bahia General, the Shopping Center Owners and the General Partners shall be joint and several, subject to the terms of Section 3.11 of the Bahia Guaranty and Section 3.11 of the Shopping Center Guaranty.

11. Confirmation of Security Interest. Nothing contained herein shall affect or be construed to affect any lien, charge or encumbrance created by any Loan Document or the priority of any such lien, charge or encumbrance over any other liens, charges or encumbrances. All restatements, amendments, assignments and transfers described herein are subject to any security interest(s) held by Lender.

12. Confirmation of Guaranty. Nothing contained herein is intended to terminate or revoke any guaranties of liabilities and obligations of Braemar General or Borrower to Lender and all such guaranties shall continue in full force and effect.

13. Integration; Interpretation. The Loan Documents, including this Agreement, contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated herein and supersede all prior negotiations and shall not be modified except by written instrument executed by all parties.

14. Successors and Assigns. Subject to all prohibitions against transfer contained in any Loan Documents, this Agreement is binding upon and shall inure to the benefit of the heirs, successors and assigns of the parties.

15. Attorneys' Fees; Enforcement. If any attorney is engaged by Lender to enforce or defend any provision of this Agreement, or as a consequence of any default under this Agreement, with or without the filing of any legal action or proceeding, Borrower shall pay to Lender, immediately upon demand, all attorneys' fees and all costs incurred by Lender in connection therewith, together with interest thereon from the date of such demand until paid at the highest rate of interest applicable to any portion of the principal balance of the Loans as specified in the Loan Documents.

16. Miscellaneous. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California, except to the extent preempted by Federal law. Any term of this Agreement which is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable shall be deemed severed herefrom and the remaining parts shall remain in full force as though the invalid, illegal or unenforceable portion had not been a part hereof. The headings used in this Agreement are for convenience only and shall be

disregarded in interpreting the substantive provisions of this Agreement. Time is of the essence.

IN WITNESS THEREOF, Borrower, BH, General Partners and Lender hereby execute this Agreement as of the date first set forth above.

"Lender"

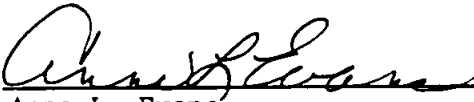
WELLS FARGO BANK,  
NATIONAL ASSOCIATION

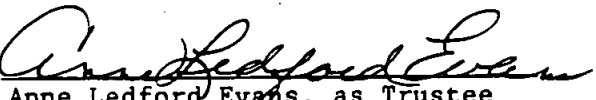
By: \_\_\_\_\_

Its: \_\_\_\_\_

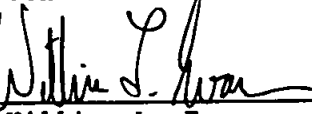
"Borrower"

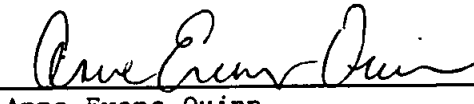
BRAEMAR PARTNERSHIP,  
a California Limited Partnership

By:   
Anne L. Evans,  
General Partner

By:   
Anne Ledford Evans, as Trustee  
under Declaration of Trust dated  
July 27, 1983 (Trust No. 1983-1)  
Trust C, General Partner

By:   
Grace Evans Cherashore  
General Partner

By:   
William L. Evans  
General Partner

By:   
Anne Evans Quinn  
General Partner

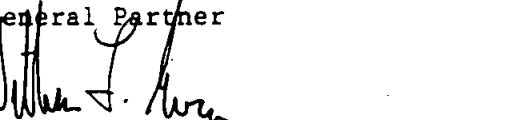
"BH"

BH PARTNERSHIP,  
a California Limited Partnership

By:   
Anne L. Evans,  
General Partner

By:   
Anne Ledford Evans, as Trustee  
under Declaration of Trust dated  
July 27, 1983 (Trust No. 1983-1)  
Trust C, General Partner

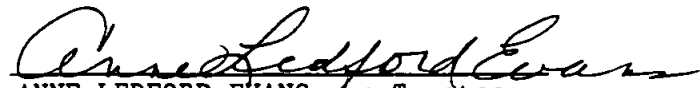
By:   
Grace Evans Cherashore  
General Partner

By:   
William L. Evans  
General Partner

By:   
Anne Evans Quinn  
General Partner

"General Partners"

By:   
ANNE L. EVANS

By:   
ANNE LEDFORD EVANS, as Trustee  
under Declaration of Trust dated  
July 27, 1983 (Trust No. 1983-1)  
Trust C

By:   
GRACE EVANS CHERASHORE

By:   
WILLIAM L. EVANS

By:   
ANNE EVANS QUINN

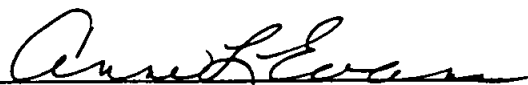
GUARANTOR'S CONSENT

The undersigned ("Guarantor") consents to the foregoing Agreement and the transactions contemplated thereby and reaffirms its obligations under the Evans 0611 Guaranties (collectively, the "Guaranties") and reaffirms its waiver of each and every one of the defenses to such obligations as set forth in the Guaranties. Guarantor further reaffirms that its obligations under the Guaranties are separate and distinct from Braemar General's and Borrower's obligations under this Agreement and the other Loan Documents.

Terms not otherwise defined in this Consent shall have the same meaning given to such terms in the foregoing Agreement.

Dated: February 1, 1994

"Guarantor"

  
ANNE L. EVANS

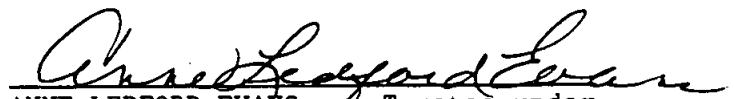
GUARANTOR'S CONSENT

The undersigned ("Guarantor") consents to the foregoing Agreement and the transactions contemplated thereby and reaffirms its obligations under the Evans Trust 0611 Guaranties (collectively, the "Guaranties"), and reaffirms its waiver of each and every one of the defenses to such obligations as set forth in the Guaranties. Guarantor further reaffirms that its obligations under the Guaranties are separate and distinct from Braemar General's and Borrower's obligations under this Agreement and the other Loan Documents.

Terms not otherwise defined in this Consent shall have the same meaning given to such terms in the foregoing Agreement.

Dated: February 1, 1994

"Guarantor"

  
ANNE LEDFORD EVANS, as Trustee under  
Declaration of Trust dated July 27,  
1983 (Trust No. 1983-1) Trust C

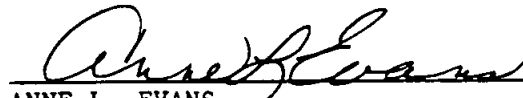
GUARANTOR'S CONSENT

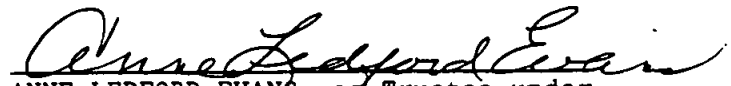
Each of the undersigned (collectively, "Guarantor") consents to the foregoing Agreement and the transactions contemplated thereby and reaffirms its obligations under the Shopping Center Guaranty (the "Guaranty"), and reaffirms its waiver of each and every one of the defenses to such obligations as set forth in the Guaranty. Guarantor further reaffirms that its obligations under the Guaranty are separate and distinct from Borrower's and Braemar General's obligations under this Agreement and the other Loan Documents.

Terms not otherwise defined in this Consent shall have the same meaning given to such terms in the foregoing Agreement.

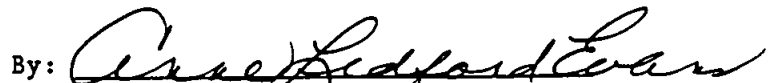
Dated: February 1, 1994

"Guarantor"

  
ANNE L. EVANS

  
ANNE LEDFORD EVANS, as Trustee under  
Declaration of Trust dated July 27,  
1983 (Trust No. 1983-1) Trust C

WEBSTER HOTEL BUILDING,  
a California general partnership

By:   
Anne Ledford Evans, as successor  
trustee of the William D. Evans  
share of the trust created by  
Decree of Distribution in the  
Estate of William Henry Evans  
General Partner

By:   
Anne Ledford Evans, as successor  
trustee of the William D. Evans  
share of the trust created by  
Decree of Distribution in the  
Estate of Geraldine M. Evans  
General Partner

GUARANTOR'S CONSENT

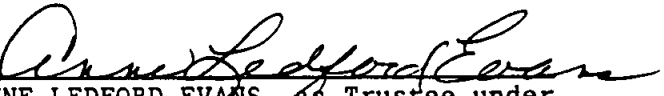
Each of the undersigned (collectively, "Guarantor") consents to the foregoing Agreement and the transactions contemplated thereby and reaffirms its obligations under the 27190 Guaranty (the "Guaranty"), and reaffirms its waiver of each and every one of the defenses to such obligations as set forth in the Guaranty. Guarantor further reaffirms that its obligations under the Guaranty are separate and distinct from Borrower's and Braemar General's obligations under this Agreement and the other Loan Documents.

Terms not otherwise defined in this Consent shall have the same meaning given to such terms in the foregoing Agreement.

Dated: February 1, 1994

"Guarantor"

  
ANNE L. EVANS

  
ANNE LEDFORD EVANS, as Trustee under  
Declaration of Trust dated July 27,  
1983 (Trust No. 1983-1) Trust C

GUARANTOR'S CONSENT

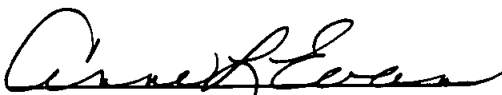
Each of the undersigned (collectively, "Guarantor") consents to the foregoing Agreement and the transactions contemplated thereby and reaffirms its obligations under the Bahia Guaranty (the "Guaranty"), and reaffirms its waiver of each and every one of the defenses to such obligations as set forth in the Guaranty. Guarantor further reaffirms that its obligations under the Guaranty are separate and distinct from Borrower's and Braemar General's obligations under this Agreement and the other Loan Documents.

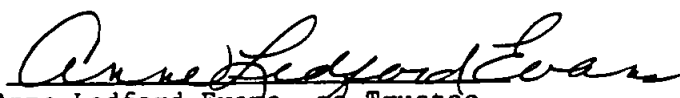
Terms not otherwise defined in this Consent shall have the same meaning given to such terms in the foregoing Agreement.

Dated: February 1, 1994

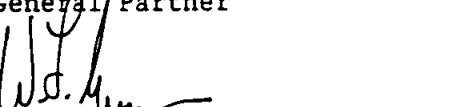
"Guarantor"

BH PARTNERSHIP,  
a California Limited Partnership

By:   
Anne L. Evans,  
General Partner

By:   
Anne Ledford Evans, as Trustee  
under Declaration of Trust dated  
July 27, 1983 (Trust No. 1983-1)  
Trust C,  
General Partner

By:   
Grace Evans Cherashore  
General Partner

By:   
William L. Evans  
General Partner

By:   
Anne Evans Quinn  
General Partner

(Signatures continued)

WEBSTER HOTEL BUILDING,  
a California general partnership

By: Anne Ledford Evans  
Anne Ledford Evans, as successor  
trustee of the William D. Evans  
share of the trust created by  
Decree of Distribution in the  
Estate of William Henry Evans,  
General Partner

By: Anne Ledford Evans  
Anne Ledford Evans, as successor  
trustee of the William D. Evans  
share of the trust created by  
Decree of Distribution in the  
Estate of Geraldine M. Evans,  
General Partner

HAZARDOUS INDEMNITOR'S CONSENT

The undersigned ("Indemnitor") consents to the foregoing Agreement and the transactions contemplated thereby and reaffirms its obligations under the Hazardous Materials Indemnity Agreement (Unsecured) ("Indemnity") dated July 12, 1993, and its waivers, as set forth in the Indemnity, of each and every one of the possible defenses to such obligations. Indemnitor further reaffirms that its obligations under the Indemnity are separate and distinct from Braemar General's and Borrower's obligations, and are separately enforceable as provided by California Code of Civil Procedure Sections 726.5 and 736.

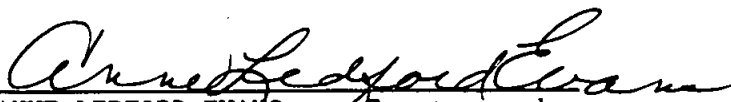
Terms not otherwise defined in this Consent shall have the same meaning given to such terms in the foregoing Agreement.

AGREED:

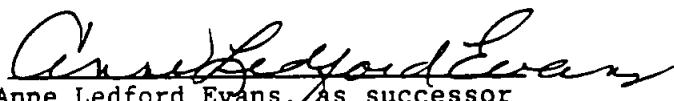
Dated: February 1, 1994

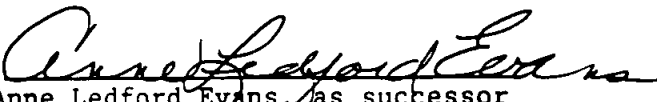
"Indemnitor"

  
ANNE L. EVANS

  
ANNE LEDFORD EVANS, as Trustee under  
Declaration of Trust dated July 27,  
1983 (Trust No. 1983-1) Trust C

WEBSTER HOTEL BUILDING,  
a California general partnership

By:   
Anne Ledford Evans, as successor  
trustee of the William D. Evans  
share of the trust created by  
Decree of Distribution in the  
Estate of William Henry Evans,  
General Partner

By:   
Anne Ledford Evans, as successor  
trustee of the William D. Evans  
share of the trust created by  
Decree of Distribution in the  
Estate of Geraldine M. Evans,  
General Partner

HAZARDOUS INDEMNITOR'S CONSENT

The undersigned ("Indemnitor") consents to the foregoing Agreement and the transactions contemplated thereby and reaffirms its obligations under the Hazardous Materials Indemnity Agreement (Unsecured) ("Indemnity") dated July 12, 1993, and its waivers, as set forth in the Indemnity, of each and every one of the possible defenses to such obligations. Indemnitor further reaffirms that its obligations under the Indemnity are separate and distinct from Braemar General's and Borrower's obligations, and are separately enforceable as provided by California Code of Civil Procedure Sections 726.5 and 736.

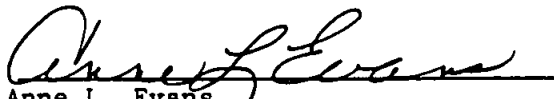
Terms not otherwise defined in this Consent shall have the same meaning given to such terms in the foregoing Agreement.

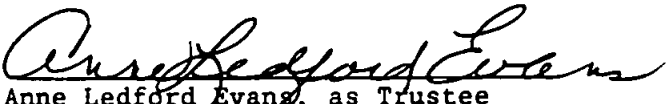
AGREED:

Dated: February 1, 1994

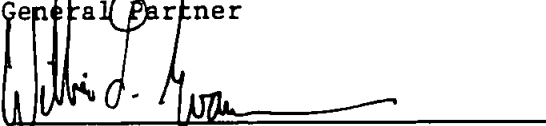
"Indemnitor"

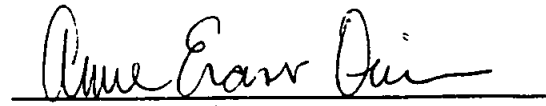
BH PARTNERSHIP,  
a California Limited Partnership

By:   
Anne L. Evans  
General Partner

By:   
Anne Ledford Evans, as Trustee  
under Declaration of Trust dated  
July 27, 1983 (Trust No. 1983-1)  
Trust C  
General Partner

By:   
Grace Evans Cherashore  
General Partner

By:   
William L. Evans  
General Partner

By:   
Anne Evans Quinn  
General Partner

WEBSTER HOTEL BUILDING,  
a California general partnership

By: Anne Ledford Evans  
Anne Ledford Evans, as successor  
trustee of the William D. Evans  
share of the trust created by  
Decree of Distribution in the  
Estate of William Henry Evans  
General Partner

By: Anne Ledford Evans  
Anne Ledford Evans, as successor  
trustee of the William D. Evans  
share of the trust created by  
Decree of Distribution in the  
Estate of Geraldine M. Evans  
General Partner

NONBORROWER TRUSTOR'S CONSENT

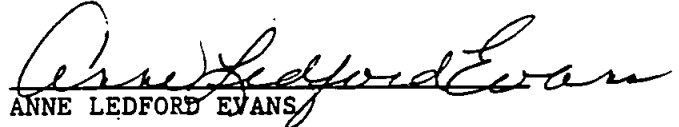
The undersigned ("Nonborrower Trustor") consents to the foregoing Agreement and the transactions contemplated thereby and reaffirms its obligations under the Catamaran Phase II Fee Deed of Trust ("Deed of Trust"). The undersigned further reaffirms its waivers, as set forth in the Deed of Trust, of each and every one of the possible defenses to such obligations.

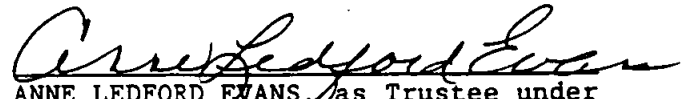
Terms not otherwise defined in this Consent shall have the same meaning given to such terms in the foregoing Agreement.

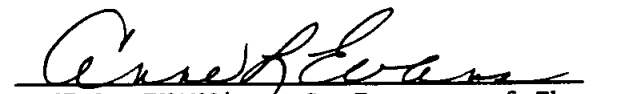
AGREED:

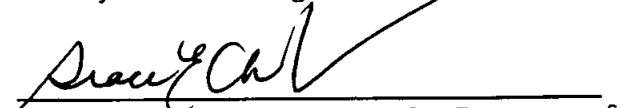
Dated: February 1, 1994

"Indemnitor"

  
ANNE LEDFORD EVANS

  
ANNE LEDFORD EVANS, as Trustee under  
Declaration of Trust, dated July 27,  
1983 (Trust No. 1983-1) - Trust C

  
ANNE L. EVANS, as Co-Trustee of The  
Anne Ledford Evans Trust, under The  
Trust created by the Will of Herma  
Lucille Ledford, dated February 27,  
1970, as established by that certain  
Order dated April 12, 1974, and filed  
with the Clerk of the Superior Court  
of the State of California for the  
County of San Diego (Case No. 94632),  
as amended by that certain Order  
dated December 29, 1988 and filed  
with the Clerk of the Superior Court  
of the State of California for the  
County of San Diego (Case No. 94632)

  
GRACE E. CHERASHORE, as Co-Trustee of  
The Anne Ledford Evans Trust, under  
the Trust created by the Will of  
Herma Lucille Ledford, dated  
February 27, 1970, as established by  
that certain Order dated April 12,  
1974, and filed with the Clerk of the  
Superior Court of the State of  
California for the County of  
San Diego (Case No. 94632), as  
amended by that certain Order dated  
December 29, 1988 and filed with the  
Clerk of the Superior Court of the  
State of California for the County of  
San Diego (Case No. 94632)

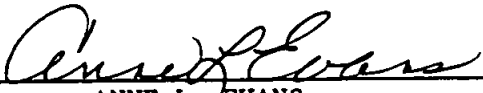
AGREEMENT AND ACKNOWLEDGMENT

Each of the undersigned (collectively "Shopping Center Owners") consent to the foregoing Agreement and the transactions contemplated thereby and acknowledge, notwithstanding any statement to the contrary in that certain letter dated November 5, 1993 from Robert Gleason to the Lender or any agreement which may exist among the Shopping Center Owners or otherwise, all obligations of the Shopping Center Owners to Lender, including without limitation under the Shopping Center Guaranty, the Shopping Center Deed of Trust, that certain Hazardous Materials Indemnity (Unsecured) dated July 12, 1993 and any other obligations secured by the Shopping Center Property, are the joint and several obligations of the Shopping Center Owners.

Terms not otherwise defined in this Agreement and Acknowledgment shall have the same meaning given to such terms in the foregoing Agreement.

AGREED:

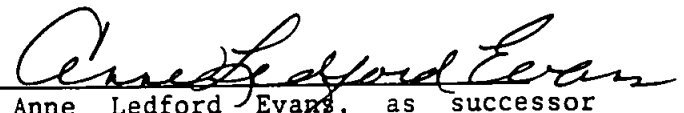
Dated: February 1, 1994

  
ANNE L. EVANS

  
ANNE LEDFORD EVANS, as Trustee under  
Declaration of Trust dated July 27, 1983  
(Trust No. 1983-1) Trust C

WEBSTER HOTEL BUILDING,  
a California general partnership

By:   
Anne Ledford Evans, as successor  
trustee of the William D. Evans share  
of the trust created by Decree of  
Distribution in the Estate of William  
Henry Evans  
General Partner

By:   
Anne Ledford Evans, as successor  
trustee of the William D. Evans share  
of the trust created by Decree of  
Distribution in the Estate of  
Geraldine M. Evans  
General Partner

Recording Requested by and  
When Recorded Mail to:

WELLS FARGO BANK, NATIONAL ASSOCIATION  
Real Estate Group, AU #2753  
333 South Grand Avenue  
Los Angeles, California 90071  
Attn: Karen Whitehead  
Loan # 0611  
27190

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REAFFIRMATION AGREEMENT

(Short Form)

Wells Fargo Bank, national association ("Lender"), Braemar Partnership, a California Limited Partnership (formerly organized as a general partnership and restated as, and converted to, a limited partnership pursuant to the terms of that certain Third Amended and Restated Limited Partnership Agreement and Agreement to Form Braemar Partnership, a California Limited Partnership, to conduct and continue its business as a limited partnership) ("Borrower") and BH Partnership, a California Limited Partnership (formerly known as Bahia Hotel Associates, a California general partnership and formerly organized as a general partnership and restated as, and converted to, a limited partnership pursuant to the terms of that certain Amended and Restated Limited Partnership Agreement and Agreement to Form BH Partnership, a California Limited Partnership, to conduct and continue its business as a limited partnership) ("BH").

Borrower agrees that, pursuant to that certain Reaffirmation Agreement of even date herewith among Lender, Borrower, BH and certain parties defined therein as General Partners (the "Reaffirmation Agreement"), all obligations secured by the following deeds of trust have been reaffirmed and assumed by Borrower upon the terms and conditions set forth in the Reaffirmation Agreement:

- (a) A Deed of Trust dated December 8, 1986 and recorded December 19, 1986, as Instrument No. 86-597564 in the official records of San Diego County, California ("Official Records") as amended by that certain Modification Agreement dated April 3, 1987 and recorded August 17, 1987 as Instrument No. 87-462832 in the Official Records that certain Modification Agreement and Fixture Filing dated April 25, 1991 and recorded June 21, 1991 as Instrument No. 1991-0299657 in the Official Records and that certain Modification Agreement (Short Form) dated July 12, 1993 and recorded July 20, 1993 as Instrument No. 1993-0462651 in the Official Records;
- (b) A Deed of Trust dated as of April 25, 1991 and recorded on June 21, 1991 as Instrument No. 91-0299658 in the Official Records, as amended by that certain Modification Agreement (Short Form) dated July 12, 1993 and recorded July 20, 1993 as Instrument No. 1993-0462653 in the Official Records; and

- (c) A Deed of Trust dated November 10, 1993 and recorded December 15, 1993 as Instrument No. 1993-0847496 in the Official Records.

BH hereby agrees that, pursuant to the Reaffirmation Agreement, all obligations secured by the following Deed of Trust have been reaffirmed and assumed by BH upon the terms and conditions set forth in the Reaffirmation Agreement:

- (a) That certain Deed of Trust dated July 12, 1993 and recorded July 20, 1993 as Instrument No. 1993-0462649 in the Official Records and rerecorded on September 10, 1993 as Instrument No. 1993-0598333 in the Official Records.

The Reaffirmation Agreement is by this reference incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Lender, Borrower and BH have executed this Reaffirmation Agreement (Short Form) as of the day set forth below.

Dated: February 1, 1994

"Lender"

WELLS FARGO BANK,  
NATIONAL ASSOCIATION

By: \_\_\_\_\_

Its: \_\_\_\_\_

"Borrower"

BRAEMAR PARTNERSHIP,  
a California Limited Partnership

By: Anne L. Evans  
Anne L. Evans,  
General Partner

By: Anne Ledford Evans  
Anne Ledford Evans as Trustee  
under Declaration of Trust dated  
July 27, 1983 (Trust No. 1983-1)  
Trust C, General Partner

By: Grace Evans Cherashore  
Grace Evans Cherashore  
General Partner

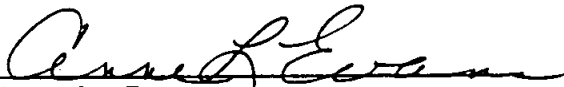
By: William L. Evans  
William L. Evans  
General Partner

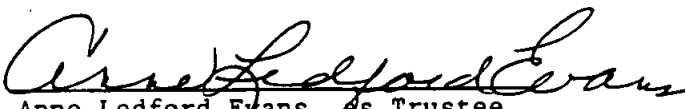
By: Anne Evans Quinn  
Anne Evans Quinn  
General Partner

"BH"

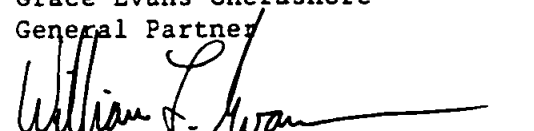
BH PARTNERSHIP,

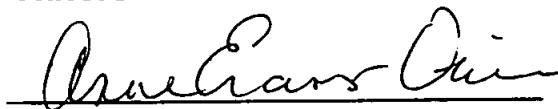
a California Limited Partnership

By:   
Anne L. Evans,  
General Partner

By:   
Anne Ledford Evans, as Trustee  
under Declaration of Trust dated  
July 27, 1983 (Trust No. 1983-1)  
Trust C, General Partner

By:   
Grace Evans Cherashore  
General Partner

By:   
William L. Evans  
General Partner

By:   
Anne Evans Quinn  
General Partner

(All Signatures Must Be Acknowledged)

STATE OF CALIFORNIA

COUNTY OF

San Diego

)  
) ss.  
)

On February 23, 1994

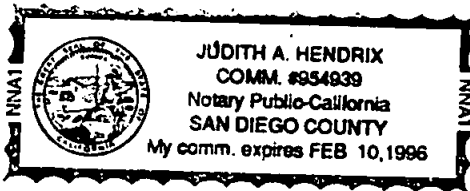
before me, \_\_\_\_\_

Judith A. Hendrix, a Notary Public in and for the State of California,

personally appeared Anne K. Evans, 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 or she executed the same in his or her authorized capacity and that, by his or her signature on the instrument, the person or the entity upon behalf of which he or she acted, executed the instrument.

WITNESS my hand and official seal.



Judith A. Hendrix  
Notary Public in and for said State

(Notarial Seal)

STATE OF CALIFORNIA

COUNTY OF

San Diego

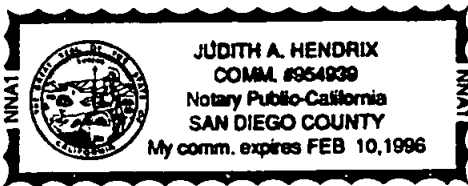
)  
) ss.  
)

On February 23, 1991,

before me, \_\_\_\_\_

Judith A. Hendrix, a Notary Public in and for the State of California,  
personally appeared Gene Clifford Evans, 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 or she executed the same in his or her authorized capacity and that, by his  
or her signature on the instrument, the person or the entity upon behalf of which  
he or she acted, executed the instrument.

WITNESS my hand and official seal.



Judith A. Hendrix  
Notary Public in and for said State

(Notarial Seal)

STATE OF CALIFORNIA

COUNTY OF

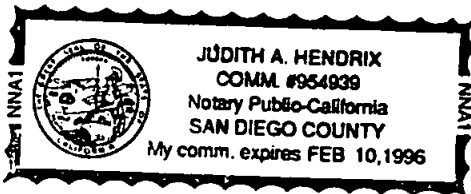
San Diego

)  
) ss.  
)

on February 23, 1994, before me, \_\_\_\_\_

Judith A. Hendrix a Notary Public in and for the State of California,  
personally appeared James Evans Chenshore, 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 or she executed the same in his or her authorized capacity and that, by his  
or her signature on the instrument, the person or the entity upon behalf of which  
he or she acted, executed the instrument.

WITNESS my hand and official seal.



Judith A. Hendrix  
Notary Public in and for said State

(Notarial Seal)

STATE OF CALIFORNIA

COUNTY OF

San Diego

)  
) ss.  
)

On February 23, 1994.

before me, \_\_\_\_\_

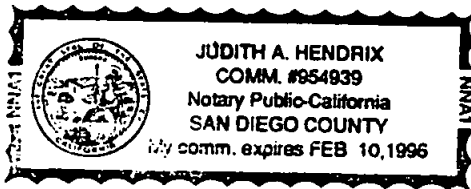
Judith A. Hendrix

a Notary Public in and for the State of California.

personally appeared William L. Evans, 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 or she executed the same in his or her authorized capacity and that, by his or her signature on the instrument, the person or the entity upon behalf of which he or she acted, executed the instrument.

WITNESS my hand and official seal.



Judith A. Hendrix  
Notary Public in and for said State

(Notarial Seal)

STATE OF CALIFORNIA

COUNTY OF

San Diego

)  
) ss.  
)

On February 23, 1994,

before me, \_\_\_\_\_

Judith A. Hendrix, a Notary Public in and for the State of California,  
personally appeared Anne Gibson Dunn, 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 or she executed the same in his or her authorized capacity and that, by his  
or her signature on the instrument, the person or the entity upon behalf of which  
he or she acted, executed the instrument.

WITNESS my hand and official seal.



Judith A. Hendrix  
Notary Public in and for said State

(Notarial Seal)

STATE OF CALIFORNIA

COUNTY OF San Diego

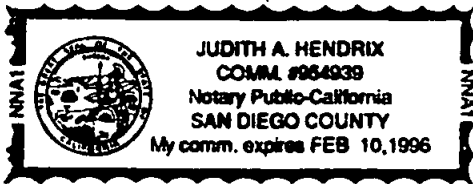
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) ss.  
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On February 24, 1994, before me, \_\_\_\_\_

Judith A. Hendrix a Notary Public in and for the State of California,  
personally appeared Anne L. Evans, 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 or she executed the same in his or her authorized capacity and that, by his  
or her signature on the instrument, the person or the entity upon behalf of which  
he or she acted, executed the instrument.

WITNESS my hand and official seal.



Judith A. Hendrix  
Notary Public in and for said State

(Notarial Seal)

STATE OF CALIFORNIA

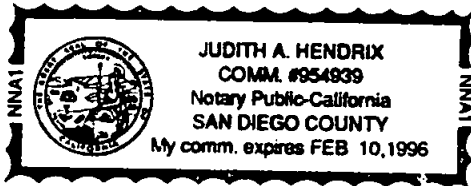
COUNTY OF San Diego

)  
) ss.  
)

on February 23, 1994, before me, \_\_\_\_\_

Judith A. Hendrix a Notary Public in and for the State of California,  
personally appeared Anne Hilford Evans, 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 or she executed the same in his or her authorized capacity and that, by his  
or her signature on the instrument, the person or the entity upon behalf of which  
he or she acted, executed the instrument.

WITNESS my hand and official seal.



Judith A. Hendrix  
Notary Public in and for said State

(Notarial Seal)

STATE OF CALIFORNIA

COUNTY OF

San Diego

)  
) ss.  
)

On February 23, 1994, before me, \_\_\_\_\_

Judith A. Hendrix a Notary Public in and for the State of California,

personally appeared Grace Evans Chesapeake 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 or she executed the same in his or her authorized capacity and that, by his or her signature on the instrument, the person or the entity upon behalf of which he or she acted, executed the instrument.

WITNESS my hand and official seal.



Judith A. Hendrix  
Notary Public in and for said State

(Notarial Seal)

STATE OF CALIFORNIA

COUNTY OF

San Diego

)  
) ss.  
)

February 23,

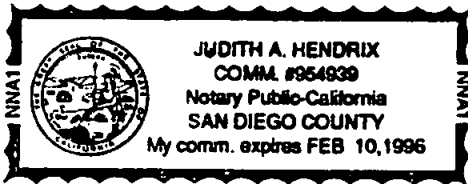
1994

before me, \_\_\_\_\_

Judith A. Hendrix, a Notary Public in and for the State of California,  
personally appeared William S. Evans, 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 or she executed the same in his or her authorized capacity and that, by his  
or her signature on the instrument, the person or the entity upon behalf of which  
he or she acted, executed the instrument.

WITNESS my hand and official seal.



(Notarial Seal)

Judith A. Hendrix  
Notary Public in and for said State

STATE OF CALIFORNIA

COUNTY OF

San Diego

)  
) ss.  
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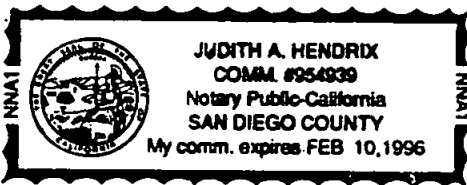
On February 23 1994,

before me, \_\_\_\_\_

Judith A. Hendrix a Notary Public in and for the State of California,  
personally appeared Anne Lyons Brown, 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 or she executed the same in his or her authorized capacity and that, by his  
or her signature on the instrument, the person or the entity upon behalf of which  
he or she acted, executed the instrument.

WITNESS my hand and official seal.



Judith A. Hendrix  
Notary Public in and for said State

(Notarial Seal)

STATE OF CALIFORNIA

)

) ss.

COUNTY OF \_\_\_\_\_

)

On \_\_\_\_\_, 19\_\_, before me, \_\_\_\_\_

\_\_\_\_\_, a Notary Public in and for the State of California,  
personally appeared \_\_\_\_\_, 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 or she executed the same in his or her authorized capacity and that, by his  
or her signature on the instrument, the person or the entity upon behalf of which  
he or she acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public in and for said State

(Notarial Seal)

OK, imb

AMENDED AND RESTATED  
LIMITED PARTNERSHIP AGREEMENT  
AND AGREEMENT TO FORM  
BH PARTNERSHIP,  
a California Limited Partnership

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AMENDED AND RESTATED  
LIMITED PARTNERSHIP AGREEMENT  
AND AGREEMENT TO FORM  
BH PARTNERSHIP,  
a California limited partnership

THIS AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT AND AGREEMENT TO FORM BH PARTNERSHIP, a California limited partnership ("Agreement"), is made as of December 3, 1993, among ANNE L. EVANS, individually ("Evans"), and ANNE LEDFORD EVANS, as Trustee under Declaration of Trust, dated July 27, 1983 (Trust No. 1983-1) - TRUST C ("Trust C"), GRACE EVANS CHERASHORE ("Grace"), WILLIAM L. EVANS ("William"), and ANNE EVANS QUINN ("Anne"), who individually and collectively hereinafter are referred to as the "General Partners," and Evans and MARGARET EVANS ("Margaret") who individually and collectively hereinafter are referred to as the "Limited Partners"). Any two or more of the General Partners and the Limited Partners sometimes hereinafter are referred to as the "Partners." The Partners agree as follows:

RECITALS

A. The General Partners are all of the partners of that certain general partnership known as Bahia Hotel Associates (the "General Partnership"). Evans has been the Managing General Partner of the General Partnership.

B. The purpose of the General Partnership has been (1) to acquire, hold for investment, operate, manage, maintain and dispose of (a) the Bahia Hotel and all business assets, whether real or

personal property, associated therewith, and (b) such other business assets, whether real or personal property, as the Managing General Partner determines to be appropriate, and (2) to engage in such other activities, whether or not incidental to the foregoing, and to incur such expenses as the Managing General Partner determines to be appropriate in connection therewith.

C. By this Agreement, the General Partners desire to form a limited partnership under the laws of the State of California, the name of which shall be BH Partnership, a California limited partnership (the "Limited Partnership"), and which shall continue the business previously conducted by the General Partnership.

D. The General Partners intend that their respective percentage interests in the Limited Partnership shall be the same as in the General Partnership, but that a portion of Evans' general partnership interest in the Partnership be converted to a limited partnership interest in the Partnership.

E. Pursuant to the provisions and conditions of that certain Agreement for Purchase and Sale of Partnership Interest, Margaret has agreed to purchase from Evans, and Evans has agreed to sell to Margaret, a 9.8% limited partnership interest in the Limited Partnership formed pursuant to the provisions of this Agreement.

F. By the execution of this Agreement, the Partners desire to accomplish the following primary objectives:

1. The conversion of the General Partnership into a Limited Partnership in a manner which does not result in a taxable event for federal income tax purposes pursuant to Revenue Ruling 84-52; and

2. The proper formation of a limited partnership for purposes of California state law; and

3. The admission of Margaret as a Limited Partner of the Partnership.

G. The intent and substance of this transaction is to convert the General Partnership into a California limited partnership and to continue the existing business of the General Partnership in the name of the Limited Partnership.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements set forth herein, the General Partners intend to form, and upon filing of the Certificate of Limited Partnership (Form LP-1) shall form a California limited partnership pursuant to the provisions of Chapter 3, Title 2 of the California Corporations Code, commonly called the California Revised Limited Partnership Act, and the Partners intend to set forth their respective rights and responsibilities as Partners of the Partnership as follows:

1. DEFINITIONS.

The following terms, when used in this Agreement, shall have the meanings set forth in this Section 1 and as set forth in the prologue and recitals above.

1.1 Act. The California Revised Limited Partnership Act as set forth in the Corporations Code of the State of California, commencing with Section 15,611, as amended from time to time (or any corresponding provisions of succeeding law).

1.2 Adjustment Date. The date upon which a Non-Defaulting Partner elects to adjust the Percentage Interest of a Defaulting Partner pursuant to Section 5.4(b)(i).

1.3 Affiliate. With respect to any Partner, an Affiliate of that Partner is: (i) any Person directly or indirectly controlling, controlled by, or under common control with such Partner; (ii) any Person owning or controlling twenty-five percent (25%) or more of the outstanding voting interest of such Partner; (iii) any trustee, officer, director or general partner of such Partner; or (iv) any Person who is a member of the Immediate Family of that Partner. When the Affiliate is a trustee, officer, director, partner or member of the Immediate Family of a Partner, any entity for which the Affiliate acts also shall be considered an Affiliate.

1.4 Affiliate Loan. A loan to the Partnership by any Partner or by any Affiliate of a Partner, which loan shall bear interest at a rate not to exceed the Interest Rate. An Affiliate Loan may include such other commercially reasonable terms and conditions as the Managing General Partner, in her sole and absolute discretion, shall determine, but in no event shall the provisions and conditions pursuant to which the Partnership obtains any Affiliate Loan be less favorable to the Partnership than the provisions and

conditions which reasonably could be expected to be included in a similar transaction with an independent third party who is not an Affiliate.

1.5 Asset Value. The value of the Partnership's assets determined, for the purpose of calculating the Purchase Price for a Partner's Partnership Interest, pursuant to Section 12.2(a).

1.6 Assignee. Any Person who succeeds to a Partner's Partnership Interest but who has not been admitted as a Substituted Partner of the Partnership pursuant to Section 9. An Assignee shall be entitled to all cash or property distributions and all allocations of Profit and Loss with respect to a Partnership Interest, but shall not be entitled to vote such Partnership Interest and shall have no other rights of a Partner.

1.7 Bankruptcy. With respect to any Partner, a general assignment for the benefit of such Partner's creditors, the commencement of proceedings by such Partner, or acquiescence in the commencement of proceedings against such Partner, under any bankruptcy, insolvency, readjustment of debt, liquidation or similar law or statute of the federal government or any state government, or the adjudication of such Partner as bankrupt or insolvent under any law or statute, or the application by such Partner for any action or procedure which indicates its approval of, consent to or acquiescence in the appointment of a trustee or receiver with respect to such Partner's estate or assets, or any portion thereof.

1.8 Braemar. Braemar Partnership, a California limited partnership, which is an Affiliate of the General Partners.

1.9 Book Value Per Percentage Interest. The quotient determined by dividing: (a) the Partners' aggregate equity in the Partnership as set forth in the most recent financial statements of the Partnership prepared by the Partnership's regular certified public accountant pursuant to Section 7.1(e); by (b) one hundred (100).

1.10 Capital Account. The account maintained for each Partner reflecting its capital interest in the Partnership, which account shall be established and maintained strictly in accordance with Section 1.1 of Exhibit "A" attached hereto.

1.11 Capital Events. The events described as such in the definition of Net Capital Proceeds.

1.12 CCP. The California Code of Civil Procedure, or successor statute.

1.13 Claim Date. The date which is forty-five (45) days after written notice from any Partner to the others that a Dispute cannot be resolved by non-binding mediation pursuant to Section 16.6(b).

1.14 Class A Voting Partners. Evans , Trust C, Grace, William and Anne, collectively, or their Permitted Transferees.

1.15 Code. The Internal Revenue Code of 1986, as amended, or corresponding provisions of succeeding federal tax or revenue laws.

1.16 Collateral Interest. That portion of a Defaulting Partner's Partnership Interest which serves as collateral for a Default Loan, determined pursuant to Section 5.4(a)(ii).

1.17 Contribution Default. A Partner's failure to make a required additional contribution to capital as described in Section 5.4.

1.18 Control. With respect to a corporation or a partnership, either (a) the ownership of at least a majority of the voting or equity interests in such entity, or (b) the power to direct or cause the direction of the management and policies of such entity, whether through the ownership of voting securities, partnership interests, by contract or otherwise; with respect to a limited partnership, ownership of any general partner interest therein; and with respect to a Person other than a corporation or partnership, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting interests by contract or otherwise (including, without limitation, the power of a trustee to direct the affairs of a trust). The definition of "Control" set forth herein shall extend to the terms "Controlled by" and "under common Control with" and "Controlling Interest" and all other derivatives thereof.

1.19 Court. The Superior Court of San Diego, California.

1.20 Default Loan. An advance described in Section 5.4(a)(i).

1.21 Defaulting Partner. A Partner who commits a Contribution Default as described in Section 5.4.

1.22 Dilution Percentage. The amount by which a Defaulting Partner's Percentage Interest is subject to dilution pursuant to Section 5.4(b)(i).

1.23 Disposition. A sale, exchange, condemnation or other disposition of any real property or other trade or business or capital asset of the Partnership or any interest therein.

1.24 Dispute. A dispute, controversy or claim described in Section 16.6(a).

1.25 Exercise Notice. The written notice of a Partner's election to purchase another Partner's Partnership Interest pursuant to Section 11.4.

1.26 For Cause. The circumstances enumerated in Section 11.2 for which the Managing General Partner may be relieved of her duties as the Managing General Partner.

1.27 General Partner or General Partners. The Managing General Partner, the Class A Voting Partners and any other Person hereafter admitted to the Partnership as a General Partner in accordance with this Agreement, provided that any such Person has not ceased to be a General Partner pursuant to the provisions of this Agreement. The term "General Partner" or "General Partners," as the case may be, shall include the singular and plural as the context of the provision requires.

1.28 Immediate Family. With respect to any individual:

(a) His or her ancestors or lineal descendants; provided that such ancestors or lineal descendants are ancestors or lineal descendants of a Partner named herein;

(b) Any custodian for the foregoing;

(c) Any trust in which: (i) the entire corpus, or if such trust includes a life estate interest, the entire residual or remainder interest in such corpus, is held for beneficiaries all of whom are individuals described in Section 1.28(a) and(or) Section 1.28(b) above; and (ii) all of the trustee(s) of which are either (A) individuals described in Section 1.28(a) and(or) Section 1.28(b), or (B) spouse(s) of individuals described in Section 1.28(a) above; provided, however, that if (1) at any time, the entire corpus, or if the trust includes a life estate interest, any residual or remainder interest in such corpus, of such trust is held for any beneficiary who is not an individual described in Section 1.28(a) and(or) 1.28(b), or (2) throughout any period of time that any trustee of such trust is not an individual described in Section 1.28(a), then the provisions of this Agreement relating to Successors and Assigns who are not members of the Immediate Family shall apply, but at such time as either (I) such trustee resigns and is replaced by an individual described in Section 1.28(a), or (II) such trust is terminated and the entire corpus or any residual or remainder interest in such corpus is distributed to beneficiaries who are individuals described in Section

1.28(a), the trust or such beneficiaries (as the case may be) may become Substituted Partners pursuant to Section 9.

In each such case, there shall be included any individuals adopted into the family. The Partners specifically acknowledge and agree that an individual's spouse shall not be deemed to be included as a member of an "Immediate Family."

1.29 Initiating Partners. Partner(s) who offer to purchase or sell any Partnership Interests pursuant to Section 15.1.

1.30 Interest Rate. The greater of (a) ten percent (10%) per annum, and (b) five percent (5%) per annum above the San Francisco Federal Reserve Bank's rate for advances made to member banks under Sections 13 and 13a of the Federal Reserve Act prevailing on the twenty-fifth (25th) day of the month prior to the date of any Default Loan.

1.31 Lending Partner. A Partner making a Default Loan pursuant to Paragraph 5.4(a)(i).

1.32 Limited Partner or Limited Partners. Evans, Margaret and any Person hereafter admitted to the Partnership as a Limited Partner in accordance with this Agreement. The term "Limited Partner" or "Limited Partners," as the case may be, shall include the singular and plural as the context of the provision requires and shall include each Limited Partner unless otherwise specified.

1.33 Limited Partnership. The California limited partnership formed by this Agreement.

1.34 MACRS. The modified accelerated cost recovery system described in Section 168 of the Code.

1.35 Managing General Partner. Evans, until she is relieved of her duties as managing general partner pursuant to Section 11.2, but only so long as she has any interest in the Partnership.

1.36 Negotiating Period. The time period for determining the Asset Value pursuant to Section 12.2(b).

1.37 Net Capital Proceeds. The net proceeds from the following events, which are referred to herein as "Capital Events":

(a) Contributions or loans to the Partnership (other than Affiliate Loans) in excess of Partnership requirements for which such contributions or loans were made, after the payment of (or the provision of reserves for) all costs and expenses incurred by the Partnership in connection therewith (including any loan origination fees, points, commissions and prepaid interest), and after retention of such reserves as the Managing General Partner, in her sole and absolute discretion, shall determine are necessary or desirable for the conduct of the business of the Partnership;

(b) Excess proceeds from the financing or refinancing of any Partnership indebtedness after the payment of (or the provision of reserves for) all costs and expenses incurred by the Partnership in connection with such financing or refinancing (including loan origination fees, points, commissions and prepaid interest), and after the retention of such reserves as the Managing General Partner, in her sole and absolute discretion, shall

determine are necessary or desirable for the conduct of the business of the Partnership;

(c) Any Disposition of any real property or other trade or business or capital asset of the Partnership or any interest therein (including any interest payments related thereto) after the payment of (or the provision of reserves for) all costs and expenses incurred by the Partnership in connection with such Disposition and after the retention of such reserves as the Managing General Partner, in her sole and absolute discretion, shall determine are necessary or desirable for the conduct of the business of the Partnership; and

(d) Any damage to, destruction of or loss of title to any real property (including improvements) or other trade or business or capital asset of the Partnership to the extent that the proceeds from any policy of insurance received by the Partnership or other recovery by the Partnership exceed the actual or estimated cost of repairing or replacing the assets so damaged or destroyed (if the Managing General Partner, in her sole and absolute discretion, elects to rebuild or replace the damaged assets or portion thereof) after the payment of (or the provision of reserves for) all costs and expenses incurred by the Partnership in connection with the receipt of such insurance proceeds and after the retention of such reserves as the Managing General Partner, in her sole and absolute discretion, deems necessary or desirable for the conduct of the business of the Partnership.

1.38 Net Distributable Cash. The amount of the gross cash receipts from operations of any kind or description during a calendar year by the Partnership (other than gross cash receipts from Capital Events) ["Operating Cash Flow"], plus any reduction of reserves previously established and minus the following:

(a) All costs of improving, managing, leasing, operating, maintaining, making extraordinary repairs or replacements (which are not capital improvements) and preserving those trade, business or capital assets of the Partnership, including, without limitation, staff and employee wages and salaries, housekeeping and maintenance supplies, franchise fees, sales and marketing costs, reservation system charges, insurance premiums, entertainment charges, lease payments and management fees, to the extent paid out of Operating Cash Flow during such calendar year;

(b) All operating or other expenses of the Partnership paid out of Operating Cash Flow during such calendar year (including real property taxes and assessments), or any amounts expended as a result of any casualty losses to the extent that such losses fall under applicable deductible amounts (or self insurance retention amounts) and(or) are not reimbursed during such year by any third party responsible therefor or through insurance maintained by the Partnership, but not including any expenses paid out of Operating Cash Flow to the extent that such expenses were reserved against and funded from such reserves;

(c) All payment of principal and interest with respect to Partnership indebtedness (including Affiliate Loans) during such calendar year paid out of Operating Cash Flow, but not including any such payment to the extent that the amounts thereof were reserved against and funded from such reserve; and

(d) All amounts necessary to establish or maintain such cash reserves as the Managing General Partner, in her sole and absolute discretion, shall determine are necessary or advisable from time to time for the operation, maintenance or ownership of the Partnership's assets.

In computing Net Distributable Cash, no deductions shall be made under MACRS or for depreciation, amortization or any other non-cash expenses.

1.39 Non-Defaulting Partner. A Partner described as such in Section 5.4.

1.40 Non-Purchase Condition. The failure of the Section 8.4 Offeree Partners to purchase any portion of the Section 8.4 Offered Partnership Interest as described in Section 8.4(b)(vi).

1.41 Offer. An offer made by any Initiating Partner or Initiating Partners pursuant to Section 15.

1.42 Operating Cash Flow. The amount of the gross cash receipts from operations of any kind or description during a calendar year by the Partnership (other than gross cash receipts from Capital Events) as described in the definition of Net Distributable Cash.

1.43 Partner. Any one of the Partners (including the Managing General Partner, Class A Voting Partners).

1.44 Partners. All of the Partners (the Managing General Partner, Class A Voting Partners and Limited Partners), collectively.

1.45 Partners' Capital Contributions. Those assets contributed by the General Partners upon formation of the General Partnership.

1.46 Partnership. The California limited partnership formed by this Agreement.

1.47 Partnership Interest. With respect to each Partner, such Partner's entire right, title and interest in and to the Partnership, including without limitation the Partnership's assets and such Partner's allocable share of the Partnership's Profit and Loss attributable thereto.

1.48 Percentage Interest. A Partner's percentage of ownership interest in the Partnership as set forth below, unless modified under this Agreement:

| <u>PARTNER</u>                 | <u>PERCENTAGE INTERESTS</u> |
|--------------------------------|-----------------------------|
| Managing General Partner       | 1%                          |
| <u>Class A Voting Partners</u> |                             |
| Evans                          | 24.5%                       |
| Trust C                        | 25.5%                       |
| Grace                          | 9.8%                        |
| William                        | 9.8%                        |
| Anne                           | 9.8%                        |

Limited Partner

|          |             |
|----------|-------------|
| Evans    | 9.8%        |
| Margaret | <u>9.8%</u> |

|        |      |
|--------|------|
| TOTAL: | 100% |
|--------|------|

1.49 Permitted Transferee. Any Person to whom a Partnership Interest may be Transferred pursuant to Section 8.2.

1.50 Person. An individual, partnership, corporation, trust, unincorporated association, joint stock company or other entity or association.

1.51 "Profit" and "Loss". The net income and net losses, respectively, of the Partnership determined for each taxable year or other period in accordance with federal income tax principles, subject to the exclusions and adjustments set forth in Section 2.8 of Exhibit "A".

1.52 Proportionate Share. For purposes of Section 8.3(e), a fraction (a) having as its numerator the Percentage Interest owned by any Section 8.3 Offeree Partner or her, his or its Permitted Transferees who exercise their rights to sell a portion of their Partnership Interests pursuant to Section 8.3(e), and (b) having as its denominator the aggregate Percentage Interests owned by the Section 8.3 Selling Partner, all Partners electing to sell Partnership Interests pursuant to Section 8.3(e), and their respective Permitted Transferees. For purposes of Section 8.4(a), a fraction (i) having as its numerator the Percentage Interest owned by any Section 8.4 Offeree Partner or her, his or its

Permitted Transferees who exercise their rights to sell a portion of their Partnership Interests pursuant to Section 8.4(a), and (ii) having as its denominator the aggregate Percentage Interests owned by the Section 8.4 Selling Partner, all Partners electing to sell Partnership Interests pursuant to Section 8.4(a), and their respective Permitted Transferees.

1.53 Purchase Price. The price determined pursuant to Section 12.1, for which a Partner suffering an event described in Section 11 must sell her, his or its Partnership Interest to another Partner or to the Partnership.

1.54 Purchase Price Notice. Written notice of the Purchase Price for a Partner's Partnership Interest described in Section 12.2(c).

1.55 Responding Partners. Those Partners responding to an Offer made by Initiating Partner(s) pursuant to Section 15.

1.56 Section 8.3 Notice. The written notice of a proposed sale, hypothecation or encumbrance of a Section 8.3 Offered Partnership Interest described in Section 8.3(a).

1.57 Section 8.3 Notice Period. The one hundred twenty (120) day period described in Section 8.3(a).

1.58 Section 8.3 Offered Partnership Interest. A Partner's Partnership Interest which must be offered for sale to the Partners and the Partnership pursuant to Section 8.3(a).

1.59 Section 8.3 Offeree Partners. The Partners to whom the Section 8.3 Offered Partnership Interest must be offered for sale pursuant to Section 8.3(a).

1.60 Section 8.3 Selling Partner. A Partner who is required to offer her, his or its Partnership Interest for sale to the Partnership and the other Partners pursuant to Section 8.3(a).

1.61 Section 8.3 Third Party Transferee. An independent, bona fide third party who proposes to purchase, hypothecate or encumber a Partner's Partnership Interest as described in Section 8.3.

1.62 Section 8.4(a) Notice. The written notice of a Partner's desire to sell her, his or its Partnership Interest as described in Section 8.4(a).

1.63 Section 8.4(a) Notice Period. The one hundred twenty (120) day period described in Section 8.4(a), as it may be extended pursuant thereto.

1.64 Section 8.4(b) Notice. The written notice that acquisition of a Section 8.4 Offered Partnership Interest by a Section 8.4 Third Party Transferee will cause such Section 8.4 Third Party Transferee to gain control of the Partnership as described in Section 8.4(b).

1.65 Section 8.4(b) Notice Period. The one hundred twenty (120) day period described in Section 8.4(b), as it may be extended pursuant to Section 8.4(a).

1.66 Section 8.4 Offered Partnership Interest. A Partner's Partnership Interest which must be offered for sale to the other Partners and the Partnership pursuant to Section 8.4.

1.67 Section 8.4 Offeree Partners. The Partners who shall have the right to sell to a Section 8.4 Third Party Transferee their respective Proportionate Shares of any Section 8.4 Offered Partnership Interest which such Section 8.4 Third Party Transferee proposes to acquire pursuant to Section 8.4.

1.68 Section 8.4 Selling Partner. A Partner who desires to sell her, his or its Partnership Interest as described in Section 8.4.

1.69 Section 8.4 Third Party Transferee. An independent third party to whom a Partner proposes to sell her, his or its Partnership Interest pursuant to Section 8.4.

1.70 Section 8.5 Donating Partner. A Partner who is required to offer her, his or its Partnership Interest for sale to the Partnership and the other Partners pursuant to Section 8.5(a).

1.71 Section 8.5 Notice. The written notice of a proposed donation of a Section 8.5 Offered Partnership Interest described in Section 8.5(a).

1.72 Section 8.5 Notice Period. The one hundred twenty (120) day period described in Section 8.5(a).

1.73 Section 8.5 Offered Partnership Interest. A Partner's Partnership Interest which must be offered for sale to the Partners and the Partnership pursuant to Section 8.5(a).

1.74 Section 8.5 Offeree Partners. The Partners to whom the Section 8.5 Offered Partnership Interest must be offered for sale pursuant to Section 8.5(a).

1.75 Section 8.5 Third Party Donee. The independent party to whom the Section 8.5 Donating Partner proposed to donate her, his or its Partnership Interest.

1.76 Substituted Partner. A Permitted Transferee or other Person who is admitted as a Partner of the Partnership pursuant to Section 9; provided, however, that a Substituted Partner must be at least twenty-one (21) years of age.

1.77 Successor. A Person who succeeds to the Partnership Interest of a deceased, bankrupt or incompetent Partner pursuant to Section 11.4, but who is not admitted as a Substituted Partner of the Partnership. A Successor who is not admitted as a Substituted Partner shall be entitled only to receive allocations of Profit and Loss pursuant to Section 5.8 and distributions of cash pursuant to Sections 5.6, 5.7 and 5.9, but shall have no other rights of a Partner and shall not be entitled to vote such Partnership Interest.

1.78 Transfer. With respect to a Partnership Interest, those actions described as such in Section 8.1.

1.79 Treasury Regulations. The federal regulations promulgated under the Code by the Department of the Treasury, including corresponding provisions of succeeding law or regulations.

1.80 Unrecovered Capital. The amount of cash and the fair market value of non-cash asset contributions made by such Partner to the capital of the Partnership pursuant to Sections 5.1 and 5.3 reduced (not below zero) by the amount of cash and the fair market value of any non-cash assets of the Partnership distributed to such Partner pursuant to the provisions of Sections 5.6 and 5.7 hereof. For purposes of determining a Partner's Unrecovered Capital, the fair market value of any non-cash assets contributed to the capital of the Partnership or distributed to the Partners shall be determined as of the date of such contribution or distribution, as the case may be. Each Partner's Unrecovered Capital as of the date hereof is set forth on Exhibit "B" attached hereto. If any Partner transfers all or any portion of its Partnership Interest in accordance with the provisions and conditions of this Agreement, such Partner's Permitted Transferee shall succeed to such Partner's Unrecovered Capital to the extent it relates to the Partnership Interest so transferred.

1.81 Webster. Webster Hotel Building, a California general partnership.

1.82 Wells Fargo Financing Transaction. The financing transaction with Wells Fargo Bank described in Section 5.2, which included the collateralization of the Wells Fargo Bank loan described therein by a security interest in and lien against (a) the Bahia Hotel, (b) the Catamaran Resort Hotel owned by Braemar,

and (c) that certain University City shopping center owned by Evans, Trust C and Webster.

## 2. ORGANIZATION.

2.1 Formation. By this Agreement, the General Partners and Limited Partners hereby (a) agree to form the Partnership and agree to enter into contracts as a limited partnership pursuant to the provisions of the Act and this Agreement, and (b) to set forth their respective rights and responsibilities with respect to the Partnership., The business of the General Partnership shall continue to be conducted under the name BH Partnership, a California limited partnership.

## 2.2 Certificates/Filings.

(a) Certificate of Limited Partnership. The Managing General Partner shall prepare, execute and file in the Office of the Secretary of the State of California, a separate certificate of limited partnership in accordance with Section 15621 of the Act ("Certificate") and shall record a certified copy of such Certificate in the office of the County Recorder of the County of San Diego, California and in any other county in which the Partnership owns real property. The Managing General Partner shall execute and file with the Office of the Secretary of State of the State of California any amendments to the Certificate required by law or deemed advisable by the Managing General Partner. A certified copy of each such amendment shall be recorded by the Managing General Partner in the office of the County

Recorder of the County of San Diego. The Managing General Partner is authorized to execute, file and cause to be published with the proper authorities in the City and County of San Diego or the State of California, such other certificates or documents as are required by any fictitious business statement act or similar statute in effect. If there exists a conflict between this Agreement and the Certificate, the terms of this Agreement shall control. The Partners from time to time shall execute or cause to be executed all such certificates and other documents, and do or cause to be done all such filings, recordings, publishings and other acts as are necessary to comply with the requirements of law for the formation and operation of the Partnership in all jurisdictions in which the Partnership is authorized to conduct business.

(b) Additional Filings. The Partners from time to time shall execute or cause to be executed all such certificates and other documents or instruments, and do or cause to be done all such filings, recordings, publishings and other acts as the Managing General Partner determines are necessary or appropriate to comply with the requirements of law for the formation and operation of the Partnership in all jurisdictions in which the Partnership is authorized to conduct business.

2.3 Purpose. The purpose of the Partnership shall continue to be (a) to acquire, hold for investment, operate, manage, maintain and dispose of (i) the Bahia Hotel and all business assets, whether real or personal property, associated therewith,

and (ii) such other business assets, whether real or personal property, as the Managing General Partner determines to be appropriate, and (b) to engage in such other activities, whether or not incidental to the foregoing (including, without limitation, leasing the Belmont Laundry), and to incur such expenses as the Managing General Partner determines to be appropriate in connection therewith.

2.4 Exclusive Activities. The Partnership shall be a Partnership only for the purposes specified in Section 2.3 above. Except as otherwise provided in this Agreement, the Partnership shall not engage in any other activity or business.

2.5 Authority. Only the Managing General Partner and such other Partner or Partners as may be designated or authorized by the Managing General Partner in writing shall have the authority to hold themselves out as the manager(s) or owner(s) of the Partnership with respect to the businesses described in Section 2.3 above. No Partner shall have the authority to hold itself out as the agent of any other Partner or as a Partner of the Partnership with respect to any other business or activity.

2.6 Name. The name of the Partnership shall be BH PARTNERSHIP, a California Limited Partnership, or such other name or names as may be selected by the Managing General Partner from time to time with written notice given to the other Partners of such change.

2.7 Principal Office. The Partnership's principal executive office shall be at 998 West Mission Bay Drive, San Diego, California 92109, and at such other place or places as may be determined by the Managing General Partner from time to time with written notice given to the other Partners of such change.

3. TERM

3.1 Commencement. The Partnership term shall commence upon the execution hereof.

3.2 Dissolution. The Partnership shall dissolve and liquidate upon the first to occur of:

(a) Ninety-nine (99) years from the date of this Agreement; or

(b) The assignment or sale of all or substantially all of the assets of the Partnership (which shall include but shall not be limited to the Bahia Hotel; or

(c) Entry of a judicial decree of dissolution; or

(d) The agreement to dissolve and liquidate by all General Partners (including the Class A Voting Partners) unanimously.

4. MANAGEMENT

4.1 Exclusive Control in Managing General Partner. Subject only to the limitations set forth in Section 4.2 hereof, the Managing General Partner shall have exclusive control over the businesses of the Partnership (including, but not limited to, the power to assign duties, to hire and terminate employees, to execute

deeds, deeds of trust, promissory notes, debt instruments, guaranties, contracts and leases and to assume direction of business operations), and shall have all rights, power and authority generally conferred by law or necessary, advisable or consistent with accomplishing the purposes of the Partnership set forth in Section 2.3. (The Partners specifically agree that the Managing General Partner, acting alone, may execute all contracts, agreements, promissory notes, deeds, deeds of trust, guaranties, and other instruments required in connection with any sale, exchange or financing transaction, provided the Managing General Partner has obtained the approval or consent required by Section 4.2 below.) Without limiting the generality of the foregoing, except as expressly set forth in Section 4.2 hereof or as otherwise required by the Act, the Managing General Partner shall have the exclusive right for the benefit of the Partnership and as necessary for accomplishment of any purpose of the Partnership, in its sole and absolute discretion, and without the consent of the other Partners:

(a) To acquire, own, lease, sublease, license, manage, operate, hold, deal in, control, sell or dispose of any interests or rights in personalty and any interests or rights in real property, including, but not by way of limitation, (i) the power to sell, exchange, mortgage, pledge, convey in trust, or otherwise hypothecate any interests or rights in real property, including, particularly, the right to sell, finance, refinance, let or lease for any period, or otherwise dispose of the Bahia Hotel or its operations, (ii) the power to operate hotels, restaurants, bars,

catering services, laundries and other services incidental to the Partnership's hotel businesses, and (iii) the authority to obtain, acquire, maintain and transfer all necessary licenses and operating permits from agencies with proper jurisdiction, including without limitation, licenses and permits to sell alcoholic beverages.

(b) To create, by grant or otherwise, easements, licenses and servitudes and otherwise to process for and obtain building permits and all other manner of approvals, entitlements, authorizations and permits for Partnership assets and properties.

(c) To develop, design, construct, alter, improve, repair, raze, replace and rebuild Partnership property, and in so doing to select and enter into agreements with contractors, architects, engineers and other consultants as selected by the Managing General Partner.

(d) To hire, engage and terminate employees to conduct the Partnership's businesses, to set salaries, to establish employment policies and to grant, withhold and take away titles.

(e) To apply the proceeds of any sale, exchange, condemnation, mortgage, pledge or other disposition of Partnership property to payment of liabilities of the Partnership and to pay, collect, compromise, arbitrate, or otherwise adjust any and all other claims or demands of or against the Partnership or to hold such proceeds against the payment of contingent liabilities, whether known or unknown.

(f) To maintain or cause to be maintained records of all rights and interests acquired for or disposed of by the Partnership, all correspondence relating to the Partnership's businesses and the original records (or copies on such media as the Managing General Partner deems appropriate) of all statements, bills, and other instruments furnished the Partnership in connection with its business.

(g) To open bank accounts, close bank accounts and maintain records and accounts of all operations and expenditures, make all findings and reports required under applicable rules and regulations of any governmental department, bureau or agency, and furnish the Partners with all necessary United States federal, state or local income tax reporting information or such information with respect to any other jurisdiction.

(h) To purchase and maintain, in its sole discretion and at the expense of the Partnership, casualty, liability, indemnity, workers' compensation and any other insurance, including errors and omissions insurance, sufficient to protect the Partnership, Managing General Partner, its officers, directors, employees and agents and any other Person from those liabilities and hazards which may be insured against in the conduct and management of the Partnership's business.

(i) To make, execute, assign, acknowledge and file on behalf of the Partnership, any and all documents or instruments of any kind which the Managing General Partner may deem appropriate

in carrying out the purpose and business of the Partnership, including, without limitation, franchise, advertising, banquet, talent, entertainment, catering, communications and royalty agreements, powers of attorney, agreements of indemnification, sales contracts, deeds, options, loan obligations, mortgages, deeds of trust, notes, documents or instruments of any kind or character, and amendments thereto; and any person, firm or corporation dealing with the Managing General Partner shall not be required to determine or inquire into the authority and power of the Managing General Partner to bind the Partnership and to execute, acknowledge and deliver any and all documents in connection therewith.

(j) To borrow money or to obtain credit in such amounts, on such terms and conditions, and at such rates as the Managing General Partner deems necessary or appropriate (including participating loans which allow the lender to share in Partnership's cash flow and the net appreciated value of its assets), from banks, other lending institutions and any other Person, including Affiliate Loans, for any Partnership purpose; and in connection with such loans, (i) to mortgage, pledge, assign or otherwise encumber or alienate any or all of the Partnership's assets including any rents or other income therefrom, to secure or provide repayment thereof, (ii) to select or designate fixed or floating rates of interest with respect to any such loans, and to alter such selection or designation from time to time, (iii) to purchase special interest rate protection products or enter into

special interest rate protection contracts, (iv) to engage in arbitrage transactions, (v) to incur such expenses as may be required by any Partnership lender (including without limitation, appraisal fees, loan origination fees, environmental assessment charges, title insurance premiums, credit facility fees, letter of credit charges and such other fees or charges as may be required from time to time), and (vi) to defend the Partnership, Partners and their Affiliates from any legal proceedings brought against any of them by any Partnership lender. As between the Partnership and any lender it conclusively shall be presumed that the proceeds of such loans are to be and will be used for the purposes authorized herein and that the Managing General Partner has the full power and authority to borrow such money and to obtain such credit.

(k) To assume obligations, enter into contracts, (including, without limitation, contracts with dairies, food and produce purveyors, alcohol distributors, hotel suppliers, advertisers, telephone, reservation and other communications services, franchisors, consultants, vendors, maintenance services, laundry facilities, entertainers, in-room entertainment, vendors and security services and contracts of guaranty or suretyship), incur liabilities, lend money and otherwise grant or use the Partnership's credit, and secure any of the Partnership's obligations, contracts or liabilities (in addition to loans described in sections 4.1(j) above), by mortgage, pledge or other encumbrance of all or any part of its assets.

(l) To invest Partnership funds in debt or equity securities.

(m) To make any election on behalf of the Partnership as is or may be permitted or required under the Code or under the taxing statute or rule of any state, local, foreign or other jurisdiction, and to supervise the preparation and filing of all tax and information returns which the Partnership may be required to file.

(n) To maintain Partnership business operations and assets in accordance with acceptable standards, including, without limitation, interior and exterior cleaning, painting and decorating, plumbing, carpentry, and such other normal maintenance and repair work as may be appropriate for the operation of resort hotels and other properties of the type owned, maintained and(or) operated by the Partnership.

(o) To collect all rents and other charges from lessees of Partnership property otherwise due the Partnership. The Partnership authorizes the Managing General Partner to request, demand, collect and receive for all such rents and other charges and to institute legal proceedings in the name of the Partnership for the collection thereof and for the dispossession of any Person from Partnership property, and such expenses may include (but shall not be limited to) court and other costs, including the costs of legal, accounting and other professional counsel for any such matter.

(p) To cause to be paid or disbursed: (i) any and all ground lease, license or other lease payments; (ii) the aggregate amount required to be paid pursuant to any indebtedness of the Partnership, including therein amounts due under any mortgages or deeds of trust for interest, amortization of principal and for allocation to reserve or escrow funds; (iii) the amount of all real estate taxes and other impositions levied by appropriate authorities; (iv) the amount of any awards or judgments rendered against the Partnership in connection with any legal proceedings brought against the Partnership; and (v) amounts otherwise due and payable as expenses of the Partnership authorized to be incurred under the terms of this Agreement.

(q) To employ and engage suitable agents, employees, advisers, consultants and counsel (including any custodian, investment adviser, accountant, attorney, corporate fiduciary, bank or other financial institution, or any other agents, employees or Persons who may serve in such capacity) for the Managing General Partner to carry out any activities which the Managing General Partner is authorized or required to carry out or conduct under this Agreement, including, without limitation, a Person which may be engaged to undertake some or all of the general management, property management, financial accounting and record keeping and construction supervision and, to indemnify such Persons against liabilities incurred by them in acting in such capacities on behalf of the Partnership and to rely on the advice given by such Persons,

it being agreed and understood that the Managing General Partner shall not be responsible for the acts and omissions of any such Persons and shall assume no obligations in connection therewith other than the obligation to use such care as reasonably may be required in the selection thereof.

(r) To enter into an agreement or agreements with real estate brokers or agents, investment banking firms, appraisers or others providing for the engagement of such Persons on an exclusive or non-exclusive basis to advise or represent the Partnership in the valuation, sale, lease or other dealings in the Partnership's assets, it being understood that the Managing General Partner shall not be responsible for the acts or omissions of any such Persons and shall assume no obligations in connection therewith other than the obligation to use due care in the selection thereof.

(s) To submit to arbitration, prosecute, defend or compromise, upon such terms as it may determine and upon such evidence as it may deem sufficient, any suit, liability, cause of action or claim, either in favor of or against the Partnership, and to pay, extend, renew, modify or readjust any obligation, liability, award or judgment, including taxes and assessments.

(t) To prosecute, protect and defend or cause to be protected and defended all patents, patent rights, trade names, trademarks, servicemarks and other marks, and all applications with respect thereto which may be held by the Partnership.

(u) To make donations for the public welfare or for community fund, hospital, charitable, educational, scientific, civic, political or similar purposes.

(v) To distribute money or the Partnership's assets to Partners in accordance with this Agreement regardless of the source of such money or Partnership assets, including, without limitation, money borrowed by the Partnership or by the Managing General Partner on behalf of the Partnership.

(w) (Subject to the provisions of Section 4.2 hereof requiring the approval of Class A Voting Partners owning at least fifty-one percent (51%) of the Percentage Interests owned by all Class A Voting Partners) to admit any additional Partners and to reduce the Percentage Interests of all then existing Partners pro rata (in proportion to their respective Percentage Interests prior to such admission) by the amount of the Percentage Interest acquired by such newly admitted Partner, provided the Partnership (and not the Partners or their Affiliates) receives all of the consideration paid by such newly admitted Partner (as a capital contribution or otherwise) for such newly admitted Partner's Partnership Interest.

(x) To establish from funds received by the Partnership, cash reserves to satisfy any potential liabilities and claims that may arise out of the development, construction and operation of Partnership properties or business interests.

(y) (Subject to the provisions of Section 4.2 hereof requiring the approval of Class A Voting Partners owning at least fifty-one percent (51%) of the Percentage Interests owned by all Class A Voting Partners) in order to obtain additional capital for the Partnership, not only to admit additional Partners, but also (i) to form partnerships, joint ventures or other business alliances in order to allow for the proper investment and management of the Partnership's assets and properties, and (ii) to contribute Partnership assets thereto.

(z) To do any and all acts and conduct all proceedings and execute all rights and privileges, contracts and agreements of any kind whatsoever, although not specifically mentioned in this Agreement, that the Managing General Partner may deem necessary or appropriate to conduct the business of the Partnership or to carry out the purpose of the Partnership. The expression of any power or authority of the Managing General Partner in this Agreement shall not limit or exclude any other power or authority which is not specifically or expressly set forth in this Agreement.

4.2 Restriction on Authority of Managing General Partner.  
Without the consent of Class A Voting Partners owning at least fifty-one percent (51%) of the Percentage Interests in the Partnership owned by all Class A Voting Partners (not merely the Percentage Interests owned by Class A Voting Partners present at a Partners' meeting at which there is a quorum in attendance), the

Managing General Partner shall not have the authority to undertake any of the following:

(a) A change in the nature of the business of the Partnership from that of ownership or operation of a hotel or other real estate investments to a business not involving the ownership or operation of a hotel or other real estate investments or similar businesses;

(b) The Disposition of all or substantially all of the Partnership's assets, which, in any event, shall include a Disposition of the Bahia Hotel;

(c) Any third party leasing or financing transaction with a value in excess of \$1,000,000 in any single fiscal year, but excluding: (i) the Wells Fargo Financing Transaction (which shall include the collateralization of the existing loan for rehabilitation of the Catamaran Resort Hotel made by Wells Fargo Bank by the Catamaran Resort Hotel owned by Braemar, the Bahia Hotel and University City shopping center owned by Evans, Trust C and Webster), (ii) any derivative of the Wells Fargo Financing Transaction (including, without limitation any loan modification, refinancing, restructuring, extension, foreclosure or deed-in-lieu of foreclosure), (iii) any financing transaction between the Partnership (whether as lender or borrower) and any Partner or member of the Immediate Family of a Partner, and (iv) a credit facility arrangement or line of credit for working capital, which may be secured or unsecured, in an amount up to \$2,500,000; all of

which the Partners have ratified, approved and authorized pursuant to Section 5.2;

(d) Withdrawal of the Managing General Partner;

(e) Any transaction involving the admission of a new Managing General Partner or the replacement of the existing Managing General Partner;

(f) Any transaction involving the admission of any new Partner in a transaction which would cause the dilution of the Percentage Interests of the existing Partners under Section 14.1 below;

(g) Any joint venture or partnership transaction with any other Person as described in Sections 4.1(y), 5.2(e) and 14.2 below;

(h) Any transaction on behalf of the Partnership with an Affiliate (but specifically excluding employment or consulting agreements with Partners or any member of a Partner's Immediate Family) unless such transaction is under commercially reasonable terms and conditions no less favorable to the Partnership than those which otherwise reasonably could be expected to be negotiated with a party who is not an Affiliate.

(i) Any act in contravention of this Agreement; or

(j) Dissolution and liquidation of the Partnership.

4.3 Limitations on Approval Rights of Limited Partners. The Limited Partners shall not have the power, right or authority to and shall not take part in the control, conduct, management or

operation of the Partnership and shall have no power, right or authority to act for or bind the Partnership, including during the winding up period following dissolution of the Partnership. Without limiting the generality of the foregoing, the Limited Partners shall have no authority and shall not engage in any activity relating to the sale, exchange, marketing, advertising, promotion or transfer of all or any part of the Partnership's assets.

(a) The Limited Partners shall have the right to approve only the following matters, and no others:

(i) The admission of a General Partner and a vote to continue the business of the Partnership after the Managing General Partner, or its successor-in-interest, ceases to be a general partner where there is no remaining or surviving general partner, which action may be taken only with unanimous written approval of the Partners within ninety (90) days after such cessation; and

(ii) Any other matters with respect to which the Limited Partners are entitled to vote pursuant to the last paragraph of California Corporations Code Section 15636.

(b) It is expressly agreed that, except as specifically required by California Corporations Code Section 15636, the Limited Partners shall not have the right to approve any of the matters described in Section 4.2 above. The enumeration of matters which the Limited Partners do not have the right to approve shall not

mean that any other matter is subject to the approval of the Limited Partners.

#### 4.4 Meetings of Partners.

(a) Call. The Partnership shall not be required to hold annual or any other regular meetings, and the Partners do not intend to hold such meetings. A special meeting of the Partners, however, may be called by: (i) the Managing General Partner; or (ii) in accordance with Section 4.4(i) hereof by the Class A Voting Partners representing forty percent (40%) or more of the Percentage Interests owned by all Class A Voting Partners for any matters on which the Class A Voting Partners may vote; or (iii) in accordance with Section 4.4(i) hereof by the Limited Partners representing fifty-one percent (51%) or more of the Percentage Interests owned by all Limited Partners for any matters on which the Limited Partners may vote.

(b) Location. Meetings of the Partners shall be held at the principal executive office or such other place as may be designated by the Managing General Partner.

(c) Waiver. The transactions of any meeting of Partners, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if (i) such transactions receive the approval or consent of Class A Voting Partners required by Section 4.2, if any, (ii) such transactions received the approval or consent of Limited Partners required by Section 4.3, if any, (iii) a quorum is present

in person or by proxy, and (iv) either before or after the meeting, each of the Class A Voting Partners or Limited Partners entitled to vote (if any), not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. All waivers, consents and approvals shall be filed with the Partnership records or made a part of the minutes of the meeting. Attendance of a Person at a meeting shall constitute a waiver of notice of the meeting, except when the Person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by this Agreement to be included in the notice but not so included, if the objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any meeting of Partners need be specified in any written waiver of notice, unless otherwise provided in this Agreement.

(d) Sufficiency of Notice. Any Partner action taken at a meeting, provided such action receives the required approval by Class A Voting Partners or Limited Partners entitled to vote on such action (if any), shall be valid whether or not the general nature of the proposal so approved was stated in the notice of meeting or in any written waiver of notice.

(e) Quorum. Partners collectively owning more than fifty percent (50%) of the Percentage Interests in the Partnership

owned by all Partners, respectively, represented in person or by proxy, shall constitute a quorum at a meeting of Partners; provided, however, that Limited Partners collectively owning fifty percent (50%) of the Percentage Interests in the Partnership owned by all Limited Partners are represented in person or by proxy at such meeting. A Partner may participate in a Partners' meeting by telephonic conference and be considered present at such meeting. The Partners present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Partners to leave less than a quorum, if any action taken (other than adjournment) is approved by the requisite Percentage Interest of Partners specified in this Agreement for such action. In the absence of a quorum, any meeting of Partners may be adjourned from time to time by the vote of the Partners owning more than fifty percent (50%) of the Percentage Interests in the Partnership owned by the Partners represented at the meeting either in person or by proxy, but no other business may be transacted, except as provided in the preceding sentence, and except for business or actions which do not require the approval of Class A Voting Partners pursuant to Section 4.2 hereof or the Limited Partners pursuant to Section 4.3 hereof.

(f) Written Consent. Any action which may be taken at any meeting of the Partners may be taken without a meeting if a consent to such action in writing, setting forth the action so

taken, shall be signed by the Managing General Partner, and, if the action requires the approval of Class A Voting Partners, by Class A Voting Partners owning at least fifty-one percent (51%) of the Percentage Interests in the Partnership owned by such Class A Voting Partners entitled to vote thereon, and, if the action also requires the approval of Limited Partners, by Limited Partners owning at least fifty-one percent (51%) of the Percentage Interests in the Partnership owned by such Limited Partners entitled to vote thereon. If the Managing General Partner or Class A Voting Partners owning forty percent (40%) or more of the Percentage Interests in the Partnership owned by the Class A Voting Partners (or Limited Partners owning fifty-one percent (51%) or more of the Percentage Interests in the Partnership owned by the Limited Partners) request a meeting for the purpose of discussing or voting on any matter which must be approved by such Partners, the notice of a meeting shall be given in accordance with Section 4.4(i), and no action shall be taken until the meeting is held. Unless delayed in accordance with the provisions of the preceding sentence, any action taken without a meeting will be effective five (5) days after the required minimum number of voters have signed the consent; provided, however, that the action will be effective immediately if such action does not require the approval of Class A Voting Partners under Section 4.2 or Limited Partners under Section 4.3 and the Managing General Partner has signed the consent, or, if the action requires the approval of Class A Voting

Partners or Limited Partners, the action will be effective immediately after the Managing General Partner and Class A Voting Partners owning at least fifty-one percent (51%) of the Percentage Interests in the Partnership owned by all Class A Voting Partners or Limited Partners owning at least fifty-one percent (51%) of the Percentage Interests in the Partnership owned by the Limited Partners (as the case may be) have signed the consent. Any action will be effective immediately if all Partners have signed the consent.

(g) Proxies.

(i) Every Partner entitled to vote at a Partners' meeting may authorize another individual or individuals to act by proxy with respect to such Partner's Partnership Interest, provided that such proxy shall be limited to the right to vote only at a specific Partners' meeting identified in the proxy. Any proxy purporting to be executed in accordance with the provisions of the California Corporations Code shall be presumed to be valid.

(ii) No proxy shall be valid after the expiration of ninety (90) days from the date hereof unless otherwise provided in the proxy. Every proxy shall continue in full force and effect until revoked by the person executing it prior to the Partners' meeting for which such proxy is given, except as otherwise provided in this Section 4.4(g). Such revocation may be effected by a writing delivered to the Managing

General Partner stating that the proxy is revoked or by a subsequent proxy executed by the person executing the prior proxy and presented to the meeting, or as to any meeting, by attendance at such meeting and voting in person by the person executing the proxy. The dates contained on any proxies presumptively shall determine the order of execution, regardless of the postmark dates on the envelopes in which they are mailed.

(h) Record Date. In order that the Partnership may determine the Partners entitled to notices of any meeting or to vote, or entitled to receive any distribution or to exercise any rights in respect of any other lawful action, the Managing General Partner, may fix, in advance, a record date, which is not more than thirty (30) nor less than ten (10) days prior to the date of the meeting nor more than thirty (30) days prior to any other action. If no record date is fixed:

(i) The record date for determining Partners entitled to notice of or to vote at a meeting of Partners shall be at the close of business on the business day before the day on which notice is given or, if notice is waived, at the close of business on the business day before the day on which the meeting is held.

(ii) The record date for determining Partners entitled to give consent to Partnership action in writing without a meeting shall be the day on which the first written consent is given.

(iii) The record date for determining Partners for any other purposes shall be at the close of business on the day on which the Managing General Partner adopts such record date.

(iv) The determination of Partners of record entitled to notice of or to vote at a meeting of Partners shall apply to any adjournment of the meeting unless the Managing General Partner, or the other Partners who called the meeting, fix a new record date for the adjourned meeting, but the Managing General Partner shall fix a new record date if the meeting is adjourned for more than forty-five (45) days from the date established for the original meeting.

(i) Notice of Meeting.

(i) Subject to the provisions of Sections 4.4(c) and 4.4(f) hereof, whenever Partners are required or permitted to take any action at a meeting, a written notice of the meeting shall be given to each Partner by the Managing General Partner not less than ten (10), nor more than thirty (30) days before the date of the meeting. The notice shall state the place, date and hour of the meeting and the general nature of the business to be transacted.

(ii) Whenever Class A Voting Partners representing forty percent (40%) or more of the Percentage Interests owned by the Class A Voting Partners or Limited Partners representing fifty-one percent (51%) or more of the Percentage Interests owned by the Limited Partners desire to call a meeting

of the Partners, they shall do so by notifying the Managing General Partner of their desire, and the Managing General Partner, within ten (10) days thereafter, shall send notice of such meeting to the Partners. Such meeting shall be held on such date and at such place and time as the Managing General Partner may determine in accordance with the provisions of this Agreement. If the Managing General Partner does not send a notice of meeting to all Partners within such ten (10) day period, then the Partners requesting a meeting may send to all Partners a notice of meeting in accordance with this Section 4.4(i) calling a meeting on such date and at such place and time as such Partners may determine.

(iii) Notice of a Partners' meeting or any report may be given either (A) personally, (B) by mail or other means of written communication, addressed to the Partner at the address of the Partner appearing on the books of the Partnership or given by the Partner to the Partnership for the purpose of notice or, if no address appears or is given, at the place where the principal office of the Partnership is located, (C) by publication at least once in a newspaper of general circulation in the county in which the principal office is located (provided the Managing General Partner first attempts to effectuate such notice by personal service, mail or other means of written communication as described above), or (D) by such other means as the Managing General Partner or other Partners who call the meeting deem appropriate. Any notice or report, if given pursuant to either

clause (A) or (B) above, shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by other means of written communication. An affidavit of mailing or of any notice or report in accordance with the provisions of this Section 4.4(iii), executed by a Partner shall be evidence of the giving of the notice or report. If any notice or report addressed to the Partner at the address of the Partner appearing on the books of the Partnership is returned to the Partnership by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice or report to the Partner at the address, all future notices or reports shall be deemed to have been duly given without further mailing if they are available for the Partner at the principal executive office of the Partnership for a period of one year from the date of the giving of the notice or report to all other Partners.

(iv) Upon written request to the Managing General Partner by any Person entitled to call a meeting of Partners, the Managing General Partner immediately shall cause notice to be given to the Partners that a meeting will be held at a time requested by the person calling the meeting, not less than ten (10), nor more than thirty (30) days after the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the person entitled to call the meeting may give the notice or, upon the application of such person, the Court shall summarily order the giving of the notice, after notice to the

Partnership giving it an opportunity to be heard. The procedure provided in subdivision (c) of Section 305 of the California General Corporations Law shall apply to the application. The Court may issue any order as may be appropriate, including, without limitation, an order designating the time and place of the meeting, the record date for determination of Partners entitled to vote, and the form of notice.

(v) When a Partners' meeting is adjourned to another time or place, except as provided in this Section 4.4, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Partnership may transact any business which might have been transacted at the original meeting. If the adjournment is for more than forty-five (45) days or, if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Partner.

4.5 Duties and Obligations of Managing General Partner. The Managing General Partner shall take all actions which shall be necessary or appropriate for the accomplishment of the Partnership's purposes, including the acquisition, development, maintenance, preservation and operation of Partnership property in accordance with the provisions of this Agreement and applicable laws and regulations. In connection therewith, the Managing General Partner shall cause the Partnership to obtain policies of

liability insurance insuring against such losses, in such amounts, and under such terms and conditions as the Managing General Partner, in her sole and absolute discretion, determines to be necessary or appropriate.

4.6 Devotion of Time. Neither the Managing General Partner nor any other Partner shall be obligated to devote full time to the affairs of the Partnership. The Managing General Partner and other Partners each shall be free to become involved in other businesses, enterprises, ventures and partnerships.

4.7 Indemnification of Partners. Subject to Section 13 hereof, the Partnership, its receiver or its trustee shall indemnify, defend, save and hold harmless and pay all judgments and claims against the Partners, and each of their respective Affiliates, trustees, officers, directors, shareholders, employees, agents, subsidiaries, successors and assigns, from any liability, loss or damage incurred by any of them by reason of any act performed or omitted to be performed by any of them in connection with the performance of their duties as Partners of this Partnership, including actual court costs and attorneys' and accountants' fees and other professional advisors' fees and any other amounts expended in the defense or settlement of any claims of liability, loss or damage. The defense obligation described herein shall include defense by counsel of the indemnified party's choice. All judgments against the Partnership and a Partner, wherein a Partner is entitled to indemnification, shall first be

satisfied from the proceeds of any insurance maintained by the Partnership, to the extent such insurance proceeds are available, and then from Partnership assets before a Partner or such other Persons shall be responsible for such obligations. Notwithstanding the foregoing provisions of this Section 4.7, no Partner shall be indemnified from any liability for fraud, willful misconduct, gross, active negligence, or negligent acts or omissions occurring outside the scope of such Partner's authority under this Agreement.

4.8 Investment or Management Opportunities. No Partner shall be obligated to present any particular investment or opportunity which is similar to the purpose of the Partnership to the Partnership, even if the opportunity is of a character which, if presented to the Partnership, could be taken by the Partnership, and any Partner or an Affiliate thereof shall have the right to take for its own account or to recommend to others any investment opportunity which is similar to the purpose of the Partnership.

4.9 Transactions with Affiliates. The Partners hereby acknowledge and agree that the Partnership, in the course of its business activities, may enter into contracts and agreements with the Managing General Partner or Affiliates of the Partnership or the Managing General Partner, including without limitation, employment, consulting and other compensation agreements which, by execution of this Agreement, the Partners specifically authorize; provided, however, that all such contracts and agreements (excluding any employment, consulting or other compensation

agreements between the Partnership and the Managing General Partner or Affiliates of the Partnership or Managing General Partner) contain provisions and conditions which in the aggregate are no less favorable to the Partnership than the provisions and conditions which could be obtained from Persons who are not Affiliates of Partners. All aspects of such transactions (including but not limited to the negotiation, amendment, termination and enforcement of such contracts or agreements) on behalf of the Partnership shall be subject to the sole discretion and control of the Managing General Partner.

4.10 Guaranteed Payments. No Partner shall receive any salary for services performed for or on behalf of the Partnership. One or more Partners, with the Managing General Partner's prior written consent, may perform services for or on behalf of the Partnership, in which event such Partner shall be entitled to compensation from the Partnership at such time and in such amounts as the Managing General Partner and such Partner who performs services for or on behalf of the Partnership may agree. Any such compensation shall be treated as a transaction between the Partnership and a Partner other than in her or his capacity as a Partner of the Partnership pursuant to Code Section 707.

4.11 Loans and Advances to Partners. The Partners acknowledge and agree that, from time to time, subject to the Managing General Partner's prior consent, the Partners may receive advances or disbursements of funds from the Partnership other than advances or

disbursements contemplated by Sections 5.6, 5.7 or 5.9 below. Any such advances or disbursements from the Partnership (other than distributions pursuant to Sections 5.6, 5.7 or 5.9 below) shall constitute loans from the Partnership to the Partners, and in recognition of the cost of the use of such funds to the Partnership, including, without limitation, lost investment opportunities, shall bear interest at the greater of: (a) six percent (6%) per annum, or (b) the minimum interest rate required by Code Section 7872.

5. CAPITAL, DISTRIBUTIONS AND ALLOCATIONS.

5.1 Partners' Capital Contributions. The General Partners previously contributed to the Partnership the Partners' Capital Contributions. Except as required by law or by the Managing General Partner pursuant to Section 5.3 hereof, the Partners shall not be required under any circumstances whatsoever to make any further contributions to the capital of Partnership or to undertake personal liability for any Partnership obligations, including the making of loans or execution of guarantees for or on behalf of the Partnership. Neither the Managing General Partner, any principal, officer, director or employee of the Managing General Partner, nor any other Partner shall be obligated to provide any personal guaranty of any Partnership indebtedness.

5.2 Financing.

(a) The Partners acknowledge and agree that the Managing General Partner has caused the Partnership to guaranty an existing

loan from Wells Fargo Bank in the amount of approximately \$24,100,000, the proceeds of which loan were utilized by Braemar to rehabilitate the Catamaran Resort Hotel, and which loan originally was secured by a first deed of trust and other security documents encumbering all of the assets (including leasehold improvements and fee title real property interests) of the Catamaran Resort Hotel. Concurrently with such refinancing, (1) the Managing General Partner allowed Wells Fargo Bank to acquire a security interest in and lien against all of the Partnership's assets, including the Bahia Hotel, and (2) Wells Fargo Bank acquired a security interest in and lien against a University City shopping center owned by Evans, Trust C and Webster, which collateral shall secure repayment of such loan. The restructuring transaction and the collateralization transactions described in this Section 5.2 shall be referred to herein as the "Wells Fargo Financing Transaction." By execution of this Agreement, the Partners ratify, approve and authorize the Partnership (i) to enter into the Wells Fargo Financing Transaction and all documents and instruments implementing the Wells Fargo Financing Transactions, (ii) to pay all of the costs and expenses associated therewith, (iii) to undertake and perform all of the obligations set forth in the documents and instruments implementing the Wells Fargo Financing Transaction, and (iv) to make all of the guaranties, hazardous materials indemnification agreements, pledges, encumbrances and collateral assignments required of the Partnership

in connection therewith. The Partners further ratify, approve and authorize any subsequent derivative of the Wells Fargo Financing Transaction or any portion thereof, including, without limitation, any modification, refinancing, restructuring, extension, foreclosure or deed-in-lieu of foreclosure with respect thereto.

(b) The Partners further acknowledge and agree that the Managing General Partner has caused or will cause the Partnership to enter into a credit facility arrangement or line of credit with such financial institution as the Managing General Partner, in her sole and absolute discretion, deems appropriate, which credit facility or line of credit may be secured by the Partnership's business and assets, shall be in an amount up to \$2,500,000, and shall be drawn upon for the purpose of providing the Partnership with required working capital from time to time as the Managing General Partner, in her sole and absolute discretion, determines to be necessary. By execution of this Agreement, the Partners ratify, approve and authorize the Partnership (i) to obtain such credit facility or line of credit, (ii) to pay all costs and expenses associated therewith, (iii) to undertake and perform all of the obligations set forth in the documents and instruments implementing such credit facility or line of credit, and (iv) to make any and all pledges, encumbrances and collateral assignments required of the Partnership in connection therewith.

### 5.3 Additional Capital Contributions Required.

(a) If the Managing General Partner, in her reasonable discretion, determines that the Partnership has cash needs for any purpose in excess of available funds (i.e., for any expenditures or reserves in excess of Operating Cash Flow and Net Capital Proceeds), the Managing General Partner may require additional contributions to the capital of the Partnership from all General Partners in excess of those contributions described in Section 5.1. Each General Partner shall be responsible for its pro rata share of any duly authorized and approved additional contribution to the capital of the Partnership, which shall be determined in accordance with the General Partners' respective Percentage Interests in the Partnership.

(b) The Managing General Partner shall have no obligation to require that the Partners provide additional funds to the Partnership under any circumstances, whether by way of capital contributions, loans or otherwise, even if the failure to do so could result in a default of the Partnership's obligations.

(c) The Managing General Partner has made no representations or warranties as to the amounts of additional capital which may be required by the Partnership from time to time. The provisions of this Section 5.3 are not for the benefit of or enforceable by any third party.

### 5.4 Remedies Upon Failure to Make Additional Contributions.

If any General Partner fails to make an additional contribution to

the capital of the Partnership required by the Managing General Partner pursuant to Section 5.3(a) within thirty (30) calendar days after the Managing General Partner notifies all General Partners of such required additional capital contributions ("Contribution Default"), such Contribution Default shall constitute a material breach of that General Partner's obligations under this Agreement. A General Partner who fails to make such required additional contribution ("Defaulting Partner"), unless and until such Defaulting Partner cures the Contribution Default, shall be deemed not to be a Partner for purposes of any provision herein providing for the consent or approval of Partners and shall not be entitled to vote its Partnership Interest pursuant to Section 4.2 or any other provision hereof. In addition, upon any such Contribution Default, any other Partner ("Non-Defaulting Partner"), in addition to any other rights such Non-Defaulting Partner may have at law or in equity, may elect any of the following courses of action:

(a) Default Loan.

(i) Any Non-Defaulting Partner(s), at their option, may advance the Defaulting Partner's share of the required additional capital to the Partnership on the account of the Defaulting Partner. Any such advance or advances pursuant to this Section 5.4(a) hereinafter shall be referred to individually or collectively as a "Default Loan." The term "Lending Partner," as used herein, shall refer to any Non-Defaulting Partner(s) making a Default Loan. A Default Loan shall constitute a debt of the

Defaulting Partner to the Lending Partner, and the Defaulting Partner shall pay to the Lending Partner the principal amount of such Default Loan together with interest at the Interest Rate, commencing on the date the Default Loan is made and continuing until such Default Loan is paid in full, together with all reasonable costs of collection, including, without limitation, reasonable attorney's fees. Any Default Loan shall be due and payable by the Defaulting Partner to the Lending Partner upon the date which is ninety (90) days after written demand for payment from the Lending Partner to the Defaulting Partner, which demand may be made at any time after the date such advance is made, or at such other time (not less than 90 days after the date of such advance) as the Lending Partner shall specify at the time the Default Loan is made. If more than one Non-Defaulting Partner desires to exercise their rights to make a Default Loan, each such Non-Defaulting Partner shall have the right to make a portion of the Default Loan determined by reference to the proportion which such Non-Defaulting Partner's Percentage Interest bears to the Percentage Interests of all Non-Defaulting Partners who desire to make Default Loans; provided, however, that if any Class A Voting Partners desire to exercise their rights to make a Default Loan, then such Class A Voting Partners shall have the right to make a portion of the Default Loan determined by reference to the proportion which all of the Class A Voting Partners Percentage

Interests bear to the Percentage Interests of all Class A Voting Partners.

(ii) By execution of this Agreement, for the purpose of securing a Default Loan, each Defaulting Partner grants to each Lending Partner a security interest in and a first and paramount priority lien and charge (or, if permitted by the Lending Partner and if the Defaulting Partner's Partnership Interest previously has been encumbered, a second priority lien and charge) upon only that portion of the Defaulting Partner's Partnership Interest which is equal to the Dilution Percentage (hereinafter, "Collateral Interest"). (For example, assuming that: (A) a Defaulting Partner's Percentage Interest in the Partnership is 15%; and (B) by reason of a Contribution Default such Defaulting Partner's Percentage Interest would be reduced by 4% to 11% if the Non-Defaulting Partners elected to dilute the Defaulting Partner's Percentage Interest pursuant to Section 5.4(b) below, then the Collateral Interest shall be a portion of the Defaulting Partner's Partnership Interest to which a 4% Percentage Interest is attributed.) At the time the Default Loan is made on behalf of the Defaulting Partner, the Defaulting Partner shall execute and deliver to the Lending Partner a promissory note, security agreement, UCC-1 financing statement, and such other documents as reasonably may be required by the Lending Partner to evidence such indebtedness and security interest. The Defaulting Partner hereby grants to the Non-Defaulting Partner an irrevocable, special power

of attorney, coupled with an interest, for the purpose of executing, acknowledging, verifying, filing, certifying, publishing and delivering any promissory notes, security agreement, UCC-1 financing statement or other document required of such Partner if such Partner is a Defaulting Partner or as otherwise necessary to carry out the provisions of this Section 5.4(a). By execution of this Agreement, each Partner warrants and represents to the other Partner that it has not previously pledged or encumbered its Partnership Interest, and each Partner agrees not to pledge or encumber its Partnership Interest without the prior consent of the other Partners, which may be granted or withheld by such Partner in its sole discretion.

(iii) Commencing on the date on which a Default Loan is made to the Partnership for the account of the Defaulting Partner and continuing until the earlier of: (A) the date on which the Default Loan and all accrued and unpaid interest thereon are paid in full to the Lending Partner, or (B) until the Adjustment Date (if the Lending Partner elects to dilute the Defaulting Partner's Percentage Interest pursuant to Section 5.4(b) below), a Defaulting Partner's share of any distributions made pursuant to the provisions of this Agreement (but not such Defaulting Partner's share of income, gain, loss, deduction or credit) shall be paid to the Lending Partner until such time as the Lending Partner has received full payment of the Default Loan, all accrued and unpaid interest thereon and all actual costs of collection, including

without limitation court and other costs and actual attorney's, accountant's and other professional fees.

(iv) If the Default Loan is not paid as described in this Section 5.4(a) above, the Lending Partner(s) may elect, in their sole discretion, to retain the Collateral Interest in satisfaction of such Default Loan or to sell the Defaulting Partner's Collateral Interest pursuant to the provisions of Division 9 of the California Uniform Commercial Code, reserving to all Partners the rights and remedies contained therein, including without limitation, the redemption and repurchase rights set forth in Section 5.4(e).

(v) Each Partner agrees that damages would be an inadequate remedy and that specific performance or injunctive relief may be granted to compel compliance with this Section 5.4(a). In addition, the Defaulting Partner shall pay all costs, including actual attorneys' fees and court costs and other costs, incurred by the Non-Defaulting Partner in enforcing the provisions of this Section 5.4(a).

(b) Dilution.

(i) As an alternative remedy, any Non-Defaulting Partner, at its option, may advance the Defaulting Partner's share of the required additional capital to the Partnership and, at its option, elect to treat such advance as an additional contribution to the capital of the Partnership by the Non-Defaulting Partner. (The Non-Defaulting Partner, at any time,

also may elect to treat any Default Loan previously made pursuant to Section 5.4(a) as an advance made pursuant to this Section 5.4(b)). If the Non-Defaulting Partner so elects, it may cause the Defaulting Partner's Percentage Interest in the Partnership to be adjusted, effective as of the date the Non-Defaulting Partner so notifies the Defaulting Partner (hereinafter, "Adjustment Date"), by increasing such Non-Defaulting Partner's Percentage Interest, and decreasing the Defaulting Partner's Percentage Interest by a number of percentage points (hereinafter, "Dilution Percentage") equal to the percentage derived by dividing the amount which the Defaulting Partner failed to contribute by the aggregate of all the Partners' Unrecovered Capital (which for purposes of this Section 5.4(b) only, in any case, shall never be less than \$100.00), including the most recent contributions and any Default Loan. Notwithstanding the foregoing, no Partner's Percentage Interest shall be reduced below 1% by operation of this Section 5.4(b)(i).

(ii) If, after a Non-Defaulting Partner elects to make a Default Loan pursuant to Section 5.4(a), the Non-Defaulting Partner further elects to adjust the Defaulting Partner's Percentage Interest in accordance with this Section 5.4(b), the Non-Defaulting Partner shall have no further rights and remedies against the Defaulting Partner for that portion of the Default Loan and accrued interest thereon as to which such adjustment is made.

(iii) On the Adjustment Date, the Defaulting Partner shall execute and deliver to the Non-Defaulting Partner an amendment to this Agreement acknowledging the adjustment of the Partners' respective Percentage Interests described herein, together with such other documents and instruments as the Non-Defaulting Partner determines to be necessary or appropriate to accomplish the dilution described in this Section 5.4(b). The Defaulting Partner hereby grants to the Non-Defaulting Partner an irrevocable, special power of attorney, coupled with an interest, for the purpose of executing, acknowledging, verifying, filing, certifying, publishing and delivering any assignment of partnership interest, amendment to this Agreement or other document or instrument required of such Partner if such Partner is a Defaulting Partner or as otherwise necessary to carry out the provisions of this Section 5.4(b).

(iv) Each Partner agrees that damages would be an inadequate remedy and that the specific performance or injunctive relief may be granted to compel compliance with this Section 5.4(b). In addition, the Defaulting Partner shall pay all costs, including actual attorneys' fees and court and other costs, incurred by the Non-Defaulting Partner in enforcing the provisions of this Section 5.4(b).

(c) Rights Prior to Election. Unless and until a Non-Defaulting Partner elects either or both of the remedies set forth in Sections 5.4(a) and 5.4(b) above, the unpaid additional

capital contribution shall be deemed a debt of the Defaulting Partner to the Partnership and shall be payable without further demand with interest at the Interest Rate. Interest shall commence on the date of the Contribution Default and shall continue until the debt to the Partnership has been discharged pursuant to this Section 5.4(d) or until the Non-Defaulting Partners elect one of the remedies described in Sections 5.4(a) and (b) above. The Partnership also shall be entitled to recover from the Defaulting Partner all actual costs of collection, including, without limitation, actual attorneys' fees and court and other costs. The Defaulting Partner's share of any distributions made pursuant to this Agreement (but not such Defaulting Partner's share of taxable income, gain, loss, deduction or credit) shall be retained by the Partnership as payment on the amount due from the Defaulting Partner until the earlier of: (i) the time the Partnership has received full payment on the amount due, including, without limitation, all accrued and unpaid interest thereon and all actual costs of collection, including, without limitation, actual attorneys' fees and court and other costs, or (ii) the time one or more Non-Defaulting Partners have elected one of the remedies set forth in Sections 5.4(a) and 5.4(b) above.

(d) Right of Redemption or Repurchase.

(i) If any Defaulting Partner's Collateral Interest is either taken or foreclosed upon by any Non-Defaulting Partner(s) in satisfaction of a Default Loan pursuant to Section

5.4(a), then such Defaulting Partner, at any time on or before the date which is one year from the date of such taking, foreclosure or purchase, shall have the right to redeem and repurchase such Collateral Interest taken pursuant to Section 5.4(a), by paying to the Non-Defaulting Partners the amount of any Default Loan made pursuant to Section 5.4(a), together with: (A) interest thereon at the Interest Rate, commencing on the date of the Defaulting Partner's Contribution Default and continuing until the date of the Defaulting Partner's election to redeem or repurchase pursuant to this Section 5.4(d), and (B) all actual costs incurred by the Non-Defaulting Partner(s) in connection with such Default Loan and taking or foreclosure pursuant to Sections 5.4(a), including actual attorney's and accountant's fees and court and other costs.

(ii) If any Defaulting Partner's Partnership Interest is diluted by any Non-Defaulting Partner(s) pursuant to Section 5.4(b), such Defaulting Partner, at any time on or before the date which is one year from the date of the Non-Defaulting Partner's(s') election to dilute her, his or its Percentage Interest, shall have the right to restore the full Percentage Interest attributable to such Partnership Interest diluted pursuant to Section 5.4(b), by paying to the Non-Defaulting Partner(s) the amount of any advance made by the Non-Defaulting Partner(s) on behalf of the Defaulting Partner pursuant to Section 5.4(b), together with (A) interest thereon at the Interest Rate, commencing on the date of the Defaulting Partner's Contribution Default, and

continuing until the date of the Defaulting Partner's election to restore her, his or its Percentage Interest pursuant to this Section 5.4(d), and (B) all actual costs incurred by the Non-Defaulting Partner(s) in connection with such Contribution Default and the dilution of the Defaulting Partner's Percentage Interest, including attorney's and accountant's fees and court and other costs.

5.5 Source of Additional Capital Investment. If the Managing General Partner determines, in her sole and absolute discretion, that the Partnership has cash needs for any purpose in excess of available funds, but the Managing Partner determines not to obtain such funds by requiring additional contributions to the capital of the Partnership from the Partners pursuant to Section 5.3, then the following provisions shall apply:

(a) Voluntary Capital Contributions. The Managing General Partner, or any other Partner, may advance such funds to the Partnership on a voluntary basis. All such funds contributed by the Managing General Partner or any other Partner pursuant to this Section 5.5 shall be treated as additional capital contributions to the Partnership, and the amount of such additional capital contributions shall increase such Partners' Unrecovered Capital and shall be credited to the contributing Partners' Capital Accounts, but such Partners' Percentage Interests shall not be increased as a result of such advances.

(b) Third-Party Loans. Subject to the provisions of Section 4.2 requiring the approval of Class A Voting Partners owning at least fifty-one percent (51%) of the Percentage Interests owned by all Class A Voting Partners, the Partnership may borrow funds from financial institutions or other third parties under provisions and conditions as the Managing General Partner deems necessary or advisable.

(c) Affiliate Loans. The Partnership may borrow funds from the Partners or any one or more of them or an Affiliate of the Partners, in which event the provisions regarding Affiliate Loans (set forth in Section 1.4) shall apply.

(d) Additional Partners. Subject to the provisions of Section 4.2 requiring the approval of Class A Voting Partners owning at least fifty-one percent (51%) of the Percentage Interests owned by all Class A Voting Partners and Section 4.3 requiring the approval of Limited Partners owning at least fifty-one percent (51%) of the Percentage Interest owned by all Limited Partners (if applicable), the Partnership may admit additional partners who will contribute the required additional funds to the Partnership from time to time and at such time as the Managing General Partner deems appropriate. To the extent necessary, the Partners shall execute such instruments and documents as may be necessary to evidence the admission of such additional partners. The Partners acknowledge that in admitting any additional partners, their respective Percentage Interests in the Partnership will be subject to pro rata

dilution as described in Section 14.1. Notwithstanding the foregoing, if any such additional partner is a member of any existing Class A Voting Partner's Immediate Family, such additional partner shall be admitted as a Class A Voting Partner, but if such additional partner is not a member of an existing Class A Voting Partner's Immediate Family, such additional partner shall be entitled to vote only on those matters described in Section 4.2(i) and (j).

(e) Joint Venture. Subject to the provisions of Section 4.2 requiring the approval of Class A Voting Partners owning at least fifty-one percent (51%) of the Percentage Interests owned by all Class A Voting Partners, the Partnership may form a partnership, joint venture or other business association with another entity as described in Section 14.1.

5.6 Net Distributable Cash. At such intervals as are determined by the Managing General Partner, in her sole and absolute discretion, Net Distributable Cash shall be distributed in the following order of priority:

(a) First, to pay accrued and unpaid interest (and, at the Managing General Partner's election, unpaid principal) under Affiliate Loans;

(b) Second, to pay the Partners, pro rata, according to their respective Unrecovered Capital, in an amount up to each Partner's Unrecovered Capital; and

(c) Third, the balance, if any, to the Partners in the ratio of their respective Percentage Interests.

5.7 Distribution of Net Capital Proceeds. Subject to Section 5.9(d), Net Capital Proceeds received by the Partnership shall be distributed in the same priority as set forth in Section 5.6 above, except that unpaid principal under Affiliate Loans, to the extent of available funds, shall be paid in full.

5.8 Capital Accounts; Allocation of Profit and Loss.

(a) Capital Accounts. Each Partner's Capital Account shall be maintained as required by Section 1.1 of Exhibit "A".

(b) Allocations. All Profit and Loss of the Partnership shall be allocated among the Partners in accordance with the provisions of Exhibit "A".

5.9 Dissolution. Upon dissolution of the Partnership, the business of the Partnership shall be wound up by the Managing General Partner, the assets of the Partnership shall be liquidated, and the proceeds thereof shall be applied and distributed as follows:

(a) To the expenses of liquidation;

(b) To the repayment of the debts and liabilities of the Partnership, other than Affiliate Loans;

(c) To the repayment of Affiliate Loans;

(d) As permitted by Treasury Regulations 1.704-1(b)(2)(ii)(b)(3), to the establishment of any reserves in a trust account which the Managing General Partner deems necessary for any

contingent or unforeseen liabilities of the Partnership, or of the Partners, arising out of or in connection with the Partnership; and

(e) To the Partners in accordance with their respective positive Capital Account balances. The timing and method of such distributions shall comply with Treasury Regulations Section 1.704-1(b), 1.704-1T(b) and 1.704-2 or any similar successor Treasury Regulations or if no such successor Treasury Regulations exist, distributions shall be made as soon as possible. Any gain or loss resulting from the liquidation shall be allocated in accordance with the provisions contained in Exhibit "A".

6. PARTNERSHIP EXPENSES.

The Partnership shall pay for all expenses incurred in connection with the business of the Partnership, including, but not limited to: (i) organization expenses incurred to form the Partnership; (ii) salaries, compensation and fringe benefits of personnel employed by the Partnership and directly involved in the Partnership's businesses; (iii) any and all other costs associated with operating and managing the Bahia Hotel or any other Partnership assets; (iv) costs of borrowed money (including without limitation all costs and expenses associated with any aspect of the Wells Fargo Financing Transaction), insurance, taxes and assessments on the Partnership's assets and other taxes applicable to the Partnership; (v) legal, audit, accounting, consulting and brokerage fees, including fees incurred in connection with the formation of the Partnership or the transactions connected

therewith; (vi) expenses and taxes incurred in the distribution, transfer and recording of documents evidencing ownership of a Partnership Interest or in any interest in the Partnership's business, (vii) expenses for the repair, remodeling, refinancing and operation of Partnership's hotels and other properties; (viii) out-of-pocket expenses incurred by the Managing General Partner in connection with the business of the Partnership; and (ix) any other expenses which the Managing General Partner, in her sole and absolute discretion, determines are necessary or advisable for the business and operation of the Partnership.

7. BOOKS AND RECORDS.

7.1 Records. The Managing General Partner, at the Partnership's expense, shall maintain complete books and records of the Partnership business at the Partnership's principal place of business, which shall be open to inspection by any of the Partners or their accredited representatives, upon advance written notice, at any reasonable time during normal business hours. The Partnership's accounting records shall be maintained in accordance with generally accepted accounting practices for this type of business or shall state the manner in which such records differentiate from such generally accepted accounting practices for this business. The Partnership's books and records shall include but shall not be limited to the following Partnership documents:

(a) A current list of the full name and last known business or residence address of each Partner set forth in

alphabetical order, together with the Partners' Initial Capital Contributions, additional capital contributions (if any) and the Percentage Interest attributable to each Partner;

(b) A copy of the Statement of Partnership and all amendments to and restatements of the Statement of Partnership;

(c) Copies of the Partnership's federal, state and local income tax or information returns and reports, if any, for the six (6) most recent taxable years;

(d) Copies of this Agreement and all amendments to this Agreement; and

(e) Financial statements for the Partnership's businesses for the six (6) most recent fiscal years (excluding all years prior to formation of the Partnership).

#### 7.2 Delivery to Partners and Inspection.

(a) Delivery. Upon the request of a Partner, the Managing General Partner promptly shall deliver to said Partner, at the expense of the Partnership, a copy of the information required to be maintained by subsection (a), (b) or (d) of Section 7.1.

(b) Inspection. Each Partner has the right, upon reasonable request, to each of the following:

(i) To inspect and copy during normal business hours any of the Partnership records reasonably required to be maintained by Section 7.1; and

(ii) To obtain from the Managing General Partner, promptly after becoming available, a copy of the Partnership's federal, state and local income tax or information returns for each year; and

(iii) To audit the books and records of the Partnership (excluding books and records for operations prior to formation of the Partnership), provided that: (A) such Partner pays the entire cost and expenses incurred in connection with any such audit, including the cost of a legal representative or accounting professional selected by the Partnership, if it so desires, to monitor the audit by the Partner; (B) such audit may take place only after not less than two (2) weeks written notice to the Managing General Partner; (C) such audit shall be conducted during normal business hours; and (D) the audit and the auditors shall not disrupt or interfere with the business of the Partnership.

7.3 Tax Information. As soon as practicable after the end of each fiscal year of the Partnership, the Managing General Partner, at the Partnership's expense, shall furnish to each Partner (i) a copy of the Partnership's information tax return filed for federal and state income tax purposes for that fiscal year, and (ii) any additional information the Partners reasonably may require for the preparation of their individual federal and state income tax returns.

7.4 Reports.

(a) Financial Statement. The Managing General Partner shall cause an internally prepared annual financial report to be sent to the Partners as soon as practicable after the close of each fiscal year, and that financial report shall contain a balance sheet as of the end of the fiscal year, an income statement, and a statement of changes in financial position for the fiscal year.

(b) Income Statement. Each Partner may make a written request to the Managing General Partner for an income statement of the Partnership for the current fiscal year ended more than thirty (30) days before the date of the request, and a balance sheet of the Partnership as of the end of that period. The statement shall be delivered or mailed to that Partner within thirty (30) days after the request.

7.5 Accounting Decisions. All decisions as to accounting and tax matters shall be made by the Managing General Partner.

7.6 Tax Returns. The Partnership's tax and fiscal year shall be the calendar year, unless the Managing General Partner shall elect a different fiscal year at any time. The accountants shall be instructed to prepare and file all required income tax returns for the Partnership. The Managing General Partner shall be the Tax Matters Partner for purposes of Section 6231(a)(7) of the Code. The Partnership, if requested by any Partner, shall make the election under Section 754 of the Code to adjust the basis of the Partnership's assets as described in Sections 734 and 743 of the Code.

7.7 Annual Audit. If deemed necessary or appropriate by the Managing General Partner, the financial books and records of the Partnership shall be audited annually by an independent firm of certified public accountants selected by the Managing General Partner.

7.8 Additional Records and Reports. The records and reports contemplated by this Section 7 shall be maintained and prepared by Managing General Partner, at the Partnership's expense. Only the specific information, records and reports identified in Sections 7.1, 7.4 and 7.7 above need be maintained by the Managing General Partner at her principal office in San Diego, California.

8. TRANSFERS OF PARTNERSHIP INTERESTS.

8.1 Restriction Against Transfer. No Partner shall sell, assign, transfer, hypothecate, encumber or in any way convey all or any portion of its Partnership Interest or any legal or beneficial right or interest therein, whether voluntarily or by operation of law, or by gift, donation or otherwise (collectively, "Transfer"), except (a) with the prior written consent of the Managing General Partner (but only so long as Evans has a Controlling interest in Managing General Partner), or (b) otherwise in compliance with the provisions and conditions of this Agreement. Any Transfer of a Controlling interest in any corporate or entity Partner shall be deemed a Transfer for purposes of this Agreement. Any purported Transfer in violation of any provision of this Agreement shall be void and ineffectual and shall not operate to

Transfer any right, title or interest in or to the purported transferee, and the Partnership shall not give any effect in its books or records to such purported Transfer.

8.2 Permitted Transfers. The provisions of this Agreement relating to the restrictions against Transfer of Partnership Interest shall not apply to the following Transfers:

(a) Any Partner may Transfer all or any part of its Partnership Interest to the Partnership or to an existing Partner of the Partnership;

(b) Any individual Partner may Transfer its Partnership Interest by a gift, bequest or donation to any member of such Partner's Immediate Family;

(c) Any Partner may Transfer all or any portion of its Partnership Interest to any Person; provided, however, that (i) the procedures of Sections 8.3, 8.4 and 8.5 are complied with prior to such Transfer, (ii) any such Person is determined by the City of San Diego (the lessor of the real property upon which the Bahia Hotel is located) to be of "good character and reputation" for purposes of complying with provisions of the Partnership's lease and (iii) any such Person executes and delivers to the Managing General Partner an appropriate instrument agreeing to be bound by the provisions and conditions of this Agreement.

If any Partnership Interest is Transferred pursuant to subparagraphs (a) through (c) above, the transferee or donee of such Partnership Interest (hereinafter, "Permitted Transferee")

shall own such Partnership Interest subject to all of the provisions of this Agreement and shall agree to be bound by this Agreement and shall make no other Transfers other than as permitted under this Agreement.

8.3 Right of First Refusal. The following procedure shall apply to any proposed sale, hypothecation or encumbrance of any Partnership Interest described in Section 8.2(c):

(a) Bona Fide Offer. If any Partner receives a bona fide offer, whether or not solicited by that Partner, from a Person not then a Partner, to purchase, hypothecate or encumber all or any portion of that Partner's Partnership Interest (hereinafter, "Section 8.3 Offered Partnership Interest"), such Partner (hereinafter, "Section 8.3 Selling Partner") shall give the Partnership and the other Partners (hereinafter, "Section 8.3 Offeree Partners") written notice (hereinafter, "Section 8.3 Notice") at least one hundred twenty (120) days in advance of such proposed sale, hypothecation or encumbrance (such one hundred twenty (120) day period to be referred to as the "Section 8.3 Notice Period") stating as to the proposed purchaser or encumbrancer: (i) its name, place of business and investment objective, (ii) whether acting as principal or agent (and if as agent, identifying its principal), and (iii) the price per Percentage Interest and all other terms of the proposed purchase, hypothecation or encumbrance. The Section 8.3 Selling Partner shall not consummate any such sale, hypothecation or encumbrance

until expiration of the Section 8.3 Notice Period. During the first sixty (60) days of the Section 8.3 Notice Period, the Partnership shall have the exclusive right and option (if the Section 8.3 Notice describes a proposed sale of a Partnership Interest) to redeem any or all of the Section 8.3 Offered Partnership Interest (i) at the price per Percentage Interest and under the other terms and provisions set forth on the Section 8.3 Notice, or, at the Partnership's option (or if the Section 8.3 Notice describes a proposed hypothecation or encumbrance), (ii) at a price equal to the Book Value Per Percentage Interest as of the date of the Section 8.3 Notice, payable by wire transfer or bank cashier's check at the closing of such purchase. All decisions of the Partnership with respect to exercise of its rights under this Section 8.3 shall be made by the Managing General Partner through its Board of Directors with the nominee, if any, of the Section 8.3 Selling Partner not participating. After receiving the Section 8.3 Notice, the Partnership, on or before the sixtieth (60th) day of the Section 8.3 Notice Period, shall make and communicate to each of the Partners (including the Section 8.3 Selling Partner) its decision as to whether it elects to redeem all or any portion of the Section 8.3 Offered Partnership Interest. If, and to the extent that, the Partnership does not elect to redeem all of the Section 8.3 Offered Partnership Interest, the Section 8.3 Offeree Partners shall have the right and option, during the remainder of the Section 8.3 Notice Period, to purchase any or all of the

remaining Section 8.3 Offered Partnership Interest (1) at the price per Percentage Interest and on the other provisions and conditions set forth in the Section 8.3 Notice (if the Section 8.3 Notice describes a proposed sale of a Partnership Interest) or, at the option of the Section 8.3 Offeree Partners (or if the Section 8.3 Notice describes a proposed hypothecation or encumbrance), (2) at a price per Percentage Interest equal to the Book Value Per Percentage Interest as of the date of the Section 8.3 Notice, by wire transfer or bank cashier's check at the closing of such purchase. If the Section 8.3 Offeree Partners elect in the aggregate to purchase more than 100% of the Section 8.3 Offered Partnership Interest, then, in the absence of another agreement among them, each of the Section 8.3 Offeree Partners shall be entitled to purchase a portion of such remaining Section 8.3 Offered Partnership Interest determined by reference to the proportion which each such Section 8.3 Offeree Partner's Percentage bears to all such Section 8.3 Offeree Partners' Percentage Interests.

(b) Time for Closing. If the Partnership or the Section 8.3 Offeree Partners elect to purchase all or any portion of the Section 8.3 Offered Partnership Interest, such Section 8.3 Offered Partnership Interest shall be delivered, and the transaction closed, within sixty (60) days after expiration of the Section 8.3 Notice Period.

(c) Failure to Elect. If, at the end of the Section 8.3 Notice Period, the Partnership and the Section 8.3 Offeree Partners shall not have elected to purchase any portion of the Section 8.3 Offered Partnership Interest, then neither the Partnership nor any of the Section 8.3 Offeree Partners shall be entitled to purchase such portion of the Section 8.3 Offered Partnership Interest not purchased, and the Section 8.3 Selling Partner then, and only then, may sell, hypothecate or encumber the remaining portion of the Section 8.3 Offered Partnership Interest to the bona fide offeror identified in the Section 8.3 Notice; provided, however, that (i) such Section 8.3 Offered Partnership Interest is sold, hypothecated or encumbered at the price and on the terms identical to those set forth in the Section 8.3 Notice, and (ii) the sale, hypothecation or encumbrance is consummated within thirty (30) days after expiration of the Section 8.3 Notice Period.

(d) Obligations of Third Party Transferee. Upon the Transfer of any Partnership Interests pursuant to this Section 8.3 to a proposed bona fide offeror named in a Section 8.3 Notice (hereinafter, "Section 8.3 Third Party Transferee"), the Section 8.3 Selling Partner immediately shall notify the other Partners in writing. Any Section 8.3 Third Party Transferee, at the time of its acquisition of a Partnership Interest, shall execute an appropriate document confirming that such Section 8.3 Third Party Transferee takes such Partnership Interest subject to all of the

provisions and conditions of this Agreement and thereby becomes a Substituted Partner within the meaning of this Agreement.

(e) Option to Sell. In addition to the other rights provided in this Section 8.3, upon receipt of a Section 8.3 Notice describing a proposed sale of a Partnership Interest, all of the Partners (other than the Section 8.3 Selling Partner) and their respective Permitted Transferees shall have the right, at the option of each, exercisable by a written notice to the Section 8.3 Selling Partner, within the Section 8.3 Notice Period, to sell to the proposed purchaser named in the Section 8.3 Notice, all or any part of such Partner's Proportionate Share of the Partnership Interest proposed to be sold to such purchaser under the provisions and conditions stated in the Section 8.3 Notice; provided, however, that any sale of a Partnership Interest pursuant to this Section 8.3(e) shall be subject to the option of the Partnership and the other Partners to purchase such Partnership Interest under the provisions and conditions specified in Section 8.3(a) hereof.

(f) Cash Purchase. No offer to purchase any Partnership Interest shall be deemed to be a valid, bona fide offer under this Section 8.3 unless the purchase price with respect to such offer is payable entirely in cash, marketable securities that readily can be valued by reference to quoted trading prices, and/or investment grade debt securities.

8.4 Additional Procedures for Sale of Partnership Interest. The following procedures also shall apply to any proposed sale,

hypothecation or encumbrance of any Partnership Interest described in Section 8.2(c):

(a) Partner who Desires to Sell. If any Partner desires to sell, hypothecate or encumber all or any portion of her, his or its Partnership Interest (hereinafter, "Section 8.4 Offered Partnership Interest"), such Partner (hereinafter, "Section 8.4 Selling Partner") shall give the Partnership and all other Partners (hereinafter, "Section 8.4 Offeree Partners") written notice (hereinafter, "Section 8.4(a) Notice"), which Section 8.4(a) Notice may be given concurrently with or independent of any applicable Section 8.3 Notice and Section 8.4(b) Notice, at least one hundred twenty (120) days in advance of such proposed sale, hypothecation or encumbrance (such one hundred twenty (120) day period shall be referred to as the "Section 8.4(a) Notice Period") stating the exact purchase price or loan amount per Percentage Interest and a precise summary of all other provisions and conditions pursuant to which the Section 8.4 Selling Partner proposes to sell, hypothecate or encumber the Section 8.4 Offered Partnership Interest. The Section 8.4 Selling Partner shall not consummate any such sale, hypothecation or encumbrance until expiration of the Section 8.4(a) Notice Period, and then may consummate such sale, hypothecation or encumbrance only if such transaction is consummated: (i) at a purchase price or loan amount and under provisions and conditions no more favorable to the Section 8.4 Selling Partner than those set forth in the Section 8.4(a) Notice (or any subsequent notice given

pursuant to this Section 8.4), and (ii) no later than thirty (30) days after expiration of the Section 8.4(a) Notice Period (or later expiration of the Section 8.4(b) Notice Period, if any). If, at any time during any Section 8.4(a) Notice Period, the Section 8.4 Selling Partner proposes any sale, hypothecation or encumbrance of all or any part of her, his or its Partnership Interest and the purchase price or loan amount per Percentage Interest is increased or other provisions or conditions of the proposed sale, hypothecation or encumbrance are more favorable to the Section 8.4 Selling Partner than the purchase price or loan amount or provisions and conditions described in the Section 8.4 Notice, or are changed in a manner favorable to the Section 8.4 Selling Partner, the Section 8.4 Selling Partner shall give written notice to the Partnership and the other Partners, setting forth any such changes or more favorable terms, and any Section 8.4 Notice Period (whether a Section 8.4(a) Notice Period or a Section 8.4(b) Notice Period) shall be lengthened by thirty (30) days. Upon receipt of a Section 8.4(a) Notice, the Partners, other than the Section 8.4 Selling Partner, and their respective Permitted Transferees shall have the right, at the option of each, exercisable by written notice to the Section 8.4 Selling Partner within the Section 8.4(a) Notice Period, to sell, hypothecate or encumber to any proposed purchaser or lender with respect to the Section 8.4 Offered Partnership Interest ("Section 8.4 Third Party Transferee"), all or any part of such Partner's Proportionate Share of the

Partnership Interest proposed to be sold, hypothecated or encumbered to such Section 8.4 Third Party Transferee under the provisions and conditions stated in the Section 8.4(a) Notice (or any subsequent notice given pursuant to this Section); provided, however, that if Section 8.4(b) shall apply, any sale of any Partnership Interest pursuant to this Section 8.4(a) shall be subject to the option of the Partnership and the other Partners to purchase such Partnership Interest under the provisions and conditions specified in Section 8.4(b) below.

(b) Additional Procedures If Third Party Transferee Obtains Control. In addition, if the Section 8.4 Third Party Transferee would obtain (either by purchase or acquisition by foreclosure upon default of any loan), in the aggregate, immediately after the purchase, or acquisition by foreclosure upon default of any loan with respect to the Section 8.4 Offered Partnership Interest (and any related acquisition or acquisitions of Partnership Interests whether or not pursuant to this Section 8), directly or indirectly, Control of the Partnership, or Percentage Interests which equal or exceed thirty percent (30%), then the following procedures shall apply in addition to those set forth in Section 8.4(a):

(i) The Section 8.4 Selling Partner shall give the Partnership and the Section 8.4 Offeree Partners written notice (hereinafter, "Section 8.4(b) Notice") which may or may not be included in the Section 8.3 Notice or the Section 8.4(a) Notice,

at least one hundred twenty (120) days in advance of such proposed sale, hypothecation or encumbrance (such one hundred twenty (120) day period shall be referred to as the "Section 8.4(b) Notice Period") stating as to the Section 8.4 Third Party Transferee: (A) its name, place of business and investment objective, (B) whether acting as principal or agent (and, if as agent, identifying its principal), and (C) the purchase price or loan amount per Percentage Interest and other provisions and conditions pursuant to which the Section 8.4 Selling Partner proposes to sell the Section 8.4 Offered Partnership Interest;

(ii) Any purchase price for the Section 8.4 Offered Partnership Interest must be payable at the closing of the sale, entirely in cash, marketable securities that readily can be valued by reference to quoted traded prices and/or investment grade debt securities;

(iii) During the first sixty (60) days of the Section 8.4(b) Notice Period, the Partnership shall have the exclusive right to redeem all or any portion of the Section 8.4 Offered Partnership Interest at the purchase price per Percentage Interest and under the other provisions and conditions set forth in the Section 8.4(b) Notice. All decisions by the Partnership with respect to the exercise of its rights under this Section 8.4 shall be made by the Managing General Partner's Board of Directors, with the nominee, if any, of the Section 8.4 Selling Partner not participating. After receiving the Section 8.4(b) Notice, the

Partnership, on or before the sixtieth (60th) day of the Section 8.4(b) Notice Period, shall make and communicate to the Section 8.4 Selling Partner and the Section 8.4 Offeree Partners its decision as to whether it elects to purchase all or any portion of the Section 8.4 Offered Partnership Interest. If, and to the extent that, the Partnership does not elect to redeem the entire Section 8.4 Offered Partnership Interest, the Section 8.4 Offeree Partners shall have the right during the remainder of the Section 8.4(b) Notice Period, to purchase, at the price per Percentage Interest and under the other provisions and conditions set forth in the Section 8.4(b) Notice, any remaining portion of the Section 8.4 Offered Partnership Interest; provided, however, that if the Section 8.4 Offeree Partners elect in the aggregate to purchase more than 100% of the Section 8.4 Offered Partnership Interest, then, in the absence of another agreement among them, each Section 8.4 Offeree Partners shall be entitled to purchase a portion of such remaining Section 8.3 Offered Partnership Interest determined by reference to the proportion which each such Section 8.4 Offeree Partner's Percentage Interest bears to all such Section 8.4 Offeree Partners' Percentage Interests.

(iv) If at any time during the Section 8.4(b) Notice Period the purchase price or loan amount per Percentage Interest shall be decreased or other provisions and conditions of the proposed purchase or loan by a Section 8.4 Third Party Transferee shall be changed in a manner favorable to the Section

8.4 Third Party Transferee, then the Section 8.4 Selling Partner shall give written notice concurrently to the Partnership and the Section 8.4 Offeree Partners setting forth any such decrease in the purchase price or loan amount per Percentage Interest or other changes and the one hundred twenty (120) day Section 8.4(b) Notice Period shall be deemed to recommence upon receipt of such notice by the Partnership.

(v) If the Partnership or the Section 8.4 Offeree Partners elect to redeem or purchase all or any portion of the Section 8.4 Offered Partnership Interest, such Section 8.4 Offered Partnership Interest shall be delivered, and the transaction closed, within sixty (60) days after expiration of the Section 8.4(b) Notice Period.

(vi) If, at the end of the Section 8.4(b) Notice Period, the Partnership and the Section 8.4 Offeree Partners shall not have elected to redeem or purchase the entire Section 8.4 Offered Partnership Interest (such condition being referred to herein as the "Non-Purchase Condition"), the Section 8.4 Selling Partner then, and only then, may sell, hypothecate or encumber the remaining portion of the Section 8.4 Offered Partnership Interest to the Section 8.4 Third Party Transferee; provided, however, that (A) such Section 8.4 Offered Partnership Interest is sold, hypothecated or encumbered at the price and on the terms set forth in the Section 8.4(b) Notice, and (B) the sale, hypothecation or

encumbrance is consummated within thirty (30) days after expiration of the Section 8.4(b) Notice Period.

(vii) If (A) any Partner or its Permitted Transferee(s) determine to sell all or any portion of a Partnership Interest held by her, him or it and her, his or its Permitted Transferee(s) to a Section 8.4 Third Party Transferee, (B) the Non-Purchase Condition has been satisfied, and (C) the Section 8.4 Third Party Transferee has stated in writing, delivered to the Section 8.4 Offeree Partners at least twenty (20) days prior to expiration of the Section 8.4(b) Notice Period, her, his or its willingness to purchase all of the outstanding Partnership Interests in the Partnership, then the Section 8.4 Selling Partner, at its option, may require that all (but not less than all) other Partners sell all of their respective Partnership Interests to the Section 8.4 Third Party Transferee at the same price and under the same provisions and conditions and in the same transaction in which the Section 8.4 Selling Partner proposes to sell the Section 8.4 Offered Partnership Interest to the Section 8.4 Third Party Transferee.

(c) Obligations of Third Party Transferee. Upon the sale or acquisition by foreclosure of any Partnership Interest(s) pursuant to this Section 8.4, the Section 8.4 Third Party Transferee immediately shall notify the other Partners in writing, and together with such notice, shall confirm that it has acquired such Partnership Interest(s) subject to all of the provisions and

conditions of this Agreement and thereby becomes a Partner within the meaning of this Agreement. If the Section 8.4 Third Party Transferee shall execute the document described in the preceding sentence, (i) such Section 8.4 Third Party Transferee shall be subject to all of the provisions and conditions of this Agreement which apply to the Partner or Partners who transferred the Partnership Interest(s) to such Section 8.4 Third Party Transferee and shall be entitled to all of the rights of such Partner under this Agreement, and (ii) the Section 8.4 Third Party Transferee shall be subject to all of the duties and obligations of a Partner of the Partnership and shall be bound by all of the provisions and conditions of this Agreement. If the Section 8.4 Third Party Transferee shall fail to execute and deliver the document described above, such Section 8.4 Third Party Transferee shall have no rights or obligations under this Agreement and the Partnership Interest purchased by such Section 8.4 Third Party Transferee shall not be admitted as a Substituted Partner of the Partnership.

8.5 Procedure Upon Proposed Donation. Except for Transfers permitted under Section 8.2(a) or (b), the following procedures shall apply to any proposed gift or donation of any Partnership Interest described in Section 8.2(c):

(a) Notice of Donee. If any Partner desires to donate all or any portion of her, his or its Partnership Interest ("Section 8.5 Offered Partnership Interest") to any Person pursuant to Section 8.2(c), such Partner (hereinafter, "Section 8.5 Donating

Partner") shall give the Partnership and the other Partners (hereinafter, "Section 8.5 Offeree Partners") written notice (hereinafter, "Section 8.5 Notice") at least one hundred twenty (120) days in advance of such proposed donation (such one hundred twenty (120) day period to be referred to as the "Section 8.5 Notice Period") stating as to the proposed donee: (i) its name, place of business and the manner in which the proposed donee intends to hold or utilize the Section 8.5 Offered Partnership Interest, and (ii) a precise summary of the conditions and provisions upon which the Section 8.5 Donating Partner intends to donate the Section 8.5 Offered Partnership Interest to the proposed donee. The Section 8.5 Donating Partner shall not consummate any such donation until expiration of the Section 8.5 Notice Period. During the first sixty (60) days of the Section 8.5 Notice Period, the Partnership shall have the exclusive right and option to redeem any and all of the Section 8.5 Offered Partnership Interests at a price equal to the lesser of: (i) the Book Value Per Percentage Interest as of the date of the Section 8.5 Notice, or (ii) the Section 8.5 Donating Partner's Unrecovered Capital, in either case payable by wire transfer or bank cashier's check at the closing of such purchase. All decisions of the Partnership with respect to exercise of its rights under this Section 8.5 shall be made by the Managing General Partner through its Board of Directors with the nominee, if any, of the Section 8.5 Donating Partner not participating. After receiving the Section 8.5 Notice, the

Partnership, on or before the sixtieth (60th) day of the Section 8.5 Notice Period, shall make and communicate to each of the Partners (including the Section 8.5 Donating Partner) its decision as to whether it elects to redeem all or any portion of the Section 8.5 Offered Partnership Interest. If and to the extent that the Partnership does not elect to redeem all of the Section 8.5 Offered Partnership Interest, the Section 8.5 Offeree Partners shall have the right and option during the remainder of the Section 8.5 Notice Period, to purchase any or all of the remaining Section 8.5 Offered Partnership Interest at a price equal to the lesser of: (i) the Book Value Per Percentage Interest as of the date of the Section 8.5 Notice, or (ii) to the Section 8.5 Donating Partner's Unrecovered Capital, in either case payable by wire transfer or bank cashier's check at the closing of such purchase. If the Section 8.5 Offeree Partners elect in the aggregate to purchase more than 100% of the Section 8.5 Offered Partnership Interest, then, in the absence of another agreement among them, they shall be entitled to purchase such remaining Section 8.5 Offered Partnership Interest in proportion to their respective Percentage Interests in the Partnerships.

(b) Time for Closing. If the Partnership or the Section 8.5 Offeree Partners elect to purchase all or any portion of the Section 8.5 Offered Partnership Interest, such Section 8.5 Offered Partnership Interest shall be delivered, and the transaction

closed, within sixty (60) days after expiration of the Section 8.5 Notice Period.

(c) Failure to Elect. If at the end of the Section 8.5 Notice Period, the Partnership and the Section 8.5 Offeree Partners shall not have elected to purchase the entire Section 8.5 Offered Partnership Interest, then neither the Partnership nor any of the Section 8.5 Offeree Partners shall be entitled to purchase such portion of the Section 8.5 Offered Partnership Interests not purchased, and the Section 8.5 Donating Partner then, and only then, may donate the remaining portion of the Section 8.5 Offered Partnership Interests to the Person identified in the Section 8.5 Notice only; provided, however, that (i) such Section 8.5 Offered Partnership Interest must be donated under provisions and conditions identical to those set forth in the Section 8.5 Notice, and (ii) the donation must be consummated within thirty (30) days after expiration of the Section 8.5 Notice Period.

(d) Obligations of Third Party Donee. Upon the Transfer of any Partnership Interest pursuant to this Section 8.5 to a proposed donee named in a Section 8.5 Notice (hereinafter, "Section 8.5 Donee"), the Section 8.5 Donating Partner immediately shall notify the other Partners in writing. Any Section 8.5 Donee, at the time of its acquisition of a Partnership Interest, shall execute an appropriate document confirming that such Section 8.5 Donee takes such Partnership Interest subject to all of the

provisions and conditions of this Agreement and thereby becomes a Substituted Partner within the meaning of this Agreement.

8.6 Character of Transferred Partnership Interest. If any Managing General Partner or Class A Voting Partner Transfers all or any portion of its Partnership Interest to any Person pursuant to Section 8.2(c) above, after complying with the provision of Sections 8.3, 8.4 and 8.5, or to any Limited Partner to this Section 8 or otherwise, the Partnership Interest purchased or acquired by such Person or Limited Partner automatically shall be converted to that of a Limited Partner, and the Limited Partner, pursuant to Section 8.3 Third Party Transferee, Section 8.4 Third Party Transferee or Section 8.5 Donee, as the case may be, shall have only the rights and responsibilities of a limited partner of the Partnership and shall not acquire any of the rights or assume any of the obligations of a General Partner as a result of such purchase or acquisition.

9. SUBSTITUTED PARTNERS.

A Permitted Transferee of all or any portion of any Partner's Partnership Interest may become a Substituted Partner only upon meeting all of the following requirements:

(a) Execution and acknowledgment by the transferor and Permitted Transferee of such instrument or instruments as the Managing General Partner, in its sole and absolute discretion, may deem necessary and desirable to effectuate the Transfer pursuant

to which the Permitted Transferee acquired its Partnership Interest;

(b) Written acceptance by the Permitted Transferee of all the provisions and conditions of this Agreement;

(c) Payment by the Transferee to the Managing General Partner of all reasonable expenses connected with such admission, including but not limited to the cost of preparing, recording and publishing any document required to effectuate such admission, if any.

A Successor or Assignee who is not a Permitted Transferee (as described in Section 8.2 above) but who succeeds to the Partnership Interest of any Partner or her, his or its Permitted Transferee shall not be admitted as a Substituted Partner of the Partnership without the written consent of the Managing General Partner, the granting or denial of which shall be in the sole and absolute discretion of the Managing General Partner. A Successor or Assignee of a Partnership Interest who is not admitted as a Substituted Partner shall be entitled only to receive allocations of Profit and Loss pursuant to Section 5.8 and distributions of cash pursuant to Sections 5.6, 5.7 and 5.9, but shall have no other rights of a Partner and shall not be entitled to vote such Partnership Interest.

#### 10. ADDITIONAL PARTNERS.

The Managing General Partner shall have the right, at any time and from time to time, provided the consent of the Class A Voting

Partners required by Section 4.2 is obtained, to admit additional Partners to the Partnership and to accept contributions to the Partnership's capital from the same. If any additional Partners are so admitted by the Managing General Partner pursuant to the provisions of this Agreement and such admission results in a dilution of the Partners' respective Percentage Interests hereunder, any such dilution shall be made on an equal, pro-rata basis among all the Partners consistent with Section 14.1 hereof.

11. DEATH, INCOMPETENCY, DISSOLUTION, BANKRUPTCY OR DIVORCE OF A PARTNER.

11.1 Withdrawal or Resignation of a Partner. No Partner shall withdraw or resign from the Partnership or otherwise abandon its Partnership Interest without the prior written consent of Class A Voting Partners owning at least fifty-one percent (51%) of the Percentage Interests owned by all Class A Voting Partners. Notwithstanding the foregoing, the Managing General Partner may withdraw or resign from its office as the Managing General Partner of the Partnership at any time upon sixty (60) days prior written notice to each of the other Partners. If the Managing General Partner ceases to be the Managing General Partner in accordance with this Section 11.1, the Partnership Interest held by the Managing General Partner shall be deemed to be converted to that of a Class A Voting Partner.

11.2 Removal of Managing General Partner. No Partner may be removed as a Partner of the Partnership at any time or under any circumstances.

(a) For as long as Evans is the Managing General Partner, the Partners may relieve the Managing General Partner from its office and duties as the Managing General Partner (but may not remove the Managing General Partner as a Partner of the Partnership) only For Cause and only upon the affirmative vote of Class A Voting Partners and owning at least fifty-one percent (51%) of the Percentage Interests in the Partnership owned by the Class A Voting Partners.

(b) If, at any time, Evans is no longer the Managing General Partner, the Partners may relieve the Managing General Partner from her, his or its office and duties as the Managing General Partner (but may not remove the Managing General Partner as a Partner of the Partnership), whether or not For Cause, upon the affirmative vote of Class A Voting Partners; provided, however, that if Evans designates any member or members of Evans' Immediate Family as Managing General Partner either (i) by reason of a specific testamentary direction upon her death, or (ii) by reason of designation during her lifetime, which designation is communicated to the Class A Voting Partners as her plan or desire for succession of control of the Partnership, then in either such event, the first clause of this Section 11.2(b) shall not be applicable, and the Partners may relieve the Managing General Partner of her, his or its office and duties as Managing General Partner (but may not remove the Managing General Partner as a Partner of the Partnership) only For Cause and only upon the

affirmative vote of Class A Voting Partners owing at least fifty-one percent (51%) of the Percentage Interests the Class A Voting Partners .

(c) For purposes of this Agreement, the term "For Cause" shall be limited to the following:

(i) Managing General Partner's continuing to engage in any activity after sixty (60) days written notice from Class A Voting Partners owning at least fifty-one percent (51%) of the Percentage Interests owned by all Class A Voting Partners requesting that the Managing General Partner cease engaging in such activity, which activity is found by a mediator, referee or arbitrator pursuant to Section 16.6 below to be materially injurious to the Partnership or to constitute gross negligence; or

(ii) Managing General Partner's committing any act which is found by a mediator, referee or arbitrator pursuant to Sections 16.6 below to constitute (A) fraud against the Partnership, or (B) the use or appropriation for Managing General Partner's personal use or benefit or the personal use or benefit of any of its Affiliates any Partnership assets; or

(iii) Managing General partner's conviction of any felony which (A) is found by a mediator, referee or arbitrator pursuant to Section 16.6 below to involve moral turpitude, and (B) results in the imprisonment of any of its principals or officers.

11.3 Appointment of a New Managing General Partner. If the Managing General Partner resigns from its office pursuant to

Section 11.1 without designating a successor managing general partner, the Partnership shall not dissolve or terminate, but the remaining Class A Voting Partners owning at least (fifty-one) percent (51%) of the Percentage Interests owned by all Class A Voting Partners shall select a new managing general partner within sixty (60) days. If, however, the Managing General Partner is relieved from her office and duties as the Managing General Partner pursuant to Section 11.2, the Partners who effectuate such removal concurrently therewith shall elect a successor managing general partner, who shall be an existing Partner of the Partnership or, if not an existing Partner of the Partnership, shall be admitted to the Partnership, pursuant to the provisions of this Agreement applicable to the admissions of additional Partners, as a Substituted Partner. If the successor managing general partner is not selected by the time such action is taken, the action relieving of the Managing General Partner from her office and duties shall not be effective and shall be null and void.

11.4 Death, Bankruptcy, Dissolution or Legal Incapacity of a Partner. If any Partner shall die, suffer Bankruptcy, be dissolved or become legally incapacitated with the result that such Partner cannot continue to exercise dominion over her, his or its Partnership Interest, the Partnership shall not be dissolved. Rather, in any such event, the personal representative, executor, trustee, administrator, guardian, conservator or other successor-in-interest of such Partner (collectively, "Successor")

who is the subject of such event shall be treated as an Assignee of the Partnership Interest of the Partner suffering such event. If any General Partner suffers any of the foregoing events, the Partnership Interest of the General Partner suffering such event thereafter shall be deemed to be that of a limited partner, and the General Partner or its Successor shall have only the rights and responsibilities of a limited partner of the Partnership. Upon the winding up and closing of an estate or conservatorship for which the Successor has been acting, the Successor may transfer and assign the Partnership Interest to the Person or Persons entitled thereto, who shall likewise be deemed Assignees as to the Partnership Interest or undivided portions thereof distributed to them, unless and until admitted as a Substituted Partner as provided in Paragraph 9 above. Notwithstanding the preceding sentence, if such Person or Persons are not members of the Immediate Family of the affected Partner, the Successor first shall have offered such Partnership Interest to the Partnership and all Partners in writing at a price determined in accordance with the provisions of Section 12 hereof. If more than one Partner wishes to exercise their rights to purchase the Partnership Interest held by the Successor under this Section 11.4, each such Partner shall have the right to purchase a portion of the selling Partner's Partnership Interest determined by reference to the proportion which each purchasing Partner's Percentage Interest bears to all purchasing Partner's Percentage Interests. Any Partner who wishes

to exercise its right to purchase the Partnership Interest of a Partner suffering an event giving rise to the right of purchase described in this Section 11.4 shall give written notice of such election ("Exercise Notice") to the Partner or the Successor of the Partner suffering an event giving rise to the right to purchase. If no Partner elects to purchase the Partnership Interest of a Partner suffering an event giving rise to the right to purchase, the Successor of such Partner shall be treated as a Permitted Transferee and shall be admitted as a Substituted Partner of the Partnership for all purposes. Whenever a right to purchase another Partner's Partnership Interest arises under this Agreement, such right may be exercised only by purchasing the entire Partnership Interest of the Partner suffering an event giving rise to the right to purchase.

11.5 Consent of Spouse. If a Partner is married at the time of execution of this Agreement, or if a Partner subsequently becomes married, then the spouse of such Partner shall execute the Consent of Spouse attached hereto as Exhibit "C," wherein, among other things, such spouse will acknowledge that the Partner's Partnership Interest is and shall remain her or his sole and separate property and shall consent to the application of the provisions of this Agreement to the Partnership Interest owned by such Partner. No Partner shall make any gift or donation of her or his Partnership Interest to his or her spouse or to the marital community or estate without complying with Section 8.5 hereof. In

the event of any divorce or other marital dissolution by a Partner, such Partner shall take care to assure that such Partner's spouse does not obtain any legal or beneficial interest in such Partner's Partnership Interest, and if, as a result of any such divorce, a Partner's spouse obtains any legal or beneficial interest in the divorcing Partner's Partnership Interest, such event shall give rise to the right of purchase by the Partnership and the other Partners described in Section 11.4 hereof.

12. PRICE, TERMS AND CONDITIONS OF PURCHASE.

12.1 Purchase Price: The purchase price for the Partnership Interest of any Partner selling under the provisions of Sections 11.4 or 11.5 above ("Purchase Price") shall be the fair market value of the selling Partner's Partnership Interest increased by the sum of any debts or other amounts owed by the purchasing Partner(s) or the Partnership to the selling Partner, and decreased by the sum of any debts or other amounts owed by the selling Partner to the purchasing Partners. The Purchase Price for the Partnership Interest shall be determined by the Partnerships's accountant in the manner described in Section 12.2 below as of the date of the event giving rise to the right to purchase.

12.2 Method of Determining Purchase Price. The Purchase Price shall be determined as follows:

(a) Asset Value. Within thirty (30) days after the date any Partner delivers an Exercise Notice to any other Partner (or such Partner's Successors), the purchasing Partner(s) and selling

Partner (or its Successor or legal representative) shall meet and in good faith seek to agree upon the fair market value of the Partnership's assets. For purposes of this Section 12, in determining the value of the Partnership's assets, the value of such assets shall include (i) all fixtures and improvements to and located on the Partnership's properties, and (ii) all personal property exclusively utilized in connection with the Partnership's business such as inventory, furniture, equipment and appliances, and (iii) the value of the Partnership's businesses as a going concern ("Asset Value"). If, within thirty (30) days after the date the Partners first meet in an effort to establish the Asset Value, they agree upon such Asset Value, their determination shall be submitted to the Partnership's accountant who shall in turn determine the Purchase Price in the manner provided in Section 12.2(c) below.

(b) Appraisal. If the purchasing and selling Partner(s), within thirty (30) days after the date they first meet in an effort to establish the Asset Value pursuant to Section 12.2(a) above (hereinafter, "Negotiating Period"), are unable to establish the Asset Value, the Asset Value shall be determined by the award agreed to by a majority of three independent appraisers, each of whom shall be experienced in appraising assets and businesses located in Southern California which are similar to the Partnership's assets and businesses, one to be selected by the purchasing Partner(s), one to be selected by the selling Partner

or its Successor, and one to be selected by the two previously selected independent appraisers. If, at any time after expiration of the Negotiating Period, either party to such purchase determines that the Asset Value cannot be agreed upon, such party may elect to have the Asset Value determined by appraisal upon giving notice of its selection of an appraiser to the other party. If either party to such purchase fails or refuses to select an appraiser within fifteen (15) days after receipt of written notice of the other party's selection of an appraiser, the Asset Value shall be determined as soon as possible by the award of the single independent appraiser named in such party's written notice. The Asset Value agreed to by a majority of the appraisers (or of the single appraiser, if applicable) shall be determined as soon as possible. If a majority of the three independent appraisers are unable to agree upon the Asset Value within sixty (60) days after the appointment of the first appraiser, the Asset Value shall be an amount equal to the average of the three values determined by the appraisers, excluding any appraisal which is ten percent (10%) greater than or ten percent (10%) less than the middle appraisal. The Asset Value shall be submitted to the Partnership's accountant who, in turn, shall determine the Purchase Price in the manner provided in Section 12.2(c) below.

(c) Calculation of Purchase Price. The Partnership's accountant (which for purposes of this Section 12 shall mean the accountant who prepared the Partnership's most recent year end

financial statements), as soon as possible after he or she has been advised of the Asset Value, shall determine the Purchase Price as being that amount which would be received by the selling Partner if the Partnership liquidated all of its assets and dissolved in accordance with Section 5.6 hereof. Such determination shall be made by treating the Asset Value as the gross amount received by the Partnership upon a hypothetical liquidation of all of the Partnership's assets and by allocating to the Partners' Capital Accounts the hypothetical Profit, Loss, Net Book Gain and Net Book Loss which the Partnership would recognize upon such hypothetical liquidation described in the preceding sentence. If, after adjustment of the Partners' Capital Accounts to reflect the Profit, Loss, Net Book Gain and Net Book Loss which would be allocated among the Partners pursuant to Exhibit "A" as a result of such hypothetical liquidation, the selling Partner would have a deficit balance in its Capital Account, the Purchase Price for the Partnership Interest shall be zero, and the selling Partner unconditionally shall be obligated to restore such tentative deficit to the Partnership concurrently with the closing date for the purchase and sale. As soon as the Partnership's accountant has determined the Purchase Price, he or she shall deliver written notice of the Purchase Price to both the selling Partner and the purchasing Partner(s) ("Purchase Price Notice"). Notwithstanding anything to the contrary contained herein, the purchasing Partner(s) shall have three (3) business days after the date of

determination of the Purchase Price to elect not to proceed with the purchase, whereupon its purchase option shall terminate; provided, however, that if the purchasing Partner(s) elect not to proceed with the purchase, such Partner(s) shall bear all of the costs associated with determination of the Purchase Price.

12.3 Closing; Payment of Purchase Price.

(a) Time of Closing. The closing for the purchase and sale of the Partnership Interest shall occur at the Partnership's principal place of business at 10:00 a.m. on the thirtieth (30) day after delivery of the Purchase Price Notice, unless such day is a weekend or national holiday, in which event, the closing will occur on the next business day.

(b) Procedure for Closing. At the closing, the selling Partner shall deliver to the purchasing Partner(s) (in form and substance acceptable to the purchasing Partner(s)) a duly executed assignment of Partnership Interest, and if requested by the purchasing Partner(s), a bill of sale, grant deed or quitclaim deed conveying to the purchasing Partner(s) any interest of the selling Partner in the Partnership's assets. Upon request of the purchasing Partner(s) concurrently therewith or at any time and from time to time thereafter, the selling Partner(s) also shall execute and deliver such other documents and instruments as the purchasing Partner(s) determine are necessary or desirable to consummate the closing and to transfer ownership, title and control of the selling Partner's Partnership Interest and the Partnership's

assets to the purchasing Partner(s) and otherwise to allow the Purchasing Partner(s) to use, sell, rent, own, operate or dispose of the selling Partner(s) Partnership Interest or interest in the assets of the Partnership. The selling Partner hereby grants to the purchasing Partner(s) a special, irrevocable power of attorney, coupled with an interest, solely for the purpose of executing, acknowledging, verifying, filing, certifying, publishing and delivering any purchase agreement, assignment of partnership interest, grant deed, quitclaim deed or other documents or instruments required of the selling Partner to carry out the provisions of this Section 12.

(c) Payment of Purchase Price. At the closing, the purchasing Partner(s) shall deliver to the selling Partner certified or cashier's checks for not less than twenty percent (20%) of the amount of the Purchase Price for the selling Partner's Partnership Interest. The balance of the Purchase Price shall be paid by the purchasing Partner's(s') delivery to the selling Partner the purchasing Partner's(s') secured promissory note, which shall be payable over seven years in equal quarterly installments with interest at nine percent (9%) per annum. The first quarterly installment shall be payable three months after the down payment is paid. The secured promissory note (i) shall allow prepayment without penalty, (ii) shall require acceleration of the entire unpaid balance of principal and interest upon the earlier of any default in the payment of principal or interest thereunder, if such

default is not cured within fifteen (15) days after receipt of Notice of Default, or upon dissolution and liquidation of the Partnership, and (iii) shall be secured by the Partnership Interest being acquired. The closing also shall include a settlement of all debts (if any) between the purchasing and selling Partners and the selling Partner and the Partnership. Any debts by the selling Partner to the Partnership or the purchasing Partner(s) shall be due and payable concurrently with the closing, and the purchasing Partner shall be entitled to deduct such debts from the Purchase Price for the Partnership Interest. The purchasing Partner(s), in all events, shall indemnify and hold the selling Partner harmless from and against any and all obligations to the Partnership arising after the closing of such purchase.

12.4 Carryover of Capital Account. Upon the sale or transfer of any Partnership Interest pursuant to this Section 12 or any other provision of this Agreement, the Capital Account and the Unrecovered Capital of the selling Partner that is attributable to the sold or transferred Partnership Interest shall carry over to and shall be assumed by the purchasing or transferee Partner.

13. LIMITATION OF PARTNER RIGHTS; MANAGING GENERAL PARTNER'S LIMITATION OF LIABILITY, CONVERSION OF PARTNERSHIP INTEREST.

13.1 Limitations on Partner's Rights. The Partners shall not have the right or power to: (a) withdraw or reduce their respective contribution to the capital of the Partnership, except as a result of the liquidation of the Partnership or as otherwise provided by

law; (b) bring an action for partition against the Partnership; or (c) demand or receive property other than cash in return for their capital, upon liquidation or otherwise, except upon dissolution and liquidation of the Partnership as provided by this Agreement; or (d) convert their Partnership Interests from an interest as a limited partner to an interest as a general partner, except as expressly provided hereunder. There has been no time agreed upon when the Partners' contributions to the capital of the Partnership will be returned, and the Partners shall not have the right to require that the Partnership return any contributions to the capital of the Partnership.

13.2 Liability. The Managing General Partner shall not be liable to the Partnership for any expense, loss or liability arising out of any action or inaction if she had acted in good faith with the reasonable belief that such course of conduct was in the best interest of the Partnership and if such course of conduct did not constitute gross, active negligence or the willful breach of this Agreement by said General Partner.

13.3 Conversion of Partnership Interest. No General Partner may convert its Partnership Interest from a general partnership interest to a limited partnership interest in the Partnership without the prior written consent of the Managing General Partner. A Limited Partner may convert its Partnership Interest from a limited partnership interest to a Class A Voting Partner's general partnership interest upon thirty (30) days prior written notice to

all General Partners; provided, however, that (a) such Limited Partner shall execute an amendment to this Agreement and the Certificate of Limited Partnership as required by the Managing General Partner, and (b) the Managing General Partner must approve such conversion in writing within fifteen (15) days after receipt of such notice, which approval may be granted or withheld by the Managing General Partner in her sole and absolute discretion. If the Managing General Partner fails to approve such conversion within such fifteen (15) daytime period, such failure shall constitute the Managing General Partner's disapproval thereof.

14. DILUTION.

14.1 Additional Partners. If and to the extent the Managing General Partner determines to admit additional Partners to the Partnership pursuant to Section 10 hereof, the Partners acknowledge and agree that the Percentage Interests of the Partners may be diluted. Consistent with the foregoing, the Partners shall execute all amendments and modifications to this Agreement as may be necessary and appropriate to effectuate such admission.

14.2 Formation of Joint Venture; Participating Financing. The Partners acknowledge and agree that the Partnership may form, at any time and from time to time, a separate joint venture with another party for business purposes. In this regard, it is further contemplated that the Partnership, incident to the formation of such joint venture, may assign to such joint venture its rights and ownership interests in Partnership properties. The Partners

consent to the effectuation of any such transaction, notwithstanding the fact that such action may result, de facto, in a dilution in their interests in Partnership property, so long as the relative Partnership Interests of the Partners, as set forth herein, are not diluted except as otherwise set forth in Section 14.1 above. The Partners acknowledge that the same manner of "de facto dilution" may occur by reason of the Partnership obtaining, from time to time, financing which includes the participation by the lender in the net appreciation and net cash flow of the Partnership's assets. Consistent with the foregoing, the Partners consent to any such financing so long as the dilution of their Percentage Interests is as set forth in Section 14.1 above.

15. BUY-SELL PROVISION.

15.1 Offer. If (a) any disagreement arises between the Managing General Partner, on the one hand, and any Class A Partner(s), on the other hand, with respect to any matter requiring the consent or agreement of such Class A Voting Partners, or (b) any disagreement arises among any Class A Voting Partners whether or not with respect to any matter requiring the consent or agreement of such Class A Voting Partners, then at any time after any such disagreement arises, any such Partner or Partners may make to any such other Partner or Partners an offer ("Offer") either (i) to sell the entire Partnership Interest(s) of the offeror(s) in the Partnership ("Initiating Partners"), or (ii) to purchase the entire Partnership Interest(s) of the offeree(s) in the Partnership

("Responding Partners"). Any such Offer shall be an offer to sell the Initiating Partners' entire Partnership Interests and to purchase the entire Partnership Interests of each Responding Partner(s). Such Offer must specify that the price for the Partnership Interests to be so transferred shall be payable in cash and the price specified shall be the same, whether buying or selling, subject to the adjustments below.

15.2 Price. The price specified in such Offer must be a price for each one percent Percentage Interest of the Partners in the Partnership as set forth in Section 1.46 which is subject to such Offer, except that the price shall be appropriately adjusted to reflect, on a dollar-for-dollar basis, any difference between the respective Capital Account balances of the Partners and to reflect on a dollar-for-dollar basis the aggregate amount of principal and interest owing to the respective Partners by the Partnership or by the other Partners by reason of advances made to the Partnership or to or on behalf of other Partners pursuant to this Agreement. Such adjustments shall be made by the certified public accountant for the Partnership or by such other certified public accountant as the Partners mutually may select. In addition, upon any purchase and sale transaction consummated pursuant to this Section 15, the Partnership shall repay all Affiliate Loans to the Partnership from the selling Partner(s) or any Affiliates of the selling Partner(s).

15.3 Responding Partners' Acceptance; Initiating Partners' Right to Purchase. Any Offer made pursuant to Section 15.1 above shall be irrevocable for a period of forty five (45) days, and the Responding Partners, on or before the forty-fifth (45th) day after the date of such Offer, may accept either the Offer to sell or the Offer to purchase (but not both), and upon such acceptance, the Initiating Partners shall be required to sell their Partnership Interests to the Responding Partners or to purchase the Responding Partners' Partnership Interests in the Partnership, as the case may be. If the Responding Partners fail within said forty-five (45) day period to accept either Offer, the Offer automatically shall expire and be of no further force or effect; provided, however, that the Initiating Partners thereupon shall have the right, on or before the fifteenth (15th) day after the expiration of said forty-five (45) day period, to purchase the Responding Partners' entire Partnership Interests in the Partnership, at the applicable price specified in the original Offer (subject to adjustments as provided in Section 15.2 above), and if the Initiating Partners exercise such right, the Responding Partners shall be required to sell their Partnership Interests in the Partnership to the Initiating Partners. If the Initiating Partners fail to exercise their rights to purchase or sell within the time period specified, any Partners thereafter may make a new Offer pursuant to Section 15.1 above; provided, however, that no Partner shall make more than

one Offer under this Section 15 during any twelve (12) month period.

15.4 Offer to Multiple Partners. An Offer may be made pursuant to the provisions of this Section 15 by any Partner to more than one other Partner. Any such Offer shall be an offer to sell the Initiating Partner's entire Partnership Interest and to purchase the entire Partnership Interests of each Responding Partner. As among the Responding Partners, the Offer to sell shall be an offer to sell to each Responding Partner an undivided interest in the Initiating Partner's entire Partnership Interest(s) determined in accordance with the Responding partners' respective Percentage Interests in the Partnership; provided, however, that by agreement among the Responding Partners, the Responding Partners may accept such Offer to sell in varying proportions. If all of the Responding Partners fail within the original forty-five (45) day period to act, or if the Responding Partners do not agree as to which Offer should be accepted within said forty-five (45) day period, the Initiating Partner shall have the right, on or before the fifteenth (15th) day after the expiration of said forty-five (45) day period, to purchase the Partnership Interests of the Responding Partners for the applicable price specified in the original Offer (subject to adjustment as provided in Section 15.2); and if the Initiating Partner exercises such right, the Responding Partner shall be required to sell their Partnership Interests to the Initiating Partner. If the Initiating Partner fails to

exercise its right to purchase within the time period specified, any Partner thereafter may make a new Offer pursuant to this Section 15; provided, however, that no Partner shall make more than one Offer during any twelve (12) month period.

15.5 Offer by Multiple Partners. Any two or more Partners also may make an Offer to any one Partner pursuant to the provisions of this Section 15. Any such Offer shall be an Offer to sell the entire Partnership Interests of each of the Initiating Partners to the Responding Partner and to purchase the entire Partnership Interests of the Responding Partner. The Responding Partner may accept all Offers to sell or all Offers to purchase (but may not accept one or more offers to purchase and one or more offers to sell, and may not accept with respect to one Initiating Partner and fail to accept with respect to other Initiating Partners). If the Responding Partner fails within the original forty-five (45) day period to accept either all Offers to sell or all Offers to purchase, the Initiating Partners thereupon shall have the right, on or before the fifteenth (15th) day after the expiration of said forty-five (45) day period, to purchase the entire Partnership Interest of the Responding Partner (a proportionate, undivided Partnership Interest to be purchased by each Initiating Partner, unless they otherwise agree), for the price specified in the original Offer, and if the Initiating Partners exercise such right, the Responding Partner shall sell its Partnership Interest in the Partnership to the Initiating Partners.

If the Initiating Partners fail to exercise their rights to purchase or sell within the time period specified, any Partner thereafter may make a new Offer pursuant to this Section 15; provided, however, that no Partner shall make more than one Offer under this Section 15 during any twelve (12) month period.

15.6 Closing and Final Accounting. If any Partner exercises its right to purchase or sell pursuant to this Section 15, the closing shall be held at the time and place and on the date specified by the purchasing Partner(s) by written notice to the selling Partner(s); provided, however, that such date must be on or before the sixtieth (60th) day after such right to purchase or sell has been exercised. Acceptance by the Responding Partners of any Offer hereunder, or exercise by the Initiating Partners of the right to purchase, shall be effected by written notice specifying that such Offer is thereby accepted, or that such right is thereby exercised, as the case may be. At the closing, the selling Partner shall deliver to the purchasing Partner(s) (in form and substance acceptable to the purchasing Partner(s)) a duly executed assignment of partnership interest, and if requested by the purchasing Partner(s), a bill of sale, grant deed or quitclaim deed conveying to the purchasing Partner(s) any interest of the selling Partner in the Partnership's assets. Upon request of the purchasing Partner(s) concurrently therewith or at any time and from time to time thereafter, the selling Partner(s) also shall execute and deliver such other documents and instruments as the purchasing

Partner(s) determine are necessary or desirable to consummate the closing and to transfer ownership, title and control of the selling Partner's Partnership Interest and the Partnership's assets to the purchasing Partner(s) and otherwise to allow the Purchasing Partner(s) to use, sell, rent, own, operate or dispose of the selling Partner(s) Partnership Interest or interest in the assets of the Partnership. At the closing there also shall be a final accounting among the Partners with respect to the Partnership. The Net Book Gain, Net Book Loss, Profit and Loss of the Partnership which has accrued to the date on which the Offer hereunder was made shall be accounted for and the purchasing Partner(s) shall be entitled to receive such allocations as well as the Net Distributable Cash and Net Capital Proceeds distributable pursuant to Sections 5.6 and 5.7 above (if any), which were distributable with respect to such transferred Partnership Interest during the interval between the date on which the Offer hereunder was made and the date of closing. In addition, the purchasing Partner(s) shall bear all expenses and costs attributable to the purchased Partnership Interests which accrue during such interval. At the closing, the purchasing Partner(s) shall deliver to the selling Partner certified or cashier's checks for the amount of the Purchase Price for the selling Partner's Partnership Interest. In addition, the closing shall include a settlement of all debts (if any) between the purchasing and selling Partners and the selling Partner and the Partnership. Any debts by the selling Partner to

the Partnership or the purchasing Partner(s) shall be due and payable concurrently with the closing, and the purchasing Partner shall be entitled to deduct such debts from the Purchase Price for the Partnership Interest. With respect only to indebtedness and obligations for which the selling Partner(s) are personally liable, the purchasing Partner(s) shall assume and agree to discharge when due all indebtedness (if any) which encumbers the assets of the Partnership, to discharge all contractual obligations (if any) with respect to the businesses of the Partnership, and to indemnify and hold harmless the selling Partner(s) for the purchasing Partner's(s') failure to discharge any such indebtedness or obligations.

15.7 Special Power of Attorney. Each Partner hereby constitutes and appoints every other Partner as its agent and attorney-in-fact for the purpose of executing and delivering any and all documents necessary to convey its Partnership Interest in the Partnership pursuant to the provisions of this Section 15, and any conveyance so made shall fully divest the Partner whose Partnership Interest is to be conveyed of all right, title and equity in and to the Partnership, and its interest therein. The power of attorney herein granted, is a special, limited power of attorney, coupled with an interest, is irrevocable and shall not be revoked by the death of any Partner. Each Partner hereby releases any Partner who conveys a Partnership Interest pursuant

to this Section 15 from any and all claims and liabilities for so conveying such interest.

15.8 General Provisions. Any Offer made pursuant to this Section 15, and any purchase or sale pursuant hereto, shall include the Partners' entire Partnership Interests, and any and all assets of the Partnership. The California transfer tax, if any, on the bill of sale, grant deed or other instruments of transfer used to effect such purchase shall be paid by the selling Partner(s) and the other expenses of recording and closing (other than the selling Partner's(s') attorneys' fees) shall be paid by the purchasing Partner(s). All property taxes on assets of the Partnership shall be prorated as of the date the Offer hereunder was made. The selling Partner(s) shall convey their interests in such assets to the purchasing Partner(s) by assignment of partnership interest and bill of sale and, if appropriate, by grant deed, subject only to such title defects and encumbrances as exist on the date the original Offer hereunder was made.

16. MISCELLANEOUS.

16.1 Headings. The titles, captions and headings of the various Sections of this Agreement are intended solely for convenience of reference and are not intended to explain, modify or place any interpretation upon any of the provisions of this Agreement.

16.2 Time of Essence. All times and dates in this Agreement shall be of the essence.

16.3 Entire Agreement. This Agreement, which includes all exhibits hereto, contains all representations and the entire understanding and agreement among the parties. Correspondence, memoranda or agreements, whether written or oral, originating before the date of this Agreement with respect to the Partnership's assets, are replaced and superseded in total by this Agreement unless otherwise specifically stated.

16.4 Amendment. This Agreement may be amended only in writing, which written instrument must be signed by all of the Partners hereto.

16.5 Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of California.

16.6 Reference Provision.

(a) Mediation of Dispute. In the event of any dispute, controversy or claim arising from or related to this Agreement (hereinafter, "Dispute"), the parties agree first to submit such Dispute to non-binding mediation before Honorable J. Lawrence Irving (Ret.) or, if not available, before a similarly-qualified, mutually agreeable individual. The parties shall bear the costs of such non-binding mediation equally.

(b) Referee. If any such Dispute is not resolved by non-binding mediation, then the parties agree that such Dispute shall be settled by a reference proceeding in San Diego, California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure, or their successor sections

("CCP"). Such reference proceeding shall constitute the exclusive remedy for the settlement of any Dispute including whether such Dispute is subject to the reference proceeding, and the parties hereby waive their right to initiate any legal proceedings against each other in any court or jurisdiction other than the Court. The referee shall be a retired Judge of the Court selected by mutual agreement of the parties, and if they cannot so agree within forty-five (45) days after written notice by any party to the other parties that such Dispute cannot be settled by non-binding mediation pursuant to Section 16.6(a) (hereinafter, "Claim Date"), the referee promptly shall be selected by the Presiding Judge of the Court (or his or her representative). The referee shall be appointed to sit as a temporary judge, with all of the powers of a temporary judge, as authorized by law, and upon selection shall take and subscribe the oath of office as provided for in Rule 244 of the California Rules of Court (or any subsequently enacted rule). Each party shall have one preemptory challenge (excluding Judge Irving) pursuant to CCP 170.6.

(c) Time for Hearing. The referee selected pursuant to Section 16.6(b) shall (a) be requested to set the matter for hearing within ninety (90) days after the Claim Date, and (b) try any and all issues of law or fact and report a statement of decision upon such issues, if possible, within one hundred twenty (120) days after the Claim Date. Any decision rendered by the referee shall be final, binding and conclusive upon the parties,

and judgment shall be entered pursuant to CCP 644 in any Court in the State of California having jurisdiction. Any party may apply for a reference at any time after notice to any other party that the dispute, controversy or claim cannot be settled by non-binding mediation.

(d) Discovery. All discovery permitted by this Agreement shall be completed no later than fifteen (15) days before the first hearing date established by the referee. The referee may extend such period in the event of a party's refusal to provide requested discovery for any reason whatsoever, including, without limitation, legal objections raised to such discovery or unavailability of a witness due to absence or illness. No party shall be entitled to "priority" in conducting discovery. Depositions may be taken by either party upon seven (7) days written notice. A party shall respond to a request for production or inspection of documents within ten (10) days after service of such request. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding upon the parties.

(e) Procedures. Except as expressly set forth in this Agreement, the referee shall determine the manner in which the reference proceeding is conducted, including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the

referee, except for trial, shall be conducted without a court reporter except that when any party so requests, a court reporter will be used at any hearing conducted before the referee. The party making such a request shall have the obligation to arrange and pay for the court reporter. The costs of the court reporter at the trial shall be borne equally by the parties.

(f) Determinations. The referee shall determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to provide all temporary or provisional remedies and to enter equitable orders that will be binding upon the parties, including without limitation, orders for specific performance and injunctive relief. The referee shall issue a single judgment at the close of the reference proceeding which shall dispose of all of the claims of the parties that are the subject of the reference proceeding and, if appropriate, shall include a determination of the prevailing party and an award of attorneys' fees and costs pursuant to Paragraph 16.6(h) below. The parties hereto expressly reserve the right to contest or appeal from the final judgment or any appealable order or appealable judgment entered by the referee. The parties hereto expressly reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new

trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(g) Arbitration. If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any Dispute between the parties that would otherwise be determined by the reference procedure herein described shall be resolved and determined by arbitration. The arbitration shall be conducted by a retired judge of the Court, in accordance with the California Arbitration Act, Sections 1280 through 1294.2 of the CCP as amended from time to time. The limitations with respect to discovery as set forth hereinabove shall apply to any such arbitration proceeding.

(h) Attorneys' Fees. The prevailing party or parties as determined in accordance with this Section 16.6 shall be entitled to reimbursement of all court and other costs, including actual attorneys' fees, accountant's fees and expert witness fees, incurred by such prevailing party, to be paid by the losing party or parties.

16.7 Severability. If any part of this Agreement is determined to be illegal, invalid or unenforceable, then such part shall be deemed to be severable from this Agreement and such illegality, invalidity or unenforceability shall not affect the remainder hereof.

16.8 Notices. Notices given under this Agreement shall be duly given if in writing and either served personally or delivered

by first class U.S. mail, postage prepaid. Notices shall be deemed received at the earlier of actual receipt or five (5) days following deposit in U.S. mail, postage prepaid. Notices shall be directed and addressed to:

Evans:

998 W. Mission Bay Drive  
San Diego, CA 92109

Trust C:

998 W. Mission Bay Drive  
San Diego, CA 92109

Grace:

998 W. Mission Bay Drive  
San Diego, CA 92109

William:

998 W. Mission Bay Drive  
San Diego, CA 92109

Anne:

998 W. Mission Bay Drive  
San Diego, CA 92109

Margaret:

998 W. Mission Bay Drive  
San Diego, CA 92109

16.9 Gender and Number. As used in this Agreement, all pronouns and defined terms and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as to the identity of the person, persons, entity or entities may require.

16.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and same agreement with the same effect as if all parties has signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement and reattached to any other counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

16.11 Cross-References. All cross-references in this Agreement, unless specifically directed to another agreement or document, refer to provisions in this Agreement, and shall not be deemed to be references to the overall transaction or to any other agreements or documents.

16.12 Covenant to Sign Documents. Each Partner shall execute, with acknowledgment or affidavit, if required, all documents and writings reasonably necessary or expedient in the creation of this Partnership and the achievement of its purposes.

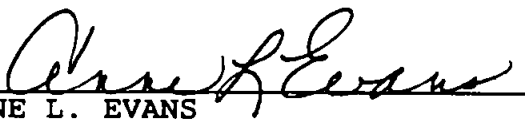
16.13 No Third Party Beneficiaries. Nothing contained herein shall be deemed or construed as conferring any rights or benefits to or upon any party not a party to this Agreement, including, without limitation, any tenant of any part of the Partnership's assets or the holder of any obligations secured by a mortgage, deed of trust, security interest or other lien or encumbrance upon or affecting the Partnership or any interest of a Partner therein or the Partnership's assets or any part thereof.

16.14 Exhibits. Each of the following Exhibits is hereby incorporated into this Agreement by this reference:

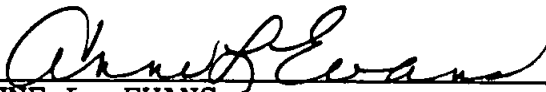
| <u>Exhibit</u> | <u>Description</u>                                        |
|----------------|-----------------------------------------------------------|
| A              | Allocation of Profit, Loss and Other Items among Partners |
| B              | Initial Unrecovered Capital                               |
| C              | Consent of Spouse                                         |

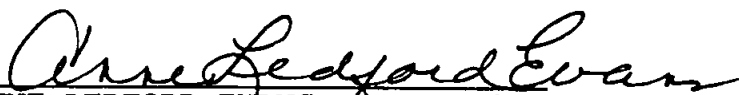
16.15 Binding on Successors. Subject to the provisions of Sections 8 and 11 hereof, the rights and obligations of the Partners shall inure to and be binding upon the heirs, successors, transferees and assignees of the Partners.

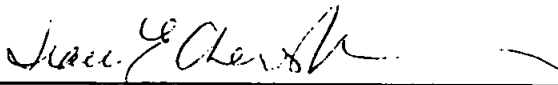
MANAGING GENERAL PARTNER:

  
ANNE L. EVANS

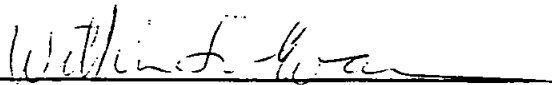
Class A Voting Partners:

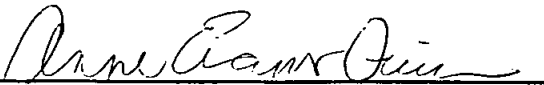
  
ANNE L. EVANS

  
ANNE LEDFORD EVANS, as Trustee  
under Declaration of Trust,  
dated July 27, 1983  
(Trust No. 1983-1) - Trust C

  
GRACE EVANS CHERASHORE

(SIGNATURES CONTINUED NEXT PAGE)

  
WILLIAM L. EVANS

  
ANNE EVANS QUINN

LIMITED PARTNERS:

  
ANNE L. EVANS

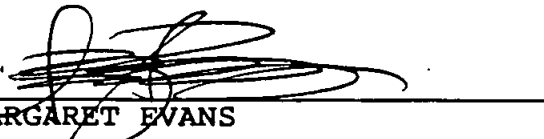
  
MARGARET EVANS

EXHIBIT A

ALLOCATION OF PROFIT, LOSS  
AND OTHER ITEMS AMONG THE PARTNERS

1.1 Capital Accounts.

(a) A separate capital account shall be maintained for each Partner ("Capital Account") strictly in accordance with the rules set forth in Section 1.704-1(b)(2)(iv) and Section 1.704-1T(b) of the Treasury Regulations.

(b) Subject to Section 1.1(a), a Partner's Capital Account from time to time:

(i) shall be increased by:

(A) the amount of money contributed by the Partner to the Partnership;

(B) the fair market value of property contributed by the Partner to the Partnership (net of liabilities secured by the property or to which the property is subject); and

(C) the Profit, Net Book Gain and other items of income and gain allocated to the Partner; and

(ii) shall be decreased by:

(A) the amount of money distributed to the Partner;

(B) the fair market value of property distributed to the Partner by the Partnership (net of liabilities secured by the property or to which the property is subject);

(C) the Partner's share of expenditures of the Partnership described in Section 705(a)(2)(B) of the Code;

(D) the Partner's share of amounts paid or incurred by the Partnership to organize the Partnership (except to the extent properly amortizable for tax purposes); and

(E) Loss, Net Book Loss, and other items of deduction and loss allocated to the Partner.

(c) For purposes of this Section 1.1, an assumption of a Partner's unsecured liability by the Partnership shall be treated as a distribution of money to that Partner. An assumption of the

Partnership's unsecured liability by a Partner shall be treated as a cash contribution to the Partnership by that Partner.

(d) If assets of the Partnership other than money are distributed to a Partner in liquidation of the Partnership, or if assets of the Partnership other than money are distributed to a Partner in kind, in order to reflect unrealized gain or loss, Capital Accounts for the Partners shall be adjusted for the hypothetical Net Book Gain or Net Book Loss that would have been realized by the Partnership if the distributed assets had been sold for their fair market values in a cash sale. In the event of the liquidation of a Partner's interest in the Partnership, in order to reflect unrealized gain or loss, Capital Accounts for the Partners shall be adjusted for the hypothetical Net Book Gain or Net Book Loss that would have been realized by the Partnership if all Partnership assets had been sold for their fair market values in a cash sale. Capital Accounts also shall be adjusted upon the constructive termination of the Partnership as provided under Section 708 of the Code and as required by Section 1.704-1(b)(2)(iv)(1) of the Treasury Regulations.

(e) If a Partner is both a General Partner and a Limited Partner of the Partnership, a single Capital Account shall be maintained for that Partner.

(f) The Partners' respective Capital Account balances with respect to the Partnership shall be as set forth in the Partnership's information tax return:

1.2 Allocation of the Profit and Loss of the Partnership. Partnership Profit and Loss shall be allocated among the Partners in the order of priority set forth below:

(a) Qualified Income Offset.

(i) Any Partner who unexpectedly receives an adjustment, allocation or distribution described in subparagraphs (4), (5) or (6) of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations, which adjustment, allocation or distribution creates or increases a deficit balance in that Partner's Capital Account in excess of such Partner's share of Partnership Minimum Gain, shall be allocated items of "book" income and gain in an amount and manner sufficient to eliminate or to reduce, as quickly as possible, the excess deficit balance in that Partner's Capital Account so created or increased.

(ii) Allocations under this Section 1.2(a) shall comprise a pro rata portion of each item of Partnership income (including gross income) and gain for the year. For purposes of this Paragraph 1.2(a), Capital Accounts shall be adjusted hypothetically as provided for in Sections 1.704-1(b)(2)(ii)(d) and 1.704-1(b)(4)(iv)(e) of the Treasury Regulations. The Partners intend that the provision set forth in this Paragraph 1.2(a) shall constitute a "qualified income offset" as described in Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations. Such section of

the Treasury Regulations shall control in the case of any conflict between that section of the Treasury Regulations and this Paragraph 1.2(a).

(b) Minimum Gain Chargeback:

(i) If there is a net decrease in the Partnership Minimum Gain during a Partnership taxable year, each Partner shall be allocated items of income and gain in accordance with Section 1.704-2(f) of the Treasury Regulations and its requirements for a "minimum gain chargeback."

(ii) Subject to Section 1.2(b)(i) above, the Partnership shall allocate to each Partner income and gain for that taxable year (and, if necessary, subsequent taxable years) in proportion to, and to the extent of, an amount equal to the Partner's share of the net decrease in Partnership Minimum Gain determined in accordance with Section 1.704-2(g)(2) of the Treasury Regulations.

(c) Partner Minimum Gain Chargeback:

(i) If there is a net decrease in the minimum gain attributable to a Partner Nonrecourse Debt of the Partnership during a Partnership taxable year, each Partner with a share of the minimum gain attributable to the Partner Nonrecourse Debt at the beginning of the taxable year shall be allocated income and gain for the year (and, if necessary, subsequent years) in accordance with Section 1.704-2(i)(4) of the Treasury Regulations.

(ii) Subject to Section 1.2(c)(i) above, each such Partner shall be allocated income and gain for that taxable year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to the Partner's share of the net decrease in minimum gain attributable to the Partner Nonrecourse Debt determined in a manner consistent with Section 1.704-2(g)(2) of the Treasury Regulations.

(d) Allocation of Loss:

Except as otherwise specifically provided in this Agreement, including without limitation, the provisions of Paragraph 1.2(a) [entitled "Qualified Income Offset"], 1.2(b) [entitled "Minimum Gain Chargeback"], 1.2(c) [entitled "Partner Minimum Gain Chargeback"] all Loss (including all expense items separately stated on Partnership's tax return) shall be allocated to the Partners as follows:

(i) First, the Partnership shall allocate Loss according to the Partners' respective Percentage Interests until the aggregate Loss allocated pursuant to this Section 1.2(d)(i) for such Partnership taxable year and all previous Partnership taxable years is equal to the aggregate Profit allocated during all previous Partnership taxable years pursuant to Paragraphs

1.2(e)(iv), 1.2(e)(iii) and 1.2(e)(ii) below, in the order of priority set forth herein.

(ii) Second, the Partnership shall allocate Loss among the Partners pro rata according to their respective positive Capital Account balances until each Partner's Capital Account balance equals zero.

(iii) Third, Loss shall be allocated among the Partners according to their respective Percentage Interests.

(iv) Notwithstanding the preceding sentences, any Partner Non-recourse Deductions shall be allocated among the Partners as required by Section 1.704-2(i) of the Treasury Regulations in accordance with the manner in which the Partner or Partners bear the Economic Risk of Loss for the Partner Non-recourse Debt corresponding to the Partner Non-recourse Deductions.

(e) Allocation of Profit. Except as otherwise provided in this Agreement, Profit shall be allocated among the Partners as follows:

(i) First, the Partnership shall allocate Profit to the Partners in the same amounts and in the same order of allocation as Loss previously was allocated pursuant to Paragraphs 1.2(d)(ii) and (iii) above, less the amount, if any, of Profit previously allocated pursuant to this Paragraph 1.2(e)(i) and Paragraphs 1.2(a), (b) and (c) above.

(ii) Second, if any Partner has a deficit balance in its Capital Account, the Partnership shall allocate Profit to each Partner in the proportion that such Partner's deficit balance bears to the aggregate deficit balances of all Partners, until no Partner has a deficit Capital Account balance.

(iii) Third, to the extent any Partner's Capital Account balance is less than its Unrecovered Capital, the Partnership shall allocate Profit to the Partners pro rata according to their respective Unrecovered Capital until each Partner's Capital Account balance (after the Profit allocated under this Paragraph 1.2(c)(iii) is reflected in each Partner's Capital Account) is equal to such Partner's Unrecovered Capital.

(iv) Thereafter, the Partnership shall allocate all remaining Profit to the Partners in accordance with their respective Percentage Interests.

(f) Net Book Gain or Net Book Loss. Net Book Gain and Net Book Loss shall be allocated among the Partners as follows:

(i) Net Book Gain shall be allocated:

(A) First, if any Partner has a deficit balance in its Capital Account, then to each such Partner in the proportion that such Partner's deficit bears to the aggregate

deficit of all Partners, until no Partner has a deficit Capital Account balance;

(B) Second, to each Partner that has Unrecovered Capital in excess of its Capital Account balance immediately after the allocation in Section 1.2(f)(i)(A) (such excess amount is hereafter referred to as the "Unrecovered Capital Excess"), the smallest amount of Net Book Gain possible so that the Capital Account balance of each such Partner is at least equal to such Partner's Unrecovered Capital, in the proportion that the Unrecovered Capital Excess for such Partner bears to the aggregate Unrecovered Capital Excess for all such Partners;

(C) Third, to the Partners such that, after the allocation in this Section 1.2(d)(i)(C) is reflected in the Partners' Capital Accounts, the amount by which each Partner's Capital Account balance exceeds the balance targeted for such Partner in Sections 1.2(d)(i)(A) and (B) above (the "Actual Excess") is equal to the product (the "Targeted Product") of (I) such Partner's Partnership Interest times (II) the aggregate amount by which all Partners' Capital Accounts, after the allocation in this Section 1.2(d)(i)(C) is reflected in such Capital Accounts, exceeds the sum of the balances targeted in Sections 1.2(d)(i)(A) and (B). If there is insufficient Net Book Gain to be allocated under this Section 1.2(d)(i)(C) to equate Actual Excesses with Targeted Products for all of the Partners, then the Partners shall be allocated Net Book Gain under this Section 1.2(d)(i)(C) in a manner which causes, after the allocation in this Section 1.2(d)(i)(C) is reflected in the Partners' Capital Accounts, the difference between (1) the Actual Excess and (2) the Targeted Product for any Partner's Capital Account, to be the smallest amount possible.

(ii) Net Book Loss shall be allocated to the Partners and charged to their Capital Accounts in a manner to cause, after the allocation in this Section 1.2(d)(ii) is reflected in the Partners' Capital Accounts, the largest absolute difference between (A) the Capital Account balance of any Partner, and (B) the amount that would be distributed to such Partner if liquidation proceeds were distributed to that Partner in accordance with Section 5.6 rather than pursuant to Section 5.9(d) of the Agreement, to be the smallest amount possible.

(g) Special Allocation. Notwithstanding Sections 1.2(d), 1.2(e) and 1.2(f) above, upon liquidation of the Partnership, all Profit, Loss, Net Book Gain and Net Book Loss for the year in which the liquidation takes place shall be allocated in such a manner so that, as nearly as possible, the proceeds of liquidation will be distributed according to the priority set forth in Section 5.6 rather than 5.8 of the Agreement.

(h) Allocation of Certain Tax Items. Subject to Section 754 of the Code and Section 1.704-1(b)(4)(i) of the Treasury Regulations, allocations of tax items for federal and state income tax purposes shall be allocated to the Partners in the same manner

as the book items corresponding to such tax items are allocated pursuant to Sections 1.2(a)-(e) above. As stated in Treasury Regulations Section 1.704-1(b)(4)(i), when any property of the Partnership is reflected in the Capital Accounts of the Partners and on the books of the Partnership at a book value that differs from the adjusted tax basis of such property, then certain book items with respect to such property will differ from certain tax items with respect to that property. Since the Capital Accounts of the Partners are required to be adjusted solely for allocation of the book items, the Partners' shares of the corresponding tax items are not independently reflected by adjustments to the Capital Accounts. These tax items will be shared among the Partners in a manner that takes account of the variation between the adjusted tax basis of the applicable property and its book value in the same manner as variations between the adjusted tax basis and fair market value of property contributed to the Partnership are taken into account in determining the Partners' share of tax items under Code Section 704(c). In making allocations of tax items of the Partnership, the Partners specifically intend to adopt and comply with the foregoing principles enunciated in Treasury Regulations Section 1.704-1(b)(4)(i), 1.704-1T(b) and 1.704-2, and the provisions set forth in this Exhibit A shall be construed in a manner consistent with such provisions.

1.3 Code Section 704(c) Allocation: If at any time a Partner contributes property to the Partnership, then profit and loss with respect to such contributed property shall be allocated (solely for income tax purposes and not for the purpose of the Partnership's Books of Account) between the Partners in accordance with Section 704(c) of the Code so as to take into account any variation to the Partnership between the adjusted basis of such contributed property for federal income tax purposes and the fair market value of such contributed property at the time of the contribution. If at any time the General partner revalues the book value of Partnership property on the Partnership's Books to more accurately reflect the fair market value of such property, then profit and loss with respect to such revalued property shall be allocated (solely for income tax purposes and not for the purpose of the Partnership's Books of Account) between the Partners in accordance with the principles of Section 704(c) of the Code so as to take into account any variation to the Partnership between the adjusted basis of such revalued property for federal income tax purposes and the book value of such revalued property. Allocations made pursuant to this article entitled "Tax Allocations" are solely for purposes of federal, state, and local income taxation and shall not affect or in any way be taken into account in computing any Partner's Capital Account.

1.4 Tax Allocation Not Described in this Exhibit. Any Partnership income, gain, loss or deduction for federal and state income tax purposes (which is not included within the allocations of Profit or Loss as provided herein) shall be allocated in the same manner as Profit and Loss is allocated pursuant to Sections 1.2 and 1.3 above.

1.5 Allocation Between Assignor and Assignee. The portion of the income, gain, losses, credits, and deductions of the Partnership for any fiscal year of the Partnership during which a partnership interest is assigned by a Partner (or by an assignee or successor in interest to a Partner), that is allocable with respect to such partnership interest shall be apportioned between the assignor and the assignee of the partnership interest on the basis of the interim closing of the books method provided by the applicable Treasury Regulations under Section 706 of the Code.

1.6 Express Consent to Allocations. The allocations which are to be made pursuant to this Agreement, including allocations of distributions, are expressly consented to by each Partner as a condition of becoming a Partner.

## ARTICLE II DEFINITIONS

As used in the Agreement and this Exhibit A, the following terms shall have the following meaning:

2.1 The "Economic Risk of Loss," with respect to any Partner or Partners, shall be determined pursuant to Sections 1.704-2(i) and 1.752-2 of the Treasury Regulations.

2.2 "Net Book Gain" and "Net Book Loss" of the Partnership shall mean the net income and gain or net loss recognized by the Partnership for "book" purposes in any year by reason of the sale, exchange or other disposition of any Partnership property. Such Net Book Gain and Net Book Loss shall be computed by reference to the "book" value of the asset disposed of as of the date of such disposition, rather than by reference to the tax basis of such asset as of such date. All income, gain, loss and deduction recognized by the Partnership, after distributions have been made in liquidation in connection with the dissolution of the Partnership, shall be treated as Net Book Gain and Net Book Loss.

2.3 "Nonrecourse Deductions" in any year means the Partnership deductions that are characterized as "nonrecourse deductions" under Section 1.704-2(c) of the Treasury Regulations. Subject to the previous sentence, "Nonrecourse Deductions" for a taxable year means the excess, if any, of: (a) the net decrease in the amount of Partnership Minimum Gain (as hereinafter defined) during the year, over (b) the aggregate amount of any distributions during the year of proceeds of a Nonrecourse Liability (as hereinafter defined) that are allocable to an increase in Partnership Minimum Gain.

2.4 "Nonrecourse Liabilities" means liabilities of the Partnership treated as "nonrecourse liabilities" under Section 1.752-1(a)(2) of the Treasury Regulations. Subject to the preceding sentence, "Nonrecourse Liabilities" means liabilities of the Partnership (or a portion thereof) for which no Partner bears the Economic Risk of Loss.

2.5 "Partner Nonrecourse Debt" means liabilities of the Partnership which are treated as "partner nonrecourse debt" under Section 1.704-2(b)(4) of the Treasury Regulations. Subject to the preceding sentence, "Partner Nonrecourse Debt" means nonrecourse debt of the Partnership for which no Partner bears the Economic Risk of Loss under Section 1.752-2 of the Treasury Regulations.

2.6 "Partner Nonrecourse Deductions" in any year means the Partnership deductions that are characterized as "partner nonrecourse deductions" under Section 1.704-2(i)(2) of the Treasury Regulations. Subject to the preceding sentence, "Partner Nonrecourse Deductions" with respect to a Partner Nonrecourse Debt means the excess, if any, of: (a) the net increase in the minimum gain attributable to the Partner Nonrecourse Debt during the year over (b) the aggregate amount of any distributions during the year to the Partner that bears the Economic Risk of Loss for the Partner Nonrecourse Debt of proceeds of the Partner Nonrecourse Debt that are allocable to an increase in the minimum gain attributable to the Partner Nonrecourse Debt.

2.7 "Partnership Minimum Gain" with respect to any Partnership fiscal year means the "partnership minimum gain" computed strictly in accordance with the principles of Section 1.704-2(d) of the Treasury Regulations. Subject to the preceding sentence, "Partnership Minimum Gain" means the amount determined as follows: (a) first, compute, with respect to each Nonrecourse Liability of the Partnership, the amount of taxable income or gain that would be realized by the Partnership if the Partnership disposed of (in a taxable transaction) the Partnership property subject to the Nonrecourse Liability in full satisfaction of that Nonrecourse Liability (and for no other consideration), and (b) add together the amounts so computed for all Nonrecourse Liabilities of the Partnership. This sum is the "Partnership Minimum Gain."

2.8 "Profit" and "Loss" of the Partnership shall be the Partnership's net profit and net loss for federal income tax purposes, except as follows:

(a) The following items shall be excluded from the computation of Profit and Loss:

(1) Any gain, income, deductions or losses specially allocated under Paragraphs 1.2(a), 1.2(b) or 1.2(c) hereof; and

(2) Any Net Book Gain or Net Book Loss.

(b) The following adjustments shall be made in determining Profit and Loss:

(1) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Profit or Loss shall be added to such taxable income or loss;

(2) Any expenditures of the Partnership described in Section 705(a)(2)(B) of the Code or treated as Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(v)(i) shall be subtracted from such taxable income or loss; and

(3) Gain or loss resulting from any disposition of property contributed to the Partnership by any Partner with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the fair market value of such property at the time of contribution (i.e., the initial value credited to the contributing partner's Capital Account) notwithstanding that the fair market value of such property at the time of contribution differs from its adjusted tax basis.

(4) If the "book" value of any Partnership asset is adjusted pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(f), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profit or Loss.

(5) Any depreciation, amortization or other cost recovery deductions attributable to Partnership assets and taken into account in computing such taxable income or loss shall be computed with reference to the "book" value of such assets rather than with reference to their tax basis.

EXHIBIT "B"

**PARTNERS' UNRECOVERED CAPITAL**

| <u>PARTNER</u>                  | <u>UNRECOVERED CAPITAL</u> |
|---------------------------------|----------------------------|
| <u>MANAGING GENERAL PARTNER</u> |                            |
| Anne                            | \$ _____                   |
| <u>CLASS A VOTING PARTNERS</u>  |                            |
| Evans                           | \$ _____                   |
| Trust C                         | \$ _____                   |
| Grace                           | \$ _____                   |
| William                         | \$ _____                   |
| Anne                            | \$ _____                   |
| <u>LIMITED PARTNER</u>          | \$ _____                   |
| Anne                            | \$ _____                   |
| Margaret                        | \$ _____                   |

**Effective December 1, 1993**

## RESOLUTION No. 192586

JAN 11 1968

BE IT RESOLVED, by the Council of The City of San Diego as follows:

That consent is hereby given by the City to the Assignment of Lease Agreement between WILLIAM D. EVANS and LUCY E. LAMOREAUX, as Assignor, and HOME FEDERAL SAVINGS AND LOAN ASSOCIATION, as Assignee, by which the City consents to WILLIAM D. EVANS and LUCY E. LAMOREAUX assigning to HOME FEDERAL SAVINGS AND LOAN ASSOCIATION all its interest in the Lease Agreement between the City and William D. Evans and Lucy E. Lamoreaux, executed March 17, 1966, a copy of which is on file in the office of the City Clerk as Document No. 697319, under the terms and conditions set forth in the form of Assignment of Lease Agreement, on file in the office of the City Clerk as Document No. 719572.

APPROVED: EDWARD T. BUTLER, City Attorney

By

James P. McGowan, Jr., Deputy

rb/12-29-67

**PROPERTY DEPARTMENT**DOCUMENT NO. **698871**

APR 29 1966

FILED

ASSIGNMENT OF LEASE AGREEMENTOFFICE OF THE CITY CLERK  
SAN DIEGO, CALIFORNIA

FOR VALUE RECEIVED, WILLIAM D. EVANS, 6433 La Jolla Scenic Drive, La Jolla, San Diego, California, and LUCY E. LAMOREAUX, formerly known as LUCY E. COOPER, 945 Harbor View Drive, San Diego, California, hereinafter collectively referred to as "Assignor", assign to SAN DIEGO TRUST & SAVINGS BANK, 540 Broadway, San Diego, California, hereinafter referred to as "Assignee", the entire Lessee's interest in and to a certain lease of real property commonly known as BAHIA MOTOR HOTEL, 998 Ventura, Mission Beach, San Diego, California, and legally described as:

(See Exhibit "A" attached hereto)

said lease being dated March 17, 1966 for a term of 50 years entered into by and between The City of San Diego a municipal corporation hereinafter referred to as Lessor, and Assignor.

This Assignment is made to secure (a) payment of the principal sum of ONE MILLION THREE HUNDRED THOUSAND and no/100 ----- (\$1,300,000.00) evidenced by a promissory note dated March 30, 1966, plus interest and charges thereon; (b) payment of all other sums, with interest, becoming due and payable to Assignee under this Assignment; (c) payment of all other debts, obligations or liabilities, now existing or hereafter arising, absolute or contingent, whether or not arising by virtue of this Agreement; and (d) payment of all obligations and performance of all acts provided for in that certain Deed of Trust dated March 30, 1966, that certain Security Agreement dated March 30, 1966, and that certain Building Loan Agreement dated March 30, 1966.

1. Assignor agrees that Assignee shall not be liable for the payment of rent or for the performance of any obligations undertaken by the Assignor in connection with the lease so long as

THIS ASSIGNMENT TO  
SECURE LOAN ONLY  
IN ACCORD. WITH  
LEASE SECTION  
(D) 30.

Assignee has not entered into possession of the property covered thereby.

2. Assignor warrants (a) that Assignor is the sole owner of the entire Lessee's interest in said lease; (b) that said lease is valid and enforceable and has not been altered, modified, or amended in any manner whatsoever; (c) that Assignor is not in default under any of the terms, covenants or conditions of said lease.

3. The happening of any of the following events shall constitute a default by Assignor under this Assignment: (a) failure by Assignor to keep or perform any of the terms or provisions of said lease, Promissory Note, Deed of Trust, Security Agreement, and Building Loan Agreement; (b) failure by Assignor in the payment of the principal, interest, charges or other indebtedness, debts or obligations secured by this Assignment; (c) the levy of any attachment, execution or other process against Assignor, or against Lessee's interest in said lease; (d) the insolvency, dissolution, commission of any act of bankruptcy, assignment for the benefit of creditors; and (e) the filing of any petition in bankruptcy or for any other relief under the provisions of the National Bankruptcy Act.

4. Subject to the rights of Lessor as set forth in said lease, upon or at any time after default by Assignor, as set forth above, Assignee may, at its option, do any or all of the following: (a) without notice and without regard to the adequacy of the security, with or without bringing any action or proceeding, or by a Receiver appointed by a court, take possession of said leased premises and hold, manage, lease and operate the same on such terms as provided for in said lease; (b) sell said leasehold for cash or upon such terms as it may elect, subject to prior approval of said Lessor, and without demand upon Assignor by any officer or agent of Assignee authorized thereto by Assignee or by law, and apply the proceeds of said sale to payment of costs of sale, to any advances made under said lease, and to the indebtedness secured by this Assignment, in such order as determined by Assignee; (c) with or without taking possession of said real property, demand, sue for, or otherwise collect the indebtedness

secured hereby, with or without resorting to any other security of any nature whatsoever held by Assignee; and (d) pursue all other remedies provided for by law.

5. Assignor hereby waives any right to require Assignee to (a) proceed against any person, (b) proceed against or exhaust any security including this Assignment, or (c) pursue any other remedy in Assignee's power.

6. Upon completion of any sale hereunder, Assignee shall in its own name execute an Assignment to the purchaser conveying the leasehold so sold, the recitals in which shall be conclusive proof of the truthfulness thereof, which assignment shall convey all right, title and interest of Assignor in and to said leasehold free of all equity or right of redemption in any person whomsoever. Assignee, any person on its behalf, or any other person may purchase at any such sale. Assignee, its officer or agent, may refuse to accept any bid and may withdraw said leasehold from sale at any time, and may postpone any sale as often as it desires without notice. The power of sale herein and all the rights and benefits in this paragraph shall inure to the assigns or successors in interest of said Assignee.

7. Assignee may, without notice to Assignor, pay any or all taxes, assessments, encumbrances or claims upon, or against, said leasehold property, defend and prosecute all suits concerning it and do all things necessary for the protection, preservation and management thereof, including payment of any amounts which may be due the Lessor thereof. Assignor agrees to repay to Assignee all cost and expense so incurred, and the same shall be payable and secured hereunder in like manner as other advances. Assignee is hereby made sole judge of the legality or necessity of making any

such payments or incurring any such cost or expense.

IN WITNESS WHEREOF, the Assignor has duly executed this instrument on March 30, 1966 at San Diego, California.

William D Evans

WILLIAM D. EVANS

Lucy E. Lamoreaux

LUCY E. LAMOREAUX (formerly known as Lucy E. Cooper)

"Assignor"

Accepted \_\_\_\_\_, 1966.

THE CITY OF SAN DIEGO

BY: \_\_\_\_\_

"Lessor"

Accepted \_\_\_\_\_, 1966.

SAN DIEGO TRUST AND SAVINGS BANK

BY: \_\_\_\_\_

F. H. BOACH - Assistant Vice President

BY: \_\_\_\_\_

Edward T. Simms, Jr., Assistant Secretary  
"Assignee"

I have read the foregoing Assignment of Lease Agreement and consent to the terms thereof.

Anne L. Evans

Anne L. Evans

TITLE ORDER NO. ....

ESCROW NO. 1-379 .....

AFTER RECORDING MAIL TO

First Federal Savings & Loan  
Association of San Diego  
1200 Fourth Avenue  
San Diego, California  
ATTN: Harold B. Starkey, Jr.

SPACE ABOVE FOR RECORDER'S USE ONLY

## ASSIGNMENT OF DEED OF TRUST (CORPORATION)

FOR VALUE RECEIVED, the undersigned hereby grants, assigns and transfers to

----- FIRST FEDERAL SAVINGS & LOAN ASSOCIATION OF SAN DIEGO,

A Corporation -----

a one-half undivided

1/4 beneficial interest under that certain Deed of Trust dated March 30, 1966 executed by  
--- WILLIAM D. EVANS and ANNE L. EVANS, husband and wife, and LUCY E. LAMOREAUX,  
formerly known as LUCY E. COOPER

and recorded concurrently herewith, as Instrument No. ...., in Book ....., Page .....  
of Official Records in the Office of the County Recorder of San Diego County, California, describing land in said County as:  
Leasehold Estate in portion of Tidelands of Mission Bay.

TOGETHER with the note or notes therein described or referred to, the money due to become due thereon with interest,  
and all rights accrued or to accrue under said Deed of Trust.

IN WITNESS WHEREOF, said Corporation has caused its corporate name and seal to be affixed to this deed by its Ass't Vice President  
and Assistant Secretary, thereunto duly authorized.

Dated: March 30, 1966 .....

SAN DIEGO TRUST & SAVINGS BANK a Corporation

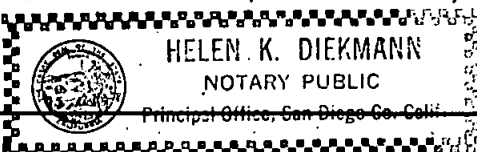
STATE OF CALIFORNIA  
COUNTY OF

San Diego

By F. H. Boach - President  
F. H. BOACH Ass't Vice President  
By Edward T. Simms, Jr. Assistant Secretary  
Edward T. Simms, Jr.

On April 8, 1966 before me, the undersigned, a Notary Public in and for said County and State,  
personally appeared F. H. BOACH known to me to be the Assistant Vice President, and  
EDWARD T. SIMMS, JR. known to me to be the Assistant Secretary of  
the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the Corporation  
herein named, and acknowledged to me that such Corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

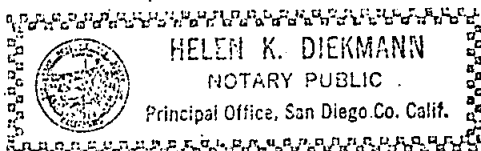


Helen K. Diekmann  
HELEN K. DIEKMANN Notary Public.  
My Commission Expires July 30, 1968

STATE OF CALIFORNIA }  
COUNTY OF SAN DIEGO } SS

On this 8 day of April, 1966, before me, the undersigned, a Notary Public in and for said County and State, personally appeared F. H. BOACH and EDWARD T. SIMMS, JR. known to me to be the Assistant Vice President and Assistant Secretary of SAN DIEGO TRUST AND SAVINGS BANK, a California banking association, the association that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the association therein named, and acknowledged to me that such association executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

Witness my hand and official seal the day and year first above written.



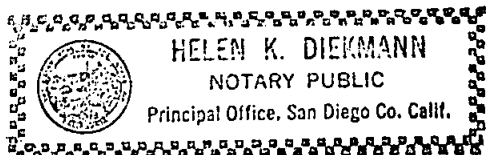
Helen K. Diekmann  
Notary Public in and for said  
County and State

HELEN K. DIEKMANN  
My Commission Expires July 30, 1968

STATE OF CALIFORNIA }  
COUNTY OF SAN DIEGO } SS

On this 5 day of April, 1966, before me, the undersigned, a Notary Public in and for said County and State, personally appeared WILLIAM D. EVANS, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

Witness my hand and official seal the day and year first above written.



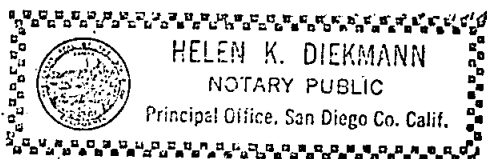
Helen K. Diekmann  
Notary Public in and for said  
County and State

HELEN K. DIEKMANN  
My Commission Expires July 30, 1968

STATE OF CALIFORNIA }  
COUNTY OF SAN DIEGO } SS

On this 5 day of April, 1966, before me, the undersigned, a Notary Public in and for said State, personally appeared LUCY E. LAMOREAUX, known to me to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same.

Witness my hand and official seal the day and year first above written.



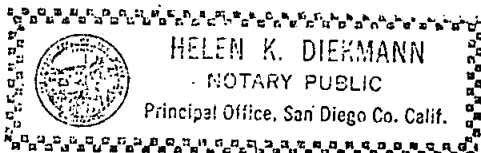
Helen K. Diekmann  
Notary Public in and for said  
County and State

HELEN K. DIEKMANN  
My Commission Expires July 30, 1968

STATE OF CALIFORNIA }  
COUNTY OF SAN DIEGO } SS

On this 5 day of April, 1966, before me, the undersigned, a Notary Public in and for said County and State, personally appeared ANNE L. EVANS, known to me to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same.

Witness my hand and official seal the day and year first above written.



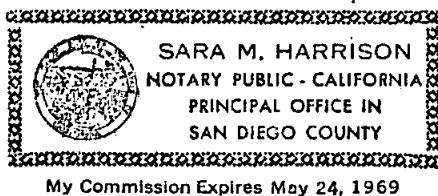
Helen K. Diekmann  
Notary Public in and for said  
County and State

HELEN K. DIEKMANN  
My Commission Expires July 30, 1968

STATE OF CALIFORNIA }  
COUNTY OF SAN DIEGO } SS

On this 29th day of April, 1966, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Walter Hahn, Jr., known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

Witness my hand and official seal the day and year first above written.



Sara M. Harrison  
Notary Public in and for said  
County and State

STATE OF CALIFORNIA }  
COUNTY OF SAN DIEGO } SS

On this \_\_\_\_\_ day of \_\_\_\_\_, 1966, before me, the undersigned, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

Witness my hand and official seal the day and year first above written.

\_\_\_\_\_  
Notary Public in and for said  
County and State

That portion of the tidelands and submerged or filled lands of Mission Bay, formerly False Bay, according to Map thereof made by James Pascoe in 1870, a copy of which Map was filed in the office of the County Recorder of San Diego, November 14, 1921, and is known as Miscellaneous Map No. 36, all being the City of San Diego, County of San Diego, State of California, described as follows:

PARCEL 1:

Beginning at the Southeast corner of Lot 24 in Block 10 of Resubdivision of Blocks 7, 8 and 10 and a portion of Block 9 and Lot "A", Inspiration Heights, according to Map thereof No. 1700, filed in the office of the County Recorder of San Diego County, December 27, 1917; thence along the Southerly line of said Lot 24, South  $89^{\circ}55'56''$  West, (Record North  $89^{\circ}59'$  West) 25.00 feet to a point of tangent curve in the boundary of said Lot 24; thence South  $00^{\circ}04'04''$  East, 2.00 feet to an intersection with a line which is parallel with and 2.00 feet Southerly at right angles to the Southerly line of said Block 10; thence along said parallel line North  $89^{\circ}55'56''$  East, 249.70 feet; thence North  $08^{\circ}30'00''$  West, 104.06 feet to the United States Coast and Geodetic Survey Triangulation Station "Old Town", (The Lambert Grid Co-ordinates, California Zone 6, for said Station "Old Town" are  $X=1,712,415.17$  - East and  $Y=213,819.22$  - North) and said Triangulation Station is located at Latitude  $32^{\circ}45'02.845''$  North and Longitude  $117^{\circ}11'07.200''$  West, being also the point of origin for the San Diego City Engineer's Mission Bay Park Co-ordinate System; thence North 7,745.14 feet and West 19,146.93 feet to the TRUE POINT OF BEGINNING, the Mission Bay Park Co-ordinates of said TRUE POINT OF BEGINNING being North 7,745.14 feet and West 19,146.93 feet; thence North  $15^{\circ}33'49''$  East, 91.02 feet to Mission Bay Park Co-ordinates North 7,832.82 feet and West 19,122.51 feet, being also a point on the Mean High Tide Line of Mission Bay, as established on Miscellaneous Map No. 198, recorded in the office of the County Recorder of San Diego County on June 17, 1948; [thence continuing along said Mean High Tide Line as follows: South  $76^{\circ}42'39''$  East, 20.00 feet to Mission Bay Park Co-ordinates North 7,828.23 feet and West 19,103.05 feet; thence North  $75^{\circ}27'18''$  East 205.98 feet to Mission Bay Park Co-ordinates North 7,879.95 feet and West 18,903.67 feet; thence North  $80^{\circ}32'22''$  East, 201.56 feet to Mission Bay Park Co-ordinates North 7,813.09 feet and West 18,704.85 feet; thence North  $51^{\circ}26'35''$  East 53.10 feet; thence North  $37^{\circ}18'49''$  East 100.98 feet; thence North  $8^{\circ}51'34''$  East 162.01 feet to a point hereby designated as Station "17" on said Mean High Tide line; thence North  $4^{\circ}30'49''$  West, 203.19 feet to Mission Bay Park Co-ordinates North 8,389.13 feet and West 18,593.16 feet; thence North  $16^{\circ}54'27''$  West, 64.06 feet; thence North  $25^{\circ}25'48''$  West, 100.02 feet; thence North  $29^{\circ}25'37''$  West, 100.40 feet; thence North  $36^{\circ}08'47''$  West, 102.17 feet to Mission Bay Park Co-ordinates North 8,710.70 feet and West 18,764.33 feet; thence leaving said Mean High Tide Line, North  $65^{\circ}52'30''$  East, a distance of 435.62 feet; thence South  $25^{\circ}16'00''$  East, 305.31 feet to a point on the arc of a tangent curve concave Westerly, having a radius of 705.0 feet; thence Southerly along the arc of said curve, through a central angle of  $65^{\circ}16'$ , a distance of 803.08 feet to Mission Bay Park Co-ordinates North 7,858.57 feet and West 18,333.94 feet; thence South  $40^{\circ}00'00''$  West, tangent to said curve, 496.60 feet; thence North  $50^{\circ}00'21''$  West, 28.76 feet to the point of tangency of a curve concave Southwesterly, having a radius of 1260.0 feet; thence Northwesterly along the arc of said curve, through a central angle of  $24^{\circ}25'50''$ , a distance of 536.01 feet to the TRUE POINT OF BEGINNING of this Parcel 1.

PARCEL 2:

Beginning at said Section 17 of said Mean High Tide Line of Mission Bay according to said Miscellaneous Map No. 198 hereinbefore described in Parcel 1; thence leaving said Mean High Tide Line, South  $85^{\circ}29'11''$  West a distance of 100.00 feet to a point; thence North  $4^{\circ}30'49''$  West, a distance of 100.00 feet to a point; thence North  $85^{\circ}29'11''$  East a distance of 100.00 feet to a point on aforesaid Mean High Tide Line; thence South  $4^{\circ}30'49''$  East, along said Mean High Tide Line, 100.00 feet to the Point of Beginning of this Parcel 2.

PROPERTY

DOCUMENT NO. 719806

ASSIGNMENT OF LEASE AGREEMENT

JAN 19 1968

OFFICE OF THE CITY CLERK  
SAN DIEGO, CALIFORNIA

FOR VALUE RECEIVED, William D. Evans and

Lucy E. Lamoreaux

hereinafter referred to as Assignor, assigns to HOME FEDERAL SAVINGS AND LOAN ASSOCIATION, 701 Broadway, San Diego, California, hereinafter referred to as Assignee, the entire Lessee's interest in and to a certain lease of real property commonly known as "THE BAHIA MOTEL" 998 West Mission Bay Drive,  
San Diego, California  
and legally described as : Attached:

said lease being dated March 17, 1966 for a term of  
50 years entered into by and between The City of San Diego  
, hereinafter referred to as Lessor,  
and Assignor.

This Assignment is made to secure (a) payment of the principal sum  
Two Million Two Hundred Forty Thousand and no/100  
of (2,240,000) (\$2,240,000) evidenced by a  
promissory note dated March 29, 1967, plus interest and charges thereon;  
(b) payment of all other sums, with interest, becoming due and payable to Assignee  
under this Assignment; (c) payment of all other debts, obligations or liabilities,  
now existing or hereafter arising, absolute or contingent, whether or not arising  
by virtue of this Agreement; and (d) payment of all obligations and performance  
of all acts provided for in that certain Deed of Trust dated March 29, 1967,  
that certain Security Agreement dated March 29, 1967, and that certain Building  
Loan Agreement dated March 29, 1967.

1. Assignor agrees that Assignee shall not be liable for the payment  
of rent or for the performance of any obligations undertaken by the Assignor  
in connection with the lease so long as Assignee has not entered into possession  
of the property covered thereby.

192586

JAN 11 1968

2. Assignor warrants (a) that Assignor is the sole owner of the entire Lessee's interest in said lease; (b) that said lease is valid and enforceable and has not been altered, modified, or amended in any manner whatsoever; (c) that Assignor is not in default under any of the terms, covenants or conditions of said lease.

3. The happening of any of the following events shall constitute a default by Assignor under this Assignment: (a) failure by Assignor to keep or perform any of the terms or provisions of said lease, Promissory Note, Deed of Trust, Security Agreement, and Building Loan Agreement; (b) failure by Assignor in the payment of the principal, interest, charges or other indebtedness, debts or obligations secured by this Assignment; (c) the levy of any attachment, execution or other process against Assignor, or against Lessee's interest in said lease; (d) the insolvency, dissolution, commission of any act of bankruptcy, assignment for the benefit of creditors; and (e) the filing of any petition in bankruptcy or for any other relief under the provisions of the National Bankruptcy Act.

4. Subject to the rights of Lessor as set forth in said lease, upon or at any time after default by Assignor, as set forth above, Assignee may, at its option, do any or all of the following: (a) without notice and without regard to the adequacy of the security, with or without bringing any action or proceeding, or by a Receiver appointed by a court, take possession of said leased premises and hold, manage, lease and operate the same on such terms as provided for in said lease; (b) sell said leasehold for cash or upon such terms as it may elect, and without demand upon Assignor by any officer or agent of Assignee authorized thereto by Assignee or by law, and apply the proceeds of said sale to payment of costs of sale, to any advances made under said lease, and to the indebtedness secured by this Assignment, in such order as determined by Assignee; (c) with or without taking possession of said real property, demand, sue for, or otherwise collect the indebtedness secured hereby, with or without resorting to any other security of any nature whatsoever held by Assignee; and (d) pursue all other remedies provided for by law.

5. Assignor hereby waives any right to require Assignee to (a) proceed against any person, (b) proceed against or exhaust any security including this Assignment, or (c) pursue any other remedy in Assignee's power.

6. Upon completion of any sale hereunder, Assignee shall pay its

own portion of the assignment to the purchaser conveying the leasehold so sold, the recitals in which shall be conclusive proof of the truthfulness thereof, which assignment shall convey all right, title and interest of Assignor in and to said leasehold free of all equity or right of redemption in any person whomsoever. Assignee, any person on its behalf, or any other person may purchase at any such sale. Assignee, its officer or agent, may refuse to accept any bid and may withdraw said leasehold from sale at any time, and may postpone any sale as often as it desires without notice. The power of sale herein and all the rights and benefits in this paragraph shall inure to the assigns or successors in interest of said Assignee.

7. Assignee may, without notice to Assignor, pay any or all taxes, assessments, encumbrances or claims upon, or against, said leasehold property, defend and prosecute all suits concerning it and do all things necessary for the protection, preservation and management thereof, including payment of any amounts which may be due the Lessor thereof. Assignor agrees to repay to Assignee all cost and expense so incurred, and the same shall be payable and secured hereunder in like manner as other advances. Assignee is hereby made sole judge of the legality or necessity of making any such payments or incurring any such cost or expense.

IN WITNESS WHEREOF, the Assignor has duly executed this instrument on November 3, 1967 at San Diego, California.

The undersigned Lessor of the above mentioned leasehold consents to and agrees to be bound by the above Assignment of Lease.

Margaret L. Whelan  
City San Diego  
assistant city mgr. Lessor

William D. Evans Assignor  
William D. Evans  
Lucy E. Lamoreaux Assignor  
Lucy E. Lamoreaux

State of California }  
County of San Diego } ss.

On November 3, 1967, before me, a Notary Public in and for said County and State, personally appeared William D. Evans and Lucy E. Lamoreaux, known to me to be the persons whose names are subscribed to the within instrument and acknowledged that they executed the same.  
H. M. SOMERS  
WITNESS my hand and official seal.

H. M. Somers

AFTER RECORDING RETURN TO:

Home Federal Savings & Loan  
701 Broadway  
San Diego, California 92101  
Attn: Rich Taylor

FILE/PAGE NO. **63172**  
RECORDED REQUEST OF  
LAND TITLE INSURANCE CO.

MAY 5 9:00 AM '67

SERIES 8 BOOK 1967  
OFFICIAL RECORDS  
SAN DIEGO COUNTY, CALIF.  
A. S. GRAY, RECORDER

RELEASE OF LEASE AGREEMENT

SAN DIEGO TRUST & SAVINGS BANK, a Corporation, hereby unconditionally **\$2.00**  
released --- WILLIAM D. EVANS and LUCY E. LAMOREAUX, formerly known as  
LUCY E. COOPER -----

from that certain Assignment of Lease Agreement, dated March 30, 1966 and  
recorded May 2, 1966 as Recorder's File No. 73147 of  
Series No. \_\_\_\_\_ Book \_\_\_\_\_ of Official Records of San Diego County, State  
of California.

IN WITNESS WHEREOF, said corporation has caused its corporate name and  
seal to be affixed hereto by its Assistant Vice President and Assistant  
Secretary thereunto duly authorized this 22nd day of March, 19 67.

SAN DIEGO TRUST & SAVINGS BANK

By: Edward T. Simms, Jr.  
Assistant Vice President

By: C. A. Bulbeck  
Assistant ~~Cashier~~ Secretary

STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO

On this 22nd day of March, 19 67, before me, the undersigned,  
a Notary Public in and for said County and State, personally appeared Edward T. Simms, Jr.  
known to me to be the Assistant Vice President and  
C. A. Bulbeck known to me to be the Assistant Secretary of the  
corporation that executed the within instrument, known to me to be the persons who executed  
the within instrument on behalf of the corporation therein named, and acknowledged to me that  
such corporation executed the same.

WITNESS my hand and official seal.

Helen K. Diekmann  
Notary Public in and for said County and State.

HELEN K. DIEKMANN  
My Commission Expires July 30, 1968

HELEN K. DIEKMANN  
NOTARY PUBLIC  
Principal Office, San Diego Co. Calif.

RESOLUTION No. 187109ADOPTED ON APR 28 1966

BE IT RESOLVED by the Council of The City of San Diego as follows:

That the City Manager be, and he is hereby authorized and empowered to execute for and on behalf of said City an Assignment of Lease Agreement with William D. Evans, Lucy E. Lamoreaux and San Diego Trust & Savings Bank, by which City consents to William D. Evans and Lucy E. Lamoreaux assigning to San Diego Trust & Savings Bank all its interest in the lease agreement between the City and William D. Evans and Lucy E. Lamoreaux, executed March 17, 1966, a copy of which is on file in the office of the City Clerk as Document No. 697319, under the terms and conditions set forth in the form of Assignment of Lease Agreement on file in the office of the City Clerk as Document No. 698823.

Presented by \_\_\_\_\_

APPROVED: EDWARD T. BUTLER, City Attorney

rb  
4-22-66By \_\_\_\_\_  
James P. McGowan, Jr., Deputy

464084

DOCUMENT No.

FEB 13 1963

Filed

OFFICE OF THE CITY CLERK  
SAN DIEGO, CALIFORNIA

FILE/PAGE NO. 91338

RECORDED REQUEST OF

CITY CLERK

MAY 24 2 07 PM '63

SERIES 4 BOOK 1963  
OFFICIAL RECORDS  
SAN DIEGO COUNTY, CALIF.  
A. S. GRAY, RECORDER

NO FEE

Lease Agreement with  
William G. Evans and

Lucy E. Cooper for  
motel etc. in Glendon  
Point.

FORM 1262

County Assessor

Auditor

Property

Park. Recreation

Thermal - for copies

also orig. delivered to Mr. Evans 2-16-53

copies 2-17-53

to Geo Evans 5-21-62

act-29-53

copy

Blanning

00209

60 023

FILM ROLL NO.